FP CORPORATION and Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2014, and Independent Auditor's Report

Deloitte

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of FP CORPORATION:

We have audited the accompanying consolidated balance sheet of FP CORPORATION and its subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information , all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FP CORPORATION and its subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2014

Consolidated Balance Sheet
FP CORPORATION and Subsidiaries
March 31, 2014

ASSETS	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 1) 2014
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	¥ 16,154	¥ 14,060	$ 156,952
Receivables (Note 15):			
Trade notes	9,472	13,937	92,029
Trade accounts	21,127	22,090	205,277
Associated companies		424	
Other	2,654	2,268	25,792
Allowance for doubtful accounts	(32)	(31)	(311)
Inventories (Note 4)	20,846	19,522	202,545
Deferred tax assets (Note 12)	1,273	1,144	12,368
Prepaid expenses and other current assets	507	430	4,935
Total current assets	72,001	73,844	699,587
PROPERTY, PLANT, AND EQUIPMENT (Notes 5 and 6):			
Land	31,946	27,805	310,396
Buildings and structures	83,589	78,269	812,175
Machinery and equipment	29,963	31,166	291,133
Tools, furniture, and fixtures	19,022	18,118	184,819
Lease assets (Note 13)	23,953	18,933	232,731
Construction in progress	3,348	1,766	32,534
Total	191,821	176,057	1,863,788
Accumulated depreciation	(91,179)	(85,410)	(885,922)
Net property, plant, and equipment	100,642	90,647	977,866
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 15)	3,304	3,320	32,103
Investments in and advances to associated companies		68	
Long-term loans	44	42	427
Goodwill	730	1,128	7,096
Software	818	764	7,948
Deferred tax assets (Note 12)	1,444	1,101	14,031
Other assets	1,560	1,411	15,154
Allowance for doubtful accounts	(66)	(65)	(646)
Total investments and other assets	7,834	7,769	76,113
TOTAL	¥ 180,477	¥ 172,260	$1,753,566

(Continued)

Consolidated Balance Sheet
FP CORPORATION and Subsidiaries
March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2014	2013	2014
CURRENT LIABILITIES:			
Short-term bank loans (Notes 7 and 15)	¥ 3,000	¥ 6,800	$ 29,149
Current portion of long-term debt (Notes 7 and 15)	6,976	8,266	67,786
Commercial paper (Note 15)	15,000	15,000	145,744
Payables (Note 15):			
Trade accounts	19,232	21,046	186,863
Associated companies		5	
Other	5,930	4,557	57,614
Current portion of long-term lease obligations (Notes 13 and 15)	3,642	2,695	35,389
Accrued income taxes (Note 15)	1,557	2,693	15,127
Accrued expenses	4,035	3,182	39,206
Other current liabilities	104	256	1,010
Total current liabilities	59,476	64,500	577,888
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7 and 15)	26,778	19,729	260,179
Long-term lease obligations (Notes 13 and 15)	10,359	7,931	100,653
Liability for employees' retirement benefits (Note 8)	2,466	2,135	23,956
Retirement allowances for directors and Audit and Supervisory Board members (Note 9)	1,208	1,136	11,734
Other long-term liabilities (Note 12)	128	147	1,249
Total long-term liabilities	40,939	31,078	397,771
COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)			
EQUITY (Note 10):			
Common stock—authorized, 120,000,000 shares; issued, 44,284,212 shares in 2014 and 2013*	13,151	13,151	127,775
Capital surplus	15,843	15,843	153,939
Retained earnings	55,530	52,062	539,543
Treasury stock—at cost, 2,888,624 shares in 2014 and 2,888,328 shares in 2013*	(4,940)	(4,939)	(47,998)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	553	546	5,379
Defined retirement benefit plans	(97)		(943)
Total	80,040	76,663	777,695
Minority interests	22	19	212
Total equity	80,062	76,682	777,907
TOTAL	¥ 180,477	¥ 172,260	$ 1,753,566

*Shares have been restated, as appropriate, to reflect a two-for-one stock split effective April 1, 2014.

See notes to consolidated financial statements.

(Concluded)

Consolidated Statement of Income
FP CORPORATION and Subsidiaries
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET SALES	¥ 161,121	¥ 158,192	$ 1,565,498
COST OF SALES (Note 11)	115,243	109,511	1,119,738
Gross profit	45,878	48,681	445,760
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 11)	36,117	34,117	350,926
Operating income	9,761	14,564	94,834
OTHER INCOME (EXPENSES):			
Interest and dividend income	101	61	984
Interest expense	(327)	(347)	(3,174)
Losses from a natural disaster			
Development expenses received		320	
Other—net	349	197	3,387
Other income—net	123	231	1,197
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	9,884	14,795	96,031
INCOME TAXES (Note 12):			
Current	4,211	5,799	40,912
Deferred	(468)	148	(4,547)
Total income taxes	3,743	5,947	36,365
NET INCOME BEFORE MINORITY INTERESTS	6,141	8,848	59,666
MINORITY INTERESTS IN NET INCOME	3	1	31
NET INCOME	¥ 6,138	¥ 8,847	$ 59,635

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.o):			
Basic net income*	¥ 148.27	¥ 213.71	$ 1.44
Cash dividends applicable to the year	129.00	129.00	1.25

*Per share figures have been restated, as appropriate, to reflect a two-for-one stock split effective April 1, 2014.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

FP CORPORATION and Subsidiaries

Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
NET INCOME BEFORE MINORITY INTERESTS	¥ 6,141	¥ 8,848	$ 59,666
OTHER COMPREHENSIVE INCOME (Note 16):			
Unrealized gain on available-for-sale securities	7	216	72
Total other comprehensive income	7	216	72
COMPREHENSIVE INCOME	¥ 6,148	¥ 9,064	$ 59,738
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 6,145	¥ 9,063	$ 59,707
Minority interests	3	1	31

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity
FP CORPORATION and Subsidiaries
Year Ended March 31, 2014

	Shares/Millions of Yen									
						Accumulated Other Comprehensive Income				
	Issued Number of Shares of Common Stock*	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Defined retirement benefit plans	Total	Minority Interests	Total Equity
BALANCE AT APRIL 1, 2012	44,284,212	¥13,151	¥15,843	¥ 45,785	¥(4,938)	¥330		¥70,171	¥32	¥70,203
Net income				8,847				8,847		8,847
Cash dividends, ¥124.00 per share				(2,567)				(2,567)		(2,567)
Purchase of treasury stock					(1)			(1)		(1)
Decrease resulting from exclusion of subsidiaries from consolidation				(3)				(3)		(3)
Net change in the year						216		216	(13)	203
BALANCE AT MARCH 31, 2013	44,284,212	13,151	15,843	52,062	(4,939)	546		76,663	19	76,682
Net income				6,138				6,138		6,138
Cash dividends, ¥129.00 per share				(2,670)				(2,670)		(2,670)
Purchase of treasury stock					(1)			(1)		(1)
Net change in the year						7	¥(97)	(90)	3	(87)
BALANCE AT MARCH 31, 2014	44,284,212	¥13,151	¥15,843	¥55,530	¥(4,940)	¥553	¥(97)	¥80,040	¥22	¥80,062

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Defined retirement benefit plans	Total	Minority Interests	Total Equity
BALANCE AT MARCH 31, 2013	$ 127,775	$ 153,939	$ 505,851	$ (47,989)	$ 5,307		$ 744,883	$ 181	$ 745,064
Net income			59,635				59,635		59,635
Cash dividends, $1.25 per share			(25,943)				(25,943)		(25,943)
Purchase of treasury stock				(9)			(9)		(9)
Net change in the year					72	$ (943)	(871)	31	(840)
BALANCE AT MARCH 31, 2014	$ 127,775	$ 153,939	$ 539,543	$ (47,998)	$ 5,379	$ (943)	$ 777,695	$ 212	$ 777,907

*Shares have been restated, as appropriate, to reflect a two-for-one stock split effective April 1, 2014.

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

FP CORPORATION and Subsidiaries

Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 9,884	¥ 14,795	$ 96,031
Adjustments for:			
Income taxes—paid	(5,346)	(7,138)	(51,940)
Depreciation and amortization	9,704	9,747	94,284
Increase (decrease) in allowance for doubtful accounts	0	(70)	5
Increase in liability for retirement benefits	181	166	1,756
Increase in retirement allowances for directors and Audit and Supervisory Board members	72	53	700
Loss on disposal or sale of property, plant, and equipment	165	278	1,605
Insurance income	(210)		(2,040)
Losses from a natural disaster	213		2,068
Changes in operating assets and liabilities, net of effects:			
Decrease in trade receivables	5,771	790	56,077
Increase in inventories	(1,319)	(2,582)	(12,816)
(Increase) decrease in other accounts receivables	(179)	51	(1,742)
Decrease in trade payables	(1,967)	(478)	(19,109)
Payment of losses from a natural disaster	(3)		(28)
Other—net	1,015	195	9,858
Total adjustments	8,097	1,012	78,678
Net cash provided by operating activities	17,981	15,807	174,709
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(11,569)	(12,830)	(112,403)
Purchases of intangible assets	(486)	(331)	(4,722)
Proceeds from sale of investment securities	204	68	1,982
Purchases of investment securities	(27)	(202)	(265)
Payments for long-term loans	(26)	(25)	(252)
Proceeds from collection of long-term loans	28	81	273
Other—net	110	162	1,056
Net cash used in investing activities	(11,766)	(13,077)	(114,331)
FINANCING ACTIVITIES:			
(Decrease) increase in short-term bank loans—net	(3,800)	1,380	(36,922)
Proceeds from long-term debt	15,000	13,010	145,744
Repayments of long-term debt	(9,241)	(11,814)	(89,790)
Purchase of treasury stock	(1)	(1)	(10)
Dividends paid	(2,670)	(2,571)	(25,942)
Repayments of lease obligations	(3,409)	(2,576)	(33,121)
Other—net		(8)	
Net cash used in financing activities	(4,121)	(2,580)	(40,041)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,094	150	20,337
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,060	13,910	136,615
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 16,154	¥ 14,060	$ 156,952

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of FP CORPORATION (the "Company") and subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2013 consolidated financial statements to conform to the classifications used in 2014.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥102.92 to $1, the rate of exchange at March 31, 2014. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in the 2013 financial statements to conform to the classifications used in 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of consolidation

The consolidated financial statements as of March 31, 2014, include the accounts of the Company and all subsidiaries (32 in 2014 and 31 in 2013) (collectively, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in associated companies are stated at cost. If the equity method of accounting had been applied to the investments in those companies, the effect on the accompanying consolidated financial statements would not be material.

The significant excess of the Company's investments in consolidated subsidiaries over its equity in the net assets at the respective dates of acquisition is being amortized over five years. The insignificant excess of cost over net assets of subsidiaries acquired is charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, which mature or become due within three months of the date of acquisition.

c. Inventories

Inventories are stated at the lower of cost or net selling value. The cost is determined by the following methods:

・The monthly average method for merchandise, finished products, semifinished products, work in process, and raw materials

・The specific identification for real estate for sale

・The last purchased cost method for supplies

d. Investment Securities

All investment securities are classified as available-for-sale securities. Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, marketable and nonmarketable available-for-sale securities are reduced to net realizable value by a charge to income.

e. Property, Plant, and Equipment

Property, plant, and equipment are stated at cost.

Depreciation is computed substantially by the declining-balance method over the estimated useful lives of the assets. Additionally, equipment of certain consolidated subsidiaries is depreciated by the straight-line method. Machinery and equipment held for lease are depreciated by the straight-line method over the respective lease periods.

The range of useful lives is mainly as follows:

Buildings and structures ······························15 to 35 years

Machinery and equipment (excluding leases) ······4 to 8 years

f. Long-Lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Other Assets

Intangible assets are carried at cost, less accumulated amortization, which is calculated by the straight-line method principally over five years.

h. Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate, based on the Group’s past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i. **Retirement and Pension Plans**—The Company and certain consolidated subsidiaries have contributory funded defined benefit pension plans and unfunded retirement benefit plans for their employees' benefits. Other consolidated subsidiaries have joined the smaller Enterprise Retirement Allowance Mutual Aid Plan primarily as a defined contribution plan. In addition, employees may be entitled to additional retirement benefits upon leaving the company.

Effective April 1, 2000, the Company adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over five years within the average remaining service period. Past service costs are amortized on a straight-line basis over five years within the average remaining service period.

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014. As a result, liability for retirement benefits of ¥2,466 million ($23,956 thousand) was recorded as of March 31, 2014, and accumulated other comprehensive income for the year ended March 31, 2014, decreased by ¥97 million ($944 thousand).

j. Retirement Allowances for Directors and Audit and Supervisory Board Members
Retirement allowances for directors and Audit and Supervisory Board members of the Company and certain consolidated subsidiaries are also provided under the internal guidelines.

k. Asset Retirement Obligations
In accordance with real estate lease contracts, the Group owes obligations to restore the rental properties for the Tokyo office and Osaka office upon leaving the properties. Asset retirement obligations are accounted for according to the above obligations, and the Group measures the amounts by estimating the total nonrefundable deposits based on the lease contracts.

l. Research and Development Costs
Research and development costs are charged to income as incurred.

m. Leases
The Group leases certain equipment as a lessee.
All finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

n. Income Taxes
The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

o. Per Share Information
Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted net income per share was not presented because there were no dilutive securities for the years ended March 31, 2014 and 2013.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

On April 1, 2014, the Company effected a two-for-one stock split by way of a free share distribution based on the resolution of the Board of Directors meeting held on January 24, 2014. The number of shares in the prior year and per share figures have been restated to reflect the impact of the stock split and to provide data on a basis comparable to the year ended March 31, 2014. Such restatements include calculations regarding the Company's weighted-average number of common shares and basic net income per share. The share and per share calculations for which the basis date falls before April 1, 2014, do not reflect the effect of the two-for-one stock split. Assuming the stock split was effected at the beginning of the year ended March 31, 2014 (April 1, 2013), shares and per share figures would have been as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Cash dividends per share applicable to the year	¥ 64.5	¥ 64.5	$ 0.62
Common stock issue	44,284,212 shares	44,284,212 shares	
Treasury stock	2,888,624	2,888,624	

p. Accounting Changes and Error Corrections

In December 2009, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies:
When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation:
When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates:
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors:
When an error in prior-period financial statements is discovered, those statements are restated.

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Noncurrent:			
Marketable equity securities	¥ 2,874	¥ 2,732	$ 27,924
Nonmarketable equity securities	430	530	4,179
Trust fund investment and other		58	
Total	¥ 3,304	¥ 3,320	$ 32,103

The costs and aggregate fair values of investment securities at March 31, 2014 and 2013, were as follows:

	Millions of Yen			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,996	¥ 885	¥ (7)	¥ 2,874
Trust fund investments				

	Millions of Yen			
March 31, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,991	¥ 758	¥ (17)	¥ 2,732
Trust fund investments	43	15		58

	Thousands of U.S. Dollars			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 19,391	$ 8,600	$ (67)	$ 27,924
Trust fund investments				

The proceeds, realized gains and realized losses of the available-for-sale securities, which were sold during the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		
March 31, 2014	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	¥ 140	¥ 20	
Trust fund investment And other	63	20	
Total	¥ 203	¥ 40	

	Millions of Yen		
March 31, 2013	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	¥ 67	¥ 31	
Total	¥ 67	¥ 31	

	Thousands of U.S. Dollars		
March 31, 2014	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	$ 1,363	$ 191	
Trust fund investment And other	615	199	
Total	$ 1,978	$ 390	

The impairment losses on available-for-sale equity securities for the year ended March 31, 2013 were ¥2 million.

4. INVENTORIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Merchandise and finished products	¥ 17,811	¥ 16,598	$ 173,049
Work in process	78	117	761
Raw materials and supplies	2,957	2,807	28,735
Total	¥ 20,846	¥ 19,522	$ 202,545

5. PROPERTY, PLANT, AND EQUIPMENT

Under certain conditions, such as receipt of a government subsidy for specific fixed assets, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section.

The reduced-value entry, which is directly deducted from machinery and equipment, amounted to ¥339 million ($3,293 thousand) and ¥339 million for the years ended March 31, 2014 and 2013, respectively. The reduced-value entry is applied due to government subsidies.

Depreciation expenses for the years ended March 31, 2014 and 2013, were ¥9,704 million ($94,285 thousand) and ¥9,747 million, respectively.

6. INVESTMENT PROPERTY

The Group owns certain rental properties, such as warehouses and land in Fukuyama and other areas. The net of rental income and operating expenses for those rental properties was ¥48 million ($470 thousand) and ¥39 million for the fiscal years ended March 31, 2014 and 2013, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2013	Increase/Decrease	March 31, 2014	March 31, 2014
¥ 2,415	¥ 60	¥ 2,475	¥ 3,042

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2012	Increase/Decrease	March 31, 2013	March 31, 2013
¥ 2,260	¥ 155	¥ 2,415	¥ 2,777

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2013	Increase/Decrease	March 31, 2014	March 31, 2014
$ 23,468	$ 581	$ 24,049	$ 29,558

Notes:

(1) Canying amount recognized in the consolidated balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.

(2) Fair value of properties as of March 31, 2014, is measured by the Group, based on the assessed value of fixed assets and roadside land prices for tax assessment purposes.

(3) Increase during the fiscal year ended March 31, 2014, is caused mainly due to additional recognition, to which real estate of ¥209 million ($2,029 thousand) is rented. Decrease primarily is attributable to internal use of investment property of ¥126 million ($1,220 thousand) and ¥22 million ($211 thousand) from demolition of underutilized real estate.
Increase during the fiscal year ended March 31, 2013, is mainly due to the exclusion of a consolidated subsidiary, to which real estate of ¥204 million ($2,174 thousand) is rented. Decrease primarily represents the disposition of real estate of ¥89 million ($942 thousand).

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2014 and 2013, consisted of bank overdrafts.
The annual interest rates applicable to the short-term bank loans ranged from 0.19% to 0.22% and 0.22% to 0.26%, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unsecured loans from banks and other financial institutions due serially to 2018 with interest rates ranging from 0.00% to 1.04% (2014) and from 0.27% to 1.04% (2013)	¥ 33,754	¥ 27,995	$ 327,964
Less current portion	(6,976)	(8,266)	(67,785)
Long-term debt, less current portion	¥ 26,778	¥ 19,729	$ 260,179

The aggregate annual maturities of long-term debt as of March 31, 2014, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 6,976	$ 67,786
2016	5,687	55,259
2017	6,614	64,259
2018	13,331	129,531
2019	1,128	10,957
Thereafter	18	172
Total	¥ 33,754	$ 327,964

The Company and certain subsidiaries have entered into credit agreements with several Japanese banks under which the banks committed a maximum of ¥43,600 million ($423,630 thousand) and ¥41,100 million to the Company and certain subsidiaries in the form of cash borrowings at March 31, 2014 and 2013, respectively. The unused lines of credit under these agreements amounted to ¥40,600 million ($394,481 thousand) and ¥34,300 million at March 31, 2014 and 2013, respectively.

8. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The Company and certain consolidated subsidiaries have contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees of their benefits. Other consolidated subsidiaries have joined the smaller Enterprise Retirement Allowance Mutual Aid Plan primarily as a defined contribution plan. In addition, employees may be entitled to additional retirement benefits upon leaving the company.

Year Ended March 31, 2014

(1) The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:
(Indicated in the (3) is excluded.)

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 2,770	$ 26,918
Current service cost	181	1,754
Interest cost	41	399
Actuarial losses	54	526
Benefits paid	(33)	(325)
Balance at end of year	¥ 3,013	$ 29,272

(2) The changes in plan assets for the year ended March 31, 2014, were as follows:
(Indicated in the (3) is excluded.)

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 1,065	$ 10,345
Expected return on plan assets	16	155
Actuarial gains	12	113
Contributions from the employer	80	777
Benefits paid	(17)	(162)
Balance at end of year	¥ 1,156	$ 11,228

(3) The change in accrued retirement benefits for employees based on the amount which would be payable at the year end if all eligible employees terminated their services voluntarily (simplified method) was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	¥ 565	$ 5,498
Retirement benefit expenses	110	1,060
Benefits paid	(50)	(487)
Contribution of premium	(16)	(159)
Balance at end of year	¥ 609	$ 5,912

For calculating the PBOs, consolidated subsidiaries use the simplified method in accordance with applicable accounting standards.

(4) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

a. Principle method

	Millions of Yen	Thousands of U.S. Dollars
Funded defined benefit obligation	¥ 3,013	$ 29,272
Plan assets	1,156	11,228
Net liability for defined benefit obligation	¥ 1,857	$ 18,044

b. Simplified method

	Millions of Yen	Thousands of U.S. Dollars
Funded defined benefit obligation	¥ 385	$ 3,738
Plan assets	241	2,345
	144	1,393
Unfunded defined benefit obligation	465	4,519
Net liability for defined benefit obligation	¥ 609	$ 5,912

	Millions of Yen	Thousands of U.S. Dollars
Liability for retirement benefits (a+b)	¥ 2,466	$ 23,956
Net liability for defined benefit obligation	¥ 2,466	$ 23,956

(5) The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥ 290	$ 2,813
Interest cost	41	399
Expected return on plan assets	(16)	(155)
Recognized actuarial losses	36	350
Amortization of prior service cost	(7)	(66)
Net periodic benefit costs	¥ 344	$ 3,341

(6) Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized prior service cost	¥ 157	$ 1,525
Unrecognized actuarial gains	(7)	(67)
	¥ 150	$ 1,458

(7) Plan assets

a. Components of plan assets

Plan assets consisted of the following:

Debt investments	88.0 %
Debenture	3.8
Equity investments	8.1
Cash and cash equivalents	
Others	0.1
Total	100.0 %

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	1.5 %
Expected rate of return on plan assets	1.5 %

Year Ended March 31, 2013

The liability (asset) for retirement benefits at March 31, 2013, consisted of the following:

	Millions of Yen
Projected benefit obligation	¥ 3,560
Fair value of plan assets	(1,289)
Unrecognized actuarial loss	(150)
Unrecognized prior service cost	13
Net liability	¥ 2,134

The components of net periodic benefit costs for the year ended March 31, 2013, are as follows:

	Millions of Yen
Service cost	¥ 426
Interest cost	49
Expected return on plan assets	(15)
Recognized actuarial loss	17
Amortization of prior service cost	22
Net periodic benefit costs	¥ 499

Assumptions used for the year ended March 31, 2013, are set forth as follows:

Discount rate	1.5 %
Expected rate of return on plan assets	1.5 %
Amortization period of prior service cost	5 years
Recognition period of actuarial gain/loss	5 years

9. RETIREMENT ALLOWANCES FOR DIRECTORS AND AUDIT AND SUPERVISORY BOARD MEMBERS

Retirement allowances for directors and Audit and Supervisory Board members are paid subject to approval of the shareholders.

The Company and certain subsidiaries recorded a liability for their unfunded retirement allowances plan covering all of their directors and Audit and Supervisory Board members. The annual provisions for retirement allowances for directors and Audit and Supervisory Board members for the years ended March 31, 2014 and 2013, were ¥84 million ($816 thousand) and ¥77 million, respectively.

10. EQUITY

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

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

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

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act also provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/decreases and transfer of common stock, reserve, and surplus

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

c. Treasury stock

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

On April 1, 2014, the Company effected a two-for-one stock split by way of a free share distribution based on the resolution of the Board of Directors meeting held on January 24, 2014.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in operating expenses were ¥1,149 million ($11,160 thousand) and ¥1,063 million for the years ended March 31, 2014 and 2013, respectively.

12. INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 37.7% for the years ended March 31, 2014 and 2013.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets:			
Tax loss carryforwards	¥ 249	¥ 157	$ 2,415
Accrued enterprise taxes	111	226	1,075
Accrued expenses	1,162	902	11,286
Accrued pension and severance costs	874	754	8,489
Retirement allowances for directors and Audit and Supervisory Board members	423	403	4,116
Loss on devaluation of investment securities	121	62	1,176
Other	965	475	9,390
Less valuation allowance	(749)	(482)	(7,281)
Amount offset against deferred tax liabilities	439	252	4,267
Total	2,717	2,245	26,399
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(312)	(195)	(3,028)
Insurance income	(74)		(720)
Other	(68)	(84)	(659)
Amount offset against deferred tax assets	439	252	4,267
Total	(15)	(27)	(140)
Net deferred tax assets	¥ 2,702	¥ 2,218	$ 26,259

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates for the year ended March 31, 2014, was not disclosed because the differences were not more than 5% of the normal effective statutory tax rate. The corresponding figures for 2013 were as follows:

	2013
Normal effective statutory tax rate	37.7%
Tax effects on permanent differences	0.4
Expenses not deductible for tax purposes	(0.1)
Per capita levy of inhabitants taxes	0.4
Amount of goodwill	0.8
Other—net	1.0
Actual effective tax rate	40.2%

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 37.7% to 35.3%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥92 million ($896 thousand) and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥92 million ($896 thousand).

At March 31, 2014, certain subsidiaries have tax loss carryforwards aggregating approximately ¥249 million ($2,415 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015		
2016		
2017		
2018		
2019		
2020		
2021	¥ 33	$ 324
2022	120	1,164
2023	96	927
Total	¥ 249	$ 2,415

13. LEASES

The Group leases certain machinery, computer equipment, and other assets.
Total rental expense for the years ended March 31, 2014 and 2013, was ¥1,371 million ($13,320 thousand) and ¥1,436 million, respectively, including ¥296 million ($2,878 thousand) and ¥361 million of lease payments under finance leases.

14. RELATED-PARTY DISCLOSURES

(1) Related-party transactions between the Company and directors for the year ended March 31, 2014

Type	Name	Location	Principal Business or Title	Capital		Equity Ownership (%)	Relationship	Transaction	Amount of Transaction (Note 1)		Account	Balanced at Year-End (Note 2)
				Millions of Yen	Thousands of Dollars				Millions of Yen	Thousands of Dollars		
Companies for which directors and their close relatives owned a majority interest (Note 3)	HY Corporation Co., Ltd.	Fukuyama, Hiroshima prf.	Lease and management of real estate	¥ 50	$ 486	―	Leasing land	Leasing land for delivery center	¥ 12	$ 113		

(2) Related-party transactions between the Company and directors for the year ended March 31, 2013

Type	Name	Location	Principal Business or Title	Capital	Equity Ownership (%)	Relationship	Transaction	Amount of Transaction (Note 1)	Account	Balanced at Year-End (Note 2)
				Millions of Yen				Millions of Yen		Millions of Yen
Companies for which directors and their close relatives owned a majority interest (Note 3)	HY Corporation Co., Ltd.	Fukuyama, Hiroshima prf.	Lease and management of real estate	¥ 50	―	Leasing land	Leasing land for delivery center	¥ 12	Revenue received in advance	¥ 1

(3) Related-party transactions between the consolidated subsidiaries and directors for the year ended March 31, 2014

Type	Name	Location	Principal Business or Title	Capital		Equity Ownership (%)	Relationship	Transaction	Amount of Transaction (Note 1)		Account	Balanced at Year-End (Note 2)	
				Millions of Yen	Thousands of Dollars				Millions of Yen	Thousands of Dollars		Millions of Yen	Thousands of Dollars
Companies for which directors and their close relatives owned a majority interest (Note 3)	HY Corporation Co., Ltd.	Fukuyama Hiroshima prf.	Lease and management of real estate	¥ 50	$ 486	―	Renting premises	Renting premises for delivery center	¥ 134	$ 1,300	Deposits	¥ 112	$ 1,083

(4) Related party transactions between the consolidated subsidiaries and directors for the year ended March 31, 2013

Type	Name	Location	Principal Business or Title	Capital	Equity Ownership (%)	Relationship	Transaction	Amount of Transaction (Note 1)	Account	Balanced at Year-End (Note 2)
				Millions of Yen				Millions of Yen		Millions of Yen
Companies for which directors and their close relatives owned a majority interest (Note 3)	HY Corporation Co., Ltd.	Fukuyama Hiroshima prf.	Lease and management of real estate	¥ 50	―	Renting premises	Renting premises for delivery center	¥ 134	Prepaid expenses	¥ 12
									Deposits	¥ 112

Notes:
1. Excluding consumption taxes
2. Including consumption taxes
3. Yasuhiro Komatsu, who is the representative director of the Company, owns all shares of HY Corporation Co., Ltd.
4. Method of determining terms and conditions of the transactions:
(1) Rent of land has been determined by reference to the rent in the neighborhood.
(2) Rent of buildings has been determined by reference to the actual transactions, in the neighborhood.

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Policy for financial instruments

The Group has adopted a policy to limit investment to short term and low risk financial instruments, such as deposits regarding fund management. On the other hand, the Group has adopted a policy to use bank loans or to issue commercial paper to fund ongoing operations. Derivatives are used, not for speculative or trading purposes, but to manage the market risk of fluctuation in foreign currency exchange rates by using foreign currency forward contracts.

(2) Nature and extent of risks arising from financial instruments and risk management

Receivables, such as trade notes and trade accounts are exposed to customer credit risk. With respect to receivables, the Group sets limits and payment terms for each customer based on the internal customer credit management regulation in order to control customer credit risk. Additionally, each customer's credit line status is regularly checked and monitored by using credit reports and other information.

Although stocks such as investment securities are exposed to market price fluctuation, these are mainly customers' stocks. The corporate finance division of the Company monitors the fair value at the end of each month, and reports this to top management.

Payment terms of all accounts payable are within six months.

Short-term bank loans are mainly financed for daily operating purposes and long-term debt (maturity is generally within five years) is financed for capital investment purposes. Loans with variable interest rates are exposed to interest fluctuation risk.

The Group enters into foreign currency forward contracts to hedge the market risk of foreign currency exchange rate fluctuations.

Derivatives are managed and controlled within approved policy. The Group has adopted a policy of only dealing with creditworthy counterparties in order to reduce credit risk when entering into derivative transactions.

(3) Fair value of financial instruments

The contract or notional amounts of derivatives themselves, which are shown in the table below, do not represent or measure the Group's exposure to credit or market risk.

(a) Fair value of financial instruments

March 31, 2014	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 16,154	¥ 16,154	
Receivables:			
Trade notes	9,472	9,467	
Trade accounts	21,127	21,116	
Other	2,654	2,654	
Allowance for doubtful accounts	(16)		
Total	33,237	33,237	
Investment securities	2,874	2,874	
Total	¥ 52,265	¥ 52,265	
Short-term bank loans	¥ 3,000	¥ 3,000	
Current portion of long-term debt	6,976	7,087	¥ 111
Commercial paper	15,000	15,000	
Payables:			
Trade accounts	19,232	19,232	
Other	5,860	5,860	
Total	25,092	25,092	
Current portion of long-term lease obligations	3,642	3,735	93
Accrued income taxes	1,557	1,557	
Long-term debt	26,778	26,685	(93)
Long-term lease obligations	10,359	10,147	(212)
Total	¥ 92,404	¥ 92,303	¥ (101)

March 31, 2013	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 14,060	¥ 14,060	
Receivables:			
Trade notes	13,937	13,931	
Trade accounts	22,090	22,080	
Associated companies	424	424	
Other	2,245	2,245	
Allowance for doubtful accounts	(16)		
Total	38,680	38,680	
Lease investment assets	19	19	
Investment securities	2,790	2,790	
Total	¥ 55,549	¥ 55,549	
Short-term bank loans	¥ 6,800	¥ 6,800	
Current portion of long-term debt	8,266	8,370	¥ 104
Commercial paper	15,000	15,000	
Payables:			
Trade accounts	21,046	21,046	
Associated companies	5	5	
Other	4,494	4,494	
Total	25,545	25,545	
Current portion of long-term lease obligations	2,695	2,806	111
Accrued income taxes	2,693	2,693	
Long-term debt	19,729	19,685	(44)
Long-term lease obligations	7,931	7,841	(90)
Total	¥ 88,659	¥ 88,740	¥ 81

March 31, 2014	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 156,952	$ 156,952	
Receivables:			
Trade notes	92,029	91,981	
Trade accounts	205,277	205,172	
Other	25,792	25,792	
Allowance for doubtful accounts	(153)		
Total	322,945	322,945	
Investment securities	27,924	27,924	
Total	$ 507,821	$507,821	
Short-term bank loans	$ 29,149	$ 29,149	
Current portion of long-term debt	67,786	68,861	$ 1,075
Commercial paper	145,744	145,744	
Payables:			
Trade accounts	186,863	186,863	
Other	56,938	56,938	
Total	243,801	243,801	
Current portion of long-term lease obligations	35,389	36,287	898
Accrued income taxes	15,127	15,127	
Long-term debt	260,179	259,275	(904)
Long-term lease obligations	100,653	98,595	(2,058)
Total	$ 897,828	$ 896,839	$ (989)

Assets

The carrying value of cash and cash equivalents, receivables and lease investment assets approximates fair value because of their short maturities.

Investment securities

The fair value of investment securities is measured at the quoted market price of the stock exchange for the equity instruments.

Liabilities

As for short-term bank loans, payables, commercial paper and accrued income taxes, the Group applied the carrying value, because the carrying value of these liabilities approximates fair value because of their short maturities.

The Group determines the fair value of long-term debt with a fixed interest rate by discounting the cash flows (using the risk-free rate, plus spread as the discount rate). Regarding long-term debts with variable interest rates, the carrying values of these loans approximate fair value according to contract conditions of the loan interest rate, which is reset periodically.

As for lease obligation, the Group determines the fair value by discounting the cash flow (using the long-term prime rate as the discount rate).

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Investments in equity instruments that do not have a quoted market price in an active market	¥ 430	¥ 598	$ 4,180

(4) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2014	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through ten Years	Due after Ten Years
Cash and cash equivalents	¥ 16,154			
Receivables:				
Trade notes	9,472			
Trade accounts	21,127			
Others	2,654			
Total	¥ 49,407			

	Millions of Yen			
March 31, 2013	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through ten Years	Due after Ten Years
Cash and cash equivalents	¥ 14,060			
Receivables:				
Trade notes	13,937			
Trade accounts	22,090			
Associated companies	424			
Others	2,245			
Lease investment assets	19			
Investment securities		¥ 39		
Total	¥ 52,775	¥ 39		

	Thousands of U.S. Dollars			
March 31, 2014	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through ten Years	Due after Ten Years
Cash and cash equivalents	$ 156,952			
Receivables:				
Trade notes	92,029			
Trade accounts	205,277			
Others	25,792			
Total	$ 480,050			

Please see Note 8 for annual maturities of long-term debt.

16. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unrealized gain (loss) on available -for-sale securities:			
Gains arising during the year	¥ 160	¥ 252	$ 1,558
Reclassification adjustments to profit or loss	(38)	(30)	(370)
Amount before income tax effect	122	222	1,188
Income tax effect	(115)	(6)	(1,116)
Total	¥ 7	¥ 216	$ 72

17. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

a. The following appropriation of retained earnings at March 31, 2014, was approved at the Board of Directors meeting held on May 24, 2014:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥65.00 ($0.63) per share	¥ 1,345	$ 13,072

b. The Company executed a stock split effective April 1, 2014, according to the resolution of the Board of Directors meeting held on January 24, 2014. The Company also amended the share units from one share to two shares effective April 1, 2014.
Details of the stock split were as follows:

Method of the stock split
Each share of common stock held by shareholders recorded on the register of shareholders as of March 31, 2014, was split into two shares.

Increase in the number of shares due to the stock split
22,142,106 shares of common stock

Per share data have been restated, as appropriate, to reflect a two-for-one stock split effective April 1, 2014.

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