

Financial Data Notes to Consolidated Financial Statements

(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 Group 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 ¥1,188 million was recorded as of March 31, 2014, accumulated other comprehensive income for the year ended March 31, 2014, increased by ¥34 million, and minority interests for the year ended March 31, 2014, decreased by ¥82 million.

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

i. Leases - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

j. 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 tax laws to the temporary differences.

k. Foreign Currency Transactions - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates

as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

l. Foreign Currency Financial Statements - The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

m. 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 is not disclosed because no dilutive securities exist.

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

n. New Accounting Pronouncements

Accounting Standard for Retirement Benefits - 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.

Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

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

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be 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 shall be 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) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

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 for (a) and (b) above effective April 1, 2013, and expects to apply (c) above from April 1, 2014. The Company assumes that the effects of applying the revised accounting standard for (c) above are minor.

3.SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen	
	2014	2013
Short-term investments:		
Time deposits other than cash equivalents	¥1,206	¥1,762
Short-term treasury securities	9,599	9,199
Commercial paper other than cash equivalents	1,997	1,497
Certificates of deposits	1,500	1,500
Trust fund investment		4
Total	¥14,302	¥13,962
Investment securities:		
Marketable equity securities	¥4,829	¥5,021
Nonmarketable equity securities	13	13
Total	¥4,842	¥5,034

Information regarding the securities classified as available-for-sale as of March 31, 2014 and 2013, was as follows:

	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
March 31, 2014				
Equity securities	¥3,475	¥1,378	¥(24)	¥4,829
Debt securities	11,599		(3)	11,596
Other	1,500			1,500

	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
March 31, 2013				
Equity securities	¥4,493	¥643	¥(115)	¥5,021
Debt securities	10,698	0	(2)	10,696
Other	1,505		(1)	1,504

Available-for-sale securities whose fair value could not be reliably determined as of March 31, 2014 and 2013, were as follows:

	Millions of Yen	
	2014	2013
Equity securities	¥13	¥13

Proceeds from sales of available-for-sale securities for the years ended March 31, 2014 and 2013, were ¥1,134 million and ¥280 million, respectively. Gross realized gain and loss on these sales, computed on the moving-average cost basis, were ¥148 million and ¥39 million for the year ended March 31, 2014, respectively.

4.INVENTORIES

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

	Millions of Yen	
	2014	2013
Merchandise	¥1,830	¥1,959
Finished products	3,584	3,010
Work in process	440	407
Raw materials and supplies	2,268	2,265
Total	¥8,122	¥7,641

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5.OTHER ASSETS

Other assets as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen	
	2014	2013
Long-term prepaid expenses	¥618	¥688
Guarantee deposits	452	492
Software	279	296
Other	641	347
Total	¥1,990	¥1,823

6.RETIREMENT BENEFITS AND PENSION PLANS

The Company and its domestic consolidated subsidiary have funded defined benefit pension plans, defined contribution pension plans and advance payment systems which cover substantially all of their employees, and also unfunded defined benefit pension plans.

The funded defined benefit pension plans provide a lump-sum severance payment or annuity payments determined based on the rate of pay at the time of termination, years of service, and certain other factors for employees who terminated their employment.

The unfunded defined benefit pension plans provide premium lump-sum severance pay for employees who meet the prescribed requirements.

The Company and its domestic consolidated subsidiary participate in a contributory multiemployer pension plan, which is accounted for the same as defined contribution pension plans.

Certain foreign consolidated subsidiaries have funded defined benefit pension plans, unfunded benefit pension plans and defined contribution pension plans.

Defined Benefits

Year Ended March 31, 2014

1. The changes in defined benefit obligation for the year ended March 2014, were as follows:

	Millions of Yen
Balance at beginning of year	¥3,694
Current service cost	269
Interest cost	102
Actuarial loss	(190)
Benefits paid	(216)
Foreign currency translation	104
Other	(9)
Balance at end of year	¥3,754

2. The changes in plan assets for the year ended March 2014, were as follows:

	Millions of Yen
Balance at beginning of year	¥2,377
Expected return on plan assets	55
Actuarial loss	142
Contributions from the employer	148
Benefits paid	(154)
Other	(2)
Balance at end of year	¥2,566

3. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets for the year ended March 2014, was as follows:

	Millions of Yen
Funded defined benefit obligation	¥2,674
Plan assets	(2,566)
	108
Unfunded defined benefit obligation	1,080
Net liability arising from defined benefit obligation	¥1,188
Liability for retirement benefits	¥1,188
Asset for retirement benefits	(0)
Net liability arising from defined benefit obligation	¥1,188

4. The components of net periodic retirement benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen
Service cost	¥269
Interest cost	102
Expected return on plan assets	(55)
Recognized actuarial loss	55
Amortization of past service cost	(35)
Net periodic retirement benefit costs	¥336

5. The components of accumulated other comprehensive income on defined retirement benefit plans before adjusting for tax effects as of March 31, 2014, were as follows:

	Millions of Yen
Unrecognized past service cost	¥(127)
Unrecognized actuarial loss	158
Total	¥31

6. Plan assets

(1)Components of plan assets

Plan assets as of March 31, 2014, consisted of the following:

Debt investments	44%
Equity investments	31
General accounts	16
Cash and cash equivalents	7
Other	2
Total	100%

(2)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.

7. Assumptions used for the year ended March 31, 2014, were mainly set forth as follows:

Discount rate	1.2%
Expected rate of return on plan assets	2.0%

Year Ended March 31, 2013

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

	Millions of Yen
Projected benefit obligation	¥3,694
Fair value of plan assets	(2,377)
Unrecognized past service cost	162
Unrecognized actuarial loss	(406)
Net liability	¥1,073
Attributed to:	
Prepaid pension expense	¥ (0)
Liability for retirement benefits	1,073

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

	Millions of Yen
Service cost	¥229
Interest cost	96
Expected return on plan assets	(46)
Amortization of past service cost	(19)
Recognized actuarial loss	74
Subtotal	334
Contribution for the multiemployer pension plan	271
Contribution for the defined contribution pension plan	85
Net periodic retirement benefit costs	¥690

Financial Data Notes to Consolidated Financial Statements

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

Discount rate	1.2%
Expected rate of return on plan assets	2.0%
Amortization period of past service cost	7 years
Recognition period of actuarial gain/loss	7 years

Defined Contribution

The Company and its consolidated subsidiaries recognized the defined contribution cost of ¥85 million for the year ended March 31, 2014.

Multiemployer Plan

The Company and certain consolidated subsidiaries participate in a contributory multiemployer pension plan (the “Plan”) covering substantially all of their employees.

The Group recognized the contribution cost to the Plan of ¥264 million for the year ended March 31, 2014, which is accounted for same as defined contribution pension plans. Based on the Group’s salary expense in comparison to the total salary expense of all employees who participate in the Plan, the Group’s share of the Plan was 12.3% at March 31, 2014. However, the share was not equal to the actual contribution percentage of the Group.

The financial statement of the Plan as of March 31, 2013, was as follows:

	Millions of Yen
Fair value of plan assets	¥35,909
Projected benefit obligation	46,060
Net	¥(10,151)

<Note>

The main reason for the difference between the fair value of plan assets and the projected benefit obligation represented the past service obligation of ¥12,623 million. The past service obligation is evenly amortized over 16 years. The Company and certain consolidated subsidiaries recognized ¥122 million of special contribution expense for the year ended March 31, 2014.

7.OTHER LONG-TERM LIABILITIES

Other long-term liabilities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen	
	2014	2013
Deposits received	¥398	¥376
Liabilities for retirement benefits to directors and Audit & Supervisory Board members	378	351
Other	169	128
Total	¥945	¥855

8.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, such as (1) having a board of directors, (2) having independent auditors, (3) having an Audit & 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 companies have 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 companies so stipulate. The Companies Act 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 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 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 and treasury stock acquisition rights

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 specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9.INCOME TAXES

The Company and its domestic subsidiary are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 37.96% for the years ended March 31, 2014 and 2013. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

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

	Millions of Yen	
	2014	2013
Deferred tax assets:		
Accrued bonuses	¥256	¥275
Enterprise tax	92	84
Inventories	165	163
Liability for retirement benefits	366	345
Long-term liabilities	105	107
Property, plant and equipment	34	34
Other	613	518
Less valuation allowance	(201)	(102)
Total	1,430	1,424
Deferred tax liabilities:		
Unrealized gain on available-for-sale securities	479	185
Other	225	176
Total	704	361
Net deferred tax assets	¥726	¥1,063

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2014, with the corresponding figures for the year ended March 31, 2013, was as follows:

	2014	2013
Normal effective statutory tax rate	37.96%	37.96%
Expenses not deductible for income tax purposes	1.77	1.63
Difference in subsidiaries’ tax rates	(4.70)	(4.67)
Tax credit for research and development costs and others	(2.23)	(1.49)
Change in valuation allowance	1.33	(0.08)
Capital levy on inhabitant tax	0.31	0.36
Decrease adjustment of deferred tax assets for changing the tax rate	0.63	
Other - net	0.76	0.97
Actual effective tax rate	35.83%	34.68%

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 37.96% to 35.59%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014 by ¥41 million and to increase income taxes - deferred in the consolidated statement of income for the year then ended by ¥41 million.

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended March 31, 2014 and 2013, were ¥1,960 million and ¥1,793 million, respectively.

11. ADVERTISING COSTS

Advertising costs charged to income for the years ended March 31, 2014 and 2013, were ¥4,121 million and ¥3,105 million, respectively.

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12. LEASES

The Group leases office space, office equipment and certain other assets.
Total rental expenses for the years ended March 31, 2014 and 2013, were ¥1,413 million and ¥1,349 million, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen			
	2014		2013	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥10	¥146	¥6	¥150
Due after one year	26	576	11	722
Total	¥36	¥722	¥17	¥872

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The Group uses financial instruments to invest cash surplus amounts in low-risk and highly liquid financial instruments. Derivatives are used, not for speculative purposes, but to achieve higher yields within specified limits on the amounts.

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

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Short-term investments and investment securities, mainly debt securities with maturities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.
Payment terms of payables, such as trade notes and trade accounts, are mainly less than three months.
Receivables and payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

(3) Risk management for financial instruments

Credit risk management

The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring on a regular basis of payment terms and balances of major customers by the sales planning division to identify the default risk of customers in the early stages.
With respect to financial investments with maturities, since the Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with its internal guidelines, the credit risk associated with this investment is not considered to be significant.

Market risk management

With respect to foreign currency trade receivables and payables, the Group monitors on a regular basis foreign exchange risk recognized monthly in each currency.
Short-term investments and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis, and the securities, except for government bonds, are managed by reviewing the condition continuously in view of the market trend and relationship of the business partners.
Derivatives have been utilized in accordance with internal policies which regulate the authorization and credit limit amount. The conditions and results of such transactions are regularly communicated to the Management Committee.

Liquidity risk management

The Group manages its liquidity risk by holding adequate volumes of liquid assets, along with adequate financial planning prepared by the financial management division based on each department's report.

(4) Concentration of credit risk

As of March 31, 2014, approximately 53.6% of total receivables were from specific major customers of the Group.

(5) Fair values of financial instruments

(a) Fair value of financial instruments

The carrying amount and fair value as of March 31, 2014 and 2013, were as follows:

	Millions of Yen	
	Carrying Amount	Fair Value
March 31, 2014		
Cash and cash equivalents	¥10,891	¥10,891
Short-term investments and investment securities	19,131	19,131
Receivables	8,443	8,443
Total	¥38,465	¥38,465
Payables	¥ 6,726	¥ 6,726
Accrued income taxes	1,237	1,237
Total	¥ 7,963	¥ 7,963

	Millions of Yen	
	Carrying Amount	Fair Value
March 31, 2013		
Cash and cash equivalents	¥10,482	¥10,482
Short-term investments and investment securities	18,983	18,983
Receivables	7,807	7,807
Total	¥37,272	¥37,272
Payables	¥ 4,099	¥ 4,099
Accrued income taxes	995	995
Total	¥ 5,094	¥ 5,094

Cash and cash equivalents

The carrying amounts of cash and cash equivalents approximate fair value because of their short maturities.

Short-term investments and investment securities

The fair values of short-term investments and investment securities are measured at the quoted market price of the stock exchange for the equity instruments and at the quoted price obtained from the financial institutions for certain debt instruments. The carrying amounts of short-term investments and investment securities are equal to the fair values. The information of the fair value for short-term investments and investment securities by classification is included in Note 3.

Receivables, payables, and accrued income taxes

The carrying amounts of receivables, payables, and accrued income taxes approximate fair value because of their short maturities.

(b) Financial instruments whose fair value cannot be reliably determined

	Millions of Yen	
	2014	2013
Investments in equity instruments that do not have a quoted market price in an active market	¥13	¥13

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

	Millions of Yen
	Due in 1 Year or Less
March 31, 2014	
Cash and cash equivalents	¥10,891
Short-term investments and investment securities:	
Available-for-sale debt securities with contractual maturities	11,596
Other	2,706
Receivables	8,443
Total	¥33,636
	Millions of Yen
	Due in 1 Year or Less
March 31, 2013	
Cash and cash equivalents	¥10,482
Short-term investments and investment securities:	
Available-for-sale debt securities with contractual maturities	10,696
Other	3,266
Receivables	7,807
Total	¥32,251

14. COMPREHENSIVE INCOME

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

	Millions of Yen	
	2014	2013
Unrealized gain on available-for-sale securities:		
Gains arising during the year	¥ 935	¥1,061
Reclassification adjustments to profit or loss	(109)	3
Amount before income tax effect	826	1,064
Income tax effect	(294)	(391)
Total	¥ 532	¥ 673
Foreign currency translation adjustments -		
Adjustments arising during the year	¥ 750	¥ 794
Total	¥ 750	¥ 794
Share of other comprehensive income in associate -		
Income arising during the year	¥ 58	¥ 28
Total	¥ 58	¥ 28
Total other comprehensive income	¥1,340	¥1,495

15. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriations of retained earnings of the Group for the year ended March 31, 2014, were approved at the shareholders' meeting held on June 24, 2014:

	Millions of Yen
Year-end cash dividends, ¥37 per share	¥865

16. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group mainly produces and sells cosmetic products. The Company and domestic subsidiary oversee the Japan region, PT Mandom Indonesia Tbk oversees the Indonesia region and other overseas subsidiaries including Malaysia, Thailand, China and other location oversee activities in each of their respective countries. Each of the overseas subsidiaries is independent management units, which can develop product strategies and business activities in their respective regions. Therefore, the Group consists of the geographical segments based on production and sales structures, which are identified as Japan, Indonesia, and other foreign countries ("Other").

2. Methods of measurement for the amount of sales, profit, assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

3. Information about sales, profit, assets, liabilities and other items.

	Millions of Yen					
	2014					
	Reportable Segment					
	Japan	Indonesia	Other	Total	Reconciliations	Consolidated
Sales:						
Sales to external customers	¥40,945	¥15,969	¥11,302	¥68,216		¥68,216
Intersegment sales or transfers	3,860	2,887	329	7,076	¥(7,076)	
Total	¥44,805	¥18,856	¥11,631	¥75,292	¥(7,076)	¥68,216
Segment profit	¥ 4,481	¥ 1,147	¥ 1,226	¥ 6,854		¥ 6,854
Segment assets	46,912	12,290	8,657	67,859		67,859
Other:						
Depreciation	1,350	712	81	2,143		2,143
Investments in an associated company under the equity method			277	277		277
Increase in property, plant and equipment and intangible assets	4,993	2,949	57	7,999		7,999

	Millions of Yen						
	2013					Reconciliations	Consolidated
	Reportable Segment						
	Japan	Indonesia	Other	Total			
Sales:							
Sales to external customers	¥38,208	¥13,511	¥8,708	¥60,427			¥60,427
Intersegment sales or transfers	3,674	2,403	359	6,436	¥(6,436)		
Total	¥41,882	¥15,914	¥9,067	¥66,863	¥(6,436)		¥60,427
Segment profit	¥ 3,921	¥ 1,118	¥ 909	¥ 5,948			¥ 5,948
Segment assets	42,262	10,808	7,094	60,164			60,164
Other:							
Depreciation	1,468	625	72	2,165			2,165
Amortization of goodwill			38	38			38
Investments in an associated company under the equity method			188	188			188
Increase in property, plant and equipment and intangible assets	766	757	45	1,568			1,568

Notes: * "Reconciliations" represents eliminations of intersegment sales or transfers.
** "Segment profit" represents operating income included in the consolidated statement of income.

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4. Information about products and services

	Millions of Yen			
	2014			
	Products for Men	Products for Women	Other	Total
Sales to external customers	¥46,097	¥14,376	¥7,743	¥68,216

	Millions of Yen			
	2013			
	Products for Men	Products for Women	Other	Total
Sales to external customers	¥41,504	¥12,487	¥6,436	¥60,427

5. Information about geographical areas

(1) Sales

Millions of Yen				Millions of Yen			
2014				2013			
Japan	Indonesia	Other	Total	Japan	Indonesia	Other	Total
¥40,253	¥13,494	¥14,469	¥68,216	¥37,566	¥11,532	¥11,329	¥60,427

Note: Sales are classified in countries or regions based on locations of customers.

(2) Property, plant and equipment

Millions of Yen				Millions of Yen			
2014				2013			
Japan	Indonesia	Other	Total	Japan	Indonesia	Other	Total
¥11,370	¥5,161	¥282	¥16,813	¥8,083	¥3,201	¥259	¥11,543

6. Information about major customers

	Millions of Yen	
	2014	
Name of Customers	Sales	Related Segment Name
Paltac Corporation	¥19,850	Japan
PT Asia Paramita Indah	13,457	Indonesia

	Millions of Yen	
	2013	
Name of Customers	Sales	Related Segment Name
Paltac Corporation	¥18,245	Japan
PT Asia Paramita Indah	11,506	Indonesia



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of MANDOM CORPORATION:

We have audited the accompanying consolidated balance sheet of MANDOM CORPORATION and its consolidated 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.

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 MANDOM CORPORATION and its consolidated 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.

Deloitte Touche Tohmatsu LLC

June 12, 2014

Member of
Deloitte Touche Tohmatsu Limited