Consolidated Financial Statements

NHK Spring Co., Ltd.
and Consolidated Subsidiaries

For the years ended March 31, 2015 and 2014
with Report of Independent Auditors

Building a better working world

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Independent Auditor's Report

The Board of Directors
NHK Spring Co., Ltd.

We have audited the accompanying consolidated financial statements of NHK Spring Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. 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 NHK Spring Co., Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 4.

Ernst & Young ShinNihon LLC

June 26, 2015
Tokyo, Japan

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

	At March 31,		
	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
Assets			
Current assets:			
Cash and bank deposits *(Notes 5 and 20)*	¥ 83,701	¥ 62,256	$ 696,929
Notes and accounts receivable, trade *(Note 20)*	135,433	126,653	1,127,666
Allowance for doubtful notes and accounts	(28)	(105)	(234)
Inventories *(Note 6)*	43,650	37,239	363,447
Deferred tax assets *(Note 15)*	4,974	4,252	41,419
Other current assets	20,887	19,880	173,910
Total current assets	288,617	250,175	2,403,137
Investments and long-term receivables:			
Investment securities *(Notes 9 and 20)*	56,048	41,764	466,677
Investments in unconsolidated subsidiaries and affiliated companies *(Note 20)*	21,446	20,701	178,570
Long-term loans *(Note 20)*	3,948	3,719	32,869
Deferred tax assets *(Note 15)*	4,763	4,096	39,660
Other investments	3,337	2,430	27,786
Allowance for doubtful receivables	(564)	(165)	(4,696)
Total investments and long-term receivables	88,978	72,545	740,866
Property, plant and equipment:			
Buildings and structures *(Note 12)*	134,067	125,626	1,116,291
Machinery and transport equipment	222,488	201,819	1,852,523
Jigs, tools and equipment	61,056	55,659	508,376
Land *(Note 12)*	31,752	32,167	264,378
Construction in progress	10,138	8,912	84,418
	459,501	424,183	3,825,986
Less – Accumulated depreciation	(313,018)	(288,092)	(2,606,309)
Net property, plant and equipment	146,483	136,091	1,219,677
Intangible and other assets	5,821	6,161	48,471
Total assets *(Note 22)*	¥529,899	¥464,972	$ 4,412,151

	At March 31,		
	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
Liabilities and net assets			
Current liabilities:			
Short-term borrowings *(Notes 11 and 20)*	¥ 1,441	¥ 248	$ 11,994
Current portion of long-term debt *(Notes 11 and 20)*	25,622	20,512	213,337
Notes and accounts payable, trade *(Note 20)*	117,856	106,610	981,318
Accrued expenses	19,278	20,471	160,519
Accrued income taxes *(Note 20)*	5,862	8,120	48,812
Deferred tax liabilities *(Note 15)*	621	878	5,174
Allowance for directors bonuses	301	250	2,510
Other current liabilities *(Note 20)*	13,401	9,599	111,572
Total current liabilities	184,382	166,688	1,535,236
Long-term liabilities:			
Long-term debt *(Notes 11 and 20)*	25,439	40,255	211,818
Convertible bond-type bonds with subscription rights to shares *(Notes 11 and 20)*	12,017	–	100,058
Net defined benefit liability *(Note 10)*	15,233	15,444	126,837
Accrued retirement benefits for directors and corporate auditors	643	546	5,354
Accrued retirement benefits to corporate officers	679	598	5,656
Deferred tax liabilities *(Note 15)*	13,068	8,464	108,807
Other long-term liabilities *(Notes 13 and 20)*	3,545	2,937	29,516
Total long-term liabilities	70,624	68,244	588,046
Contingent liabilities *(Note 17)*			
Net assets:			
Shareholders' equity			
Common stock:			
Authorized: 600,000,000 shares			
Issued: 244,066,144 shares at March 31, 2015;			
244,066,144 shares at March 31, 2014	17,010	17,010	141,628
Capital surplus	19,309	19,309	160,772
Retained earnings *(Notes 16 and 24)*	179,986	163,920	1,498,633
Treasury stock	(800)	(797)	(6,652)
Total shareholders' equity	215,505	199,442	1,794,381
Accumulated other comprehensive income:			
Unrealized holding gain on securities	27,247	16,740	226,870
Translation adjustments	19,063	4,783	158,731
Retirement benefit liability adjustments *(Note 10)*	839	(2,695)	6,982
Total accumulated other comprehensive income	47,149	18,828	392,583
Minority interests	12,239	11,770	101,905
Total net assets	274,893	230,040	2,288,869
Total liabilities and net assets	¥529,899	¥464,972	$4,412,151

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income

	Years ended March 31,		
	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
Net sales *(Note 22)*	¥601,434	¥ 569,711	$5,007,780
Cost of sales *(Note 14)*	526,436	492,603	4,383,318
Gross profit	74,998	77,108	624,462
Selling, general and administrative expenses *(Note 14)*	42,295	39,628	352,165
Operating income *(Note 22)*	32,703	37,480	272,297
Other income (expenses):			
Interest income	1,008	841	8,390
Dividend income	981	900	8,165
Equity in earnings of subsidiaries and affiliated companies	235	355	1,961
Gain on sales of fixed assets	211	52	1,760
Loss on sales of investment securities	–	(131)	–
Interest expenses	(399)	(538)	(3,320)
Exchange gain, net	4,329	2,305	36,041
Loss on disposals of fixed assets	(395)	(1,081)	(3,287)
Loss on impairment of long-lived assets *(Note 7)*	(601)	(55)	(5,004)
Provision of allowance for doubtful accounts	(484)	(5)	(4,028)
Loss on plant closing *(Note 8)*	(1,437)	–	(11,963)
Other, net	1,040	208	8,655
	4,488	2,851	37,370
Income before income taxes and minority interests	37,191	40,331	309,667
Income taxes *(Note 15)*:			
Current	11,858	15,250	98,733
Deferred	(99)	(1,271)	(826)
	11,759	13,979	97,907
Income before minority interests	25,432	26,352	211,760
Minority interests in net income of consolidated subsidiaries	1,559	1,675	12,983
Net income	¥ 23,873	¥ 24,677	$ 198,777
	(Yen)		*(U.S. cents)*
Net income per share *(Notes 1 (20) and 16)*			
– Basic	¥ 98.29	¥101.60	¢ 81.84
– Diluted	96.39	–	80.26
Cash dividends per share	20.00	20.00	16.65

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

	Years ended March 31,		
	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 4)*
Income before minority interests	¥ 25,432	¥ 26,352	$ 211,760
Other comprehensive income *(Note 21)*:			
Unrealized holding gain on securities	10,530	227	87,675
Translation adjustments	14,648	11,828	121,968
Retirement benefit liability adjustments	3,557	–	29,617
Share of other comprehensive income of affiliates accounted for by the equity method	458	497	3,812
Total other comprehensive income	29,193	12,552	243,072
Comprehensive income	¥ 54,625	¥ 38,904	$ 454,832
Comprehensive income attributable to:			
Shareholders of the Company	¥ 51,918	¥ 35,984	$ 432,291
Minority shareholders of consolidated subsidiaries	2,707	2,920	22,541

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

	Shareholders' equity				
	Common stock	**Capital surplus**	**Retained earnings**	**Treasury stock**	**Total shareholders' equity**
			(Millions of yen)		
Balances as of April 1, 2014	¥17,010	¥19,309	¥163,920	¥(797)	¥199,442
Cumulative effects of changes in accounting policies			(3,138)		(3,138)
Restated balances as of April 1, 2014	17,010	19,309	160,782	(797)	196,304
Changes during the fiscal year:					
Dividends paid			(4,858)		(4,858)
Net income			23,873		23,873
Increase resulting from change in scope of consolidation			189		189
Decrease resulting from change in scope of equity method affiliates			–		–
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	–	0	19,204	(3)	19,201
Balances as of March 31, 2015	¥17,010	¥19,309	¥179,986	¥(800)	¥215,505

	Accumulated other comprehensive income					
	Unrealized holding gain on securities	**Translation adjustments**	**Retirement benefit liability adjustments**	**Total accumulated other comprehensive income**	**Minority interests**	**Total net assets**
				(Millions of yen)		
Balances as of April 1, 2014	¥16,740	¥4,783	¥(2,695)	¥18,828	¥11,770	¥230,040
Cumulative effects of changes in accounting policies						(3,138)
Restated balances as of April 1, 2014	16,740	4,783	(2,695)	18,828	11,770	226,902
Changes during the fiscal year:						
Dividends paid						(4,858)
Net income						23,873
Increase resulting from change in scope of consolidation						189
Decrease resulting from change in scope of equity method affiliates						–
Purchase of treasury stock						(3)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	10,507	14,280	3,534	28,321	469	28,790
Total changes during the fiscal year	10,507	14,280	3,534	28,321	469	47,991
Balances as of March 31, 2015	¥27,247	¥19,063	¥839	¥47,149	¥12,239	¥274,893

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets (continued)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
			(Millions of yen)		
Balances as of April 1, 2013	¥17,010	¥19,309	¥144,436	¥(795)	¥179,960
Changes during the fiscal year:					
Dividends paid			(4,372)		(4,372)
Net income			24,677		24,677
Decrease resulting from change in scope of consolidation			(412)		(412)
Decrease resulting from change in scope of equity method affiliates			(409)		(409)
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		–		–	–
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	–	–	19,484	(2)	19,482
Balances as of March 31, 2014	¥17,010	¥19,309	¥163,920	¥(797)	¥199,442

	Accumulated other comprehensive income					
	Unrealized holding gain on securities	Translation adjustments	Retirement benefit liability adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
				(Millions of yen)		
Balances as of April 1, 2013	¥16,533	¥(6,493)	¥ –	¥10,040	¥ 9,783	¥199,783
Changes during the fiscal year:						
Dividends paid						(4,372)
Net income						24,677
Decrease resulting from change in scope of consolidation						(412)
Decrease resulting from change in scope of equity method affiliates						(409)
Purchase of treasury stock						(2)
Disposal of treasury stock						–
Net changes of items other than shareholders' equity	207	11,276	(2,695)	8,788	1,987	10,775
Total changes during the fiscal year	207	11,276	(2,695)	8,788	1,987	30,257
Balances as of March 31, 2014	¥16,740	¥4,783	¥(2,695)	¥18,828	¥11,770	¥230,040

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets (continued)

	Shareholders' equity				
	Common stock	**Capital surplus**	**Retained earnings**	**Treasury stock**	**Total shareholders' equity**
	(Thousands of U.S. dollars) (Note 4)				
Balances as of April 1, 2014	$141,628	$160,772	$1,364,865	$(6,636)	$1,660,629
Cumulative effects of changes in accounting policies			(26,128)		(26,128)
Restated balances as of April 1, 2014	141,628	160,772	1,338,737	(6,636)	1,634,501
Changes during the fiscal year:					
Dividends paid			(40,449)		(40,449)
Net income			198,777		198,777
Increase resulting from change in scope of consolidation			1,568		1,568
Decrease resulting from change in scope of equity method affiliates			–		–
Purchase of treasury stock				(16)	(16)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	–	0	159,896	(16)	159,880
Balances as of March 31, 2015	$141,628	$160,772	$1,498,633	$(6,652)	$1,794,381

	Accumulated other comprehensive income					
	Unrealized holding gain on securities	**Translation adjustments**	**Retirement benefit liability adjustments**	**Total accumulated other comprehensive income**	**Minority interests**	**Total net assets**
	(Thousands of U.S. dollars) (Note 4)					
Balances as of April 1, 2014	$139,388	$39,823	$(22,440)	$156,771	$98,007	$1,915,407
Cumulative effects of changes in accounting policies						(26,128)
Restated balances as of April 1, 2014	139,388	39,823	(22,440)	156,771	98,007	1,889,279
Changes during the fiscal year:						
Dividends paid						(40,449)
Net income						198,777
Increase resulting from change in scope of consolidation						1,568
Decrease resulting from change in scope of equity method affiliates						–
Purchase of treasury stock						(16)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	87,482	118,908	29,422	235,812	3,898	239,710
Total changes during the fiscal year	87,482	118,908	29,422	235,812	3,898	399,590
Balances as of March 31, 2015	$226,870	$158,731	$6,982	$392,583	$101,905	$2,288,869

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Years ended March 31, 2015	2014	2015
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 37,191	¥ 40,331	$ 309,667
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	21,449	21,042	178,590
Decrease in net defined benefit liability	(484)	(558)	(4,028)
Exchange gain	(1,755)	(720)	(14,613)
Equity in earnings of unconsolidated subsidiaries and affiliates	(235)	(355)	(1,961)
Loss on disposal of property, plant and equipment	201	1,051	1,673
Loss on impairment of long-lived assets	601	55	5,004
Loss on sales of investment securities	–	131	–
Loss on write-down of investment securities	1,176	457	9,795
Changes in operating assets and liabilities:			
Increase in notes and accounts receivable, trade	(2,920)	(12,319)	(24,310)
Decrease (increase) in inventories	(3,639)	278	(30,300)
Increase in notes and accounts payable, trade	5,624	6,777	46,830
Other, net	(12,356)	(12,372)	(102,880)
Net cash provided by operating activities	44,853	43,798	373,467
Cash flows from investing activities:			
Proceeds from sales of property, plant and equipment	769	1,119	6,400
Purchase of property, plant and equipment	(18,965)	(19,295)	(157,910)
Purchase of intangible assets	(748)	(546)	(6,232)
Purchase of investment securities	(3,489)	(5,816)	(29,047)
Proceeds from sales of investment securities	0	1,893	0
Increase (decrease) in time deposits	127	(120)	1,055
Disbursements for loans	(2,911)	(6,127)	(24,238)
Collection of loans	681	1,122	5,671
Other, net	103	(145)	860
Net cash used in investing activities	(24,433)	(27,915)	(203,441)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	2,000	10,000	16,653
Repayment of long-term debt	(10,541)	(15,426)	(87,767)
Decrease in short-term borrowings	1,099	(4,971)	9,151
Proceeds from commercial paper	38,000	40,000	316,403
Repayment of commercial paper	(40,000)	(40,000)	(333,056)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	10,945	–	91,132
Payment for purchase of treasury stock	(3)	(2)	(16)
Proceeds from sales of treasury stock	0	–	0
Cash dividends paid	(4,858)	(4,372)	(40,449)
Cash dividends paid to minority shareholders	(1,081)	(652)	(9,001)
Other, net	(826)	(777)	(6,888)
Net cash used in financing activities	(5,265)	(16,200)	(43,838)
Effect of exchange rate changes on cash and cash equivalents	5,906	3,560	49,177
Net increase in cash and cash equivalents	21,061	3,243	175,365
Cash and cash equivalents at beginning of year	61,993	57,009	516,182
Increase in cash and cash equivalents resulting from subsidiaries newly included in consolidation	385	1,741	3,202
Cash and cash equivalents at end of year (*Note 5*)	¥ 83,439	¥ 61,993	$ 694,749
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	¥ (439)	¥ (572)	$ (3,651)
Income taxes	(14,449)	(13,882)	(120,309)

The accompanying notes are an integral part of the financial statements.

NHK Spring Co., Ltd. and Consolidated Subsidiaries

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements of NHK Spring Co., Ltd. (the "Company") and consolidated subsidiaries (collectively, the "Group") have been prepared by the Company in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accounts of the Company and its consolidated subsidiaries in Japan are maintained in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and in conformity with generally accepted accounting principles and practices prevailing in Japan.

Foreign consolidated subsidiaries of the Company maintain their accounts and records in conformity with the requirements of their respective countries of domicile.

Certain items presented in the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

(2) Scope of consolidation and application of equity method

The Company had 69 subsidiaries at March 31, 2015 (67 at March 31, 2014). The accompanying consolidated financial statements for the year ended March 31, 2015 include the accounts of the Company and its 35 significant subsidiaries (32 in 2014).

The accounts of the remaining 34 unconsolidated subsidiaries for the year ended March 31, 2015 (35 in 2014) were excluded from consolidation since the aggregate amounts of these subsidiaries' combined assets, net sales, net income and retained earnings were immaterial in relation to those of the consolidated financial statements of the Group.

1. Summary of Significant Accounting Policies (continued)

(2) Scope of consolidation and application of equity method (continued)

The Company had 13 (12 in 2014) affiliated companies at March 31, 2015. For the year ended March 31, 2015, the equity method has been applied to the investments in 4 of the major unconsolidated subsidiaries (4 in 2014) and 5 of the major affiliated companies (5 in 2014). The investments in the remaining unconsolidated subsidiaries and affiliated companies were stated at cost or less because they did not have a material effect on the consolidated financial statements.

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Group have been eliminated.

The difference between the cost of an investment in a consolidated subsidiary and the amount of the underlying equity in the net assets of the subsidiary is allocated to identifiable assets acquired and liabilities assumed based on their fair value at the date of acquisition.

Goodwill and negative goodwill recognized on or prior to March 31, 2010, are amortized in equal amounts over a five year period. Negative goodwill recognized on or after April 1, 2010, is credited to income for the year of recognition of such negative goodwill.

(3) Foreign currency translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the year end. The components of net assets excluding minority interests of foreign subsidiaries and affiliates are translated at historical rates. All income and expense accounts are translated at rates prevailing at the time of the transactions. The resulting translation differences are debited or credited to translation adjustments, or minority interests in the consolidated balance sheets. Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the year end and the resulting gains and losses are included in profit or loss for the year.

(4) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(5) Inventories

Inventories are mainly stated at the lower of cost, determined by average cost, or market.

1. Summary of Significant Accounting Policies (continued)

(6) Investment securities

Available-for-sale securities categorized as “other securities” under applicable Japanese accounting standards for which market values are readily available are stated at fair market value at the balance sheet date, with unrealized gains or losses reported as a separate component of net assets, net of applicable income taxes. Available-for-sale securities for which market values are not readily available are stated at weighted average cost.

The amortized cost (straight-line) method has been used for held-to-maturity securities.

(7) Derivative financial instruments and hedge accounting

In accordance with applicable Japanese accounting standards, gains or losses arising from changes in the fair value of derivative financial instruments designated as “hedging instruments” are deferred as an asset or a liability until the gains or losses on the underlying hedged items or transactions are recognized.

In accordance with the exceptional treatment permitted under the Japanese accounting standard for foreign currency translation, the Company does not record certain forward foreign exchange contracts, foreign currency option contracts and certain foreign currency interest arrangements at market value but translates the underlying foreign currency denominated assets and liabilities hedged by derivative transactions into yen using the contractual rates under these arrangements, provided that such arrangements meet the hedging criteria specified under applicable Japanese accounting standards.

In addition, in accordance with the special treatment permitted under applicable Japanese accounting standards, the Company does not record certain interest-rate swap arrangements at market value but charges or credits net cash flows arising from the interest-rate swap arrangements, which satisfy the hedging criteria specified under the standard, to interest expenses arising from the hedged interest-bearing debt.

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

Depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the respective assets as prescribed by the Income Tax Act of Japan.

Buildings and structures at the Company’s headquarters are depreciated by the straight-line method.

1. Summary of Significant Accounting Policies (continued)

(8) Property, plant and equipment (excluding leased assets) (continued)

The Company and its domestic consolidated subsidiaries compute depreciation for buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) acquired on or after April 1, 1998 by the straight-line method.

The cost of property, plant and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gains or losses are reflected in income as incurred.

Normal repairs and maintenance, including minor renewals and improvements, are charged to expenses as incurred.

(9) Intangible assets (excluding leased assets)

Intangible assets are amortized on a straight-line basis.

Expenditure related to computer software development for internal use is capitalized as an intangible asset and amortized on a straight-line basis over the estimated useful life (five years) of the software.

(10) Leases

Leased assets under finance lease contracts that transfer ownership to the lessee are depreciated by the same depreciation methods as applied to equivalent assets owned by the Group using the economic useful lives of the leased assets.

Leased assets under finance lease contracts that do not transfer ownership to the lessee are depreciated with the residual value of zero by the straight-line method using the terms of the contracts as the useful lives.

Those finance lease transactions, other than those deemed to transfer ownership, whose lease commencement date was on or before March 31, 2008 are accounted for by the method applicable to ordinary operating leases.

(11) Allowance for doubtful accounts

The Group provides an allowance for doubtful accounts at an amount calculated using a bad debt loss ratio primarily based on historical experience, plus the estimated uncollectible amount of individual receivables.

(12) Allowance for directors bonuses

Bonuses to directors are recorded on an accrual basis with a related charge to income.

1. Summary of Significant Accounting Policies (continued)

(13) Retirement benefits for employees

The retirement benefit obligations for employees are attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.

Prior service costs are amortized as incurred by the straight-line method over a certain period (15 to 16 years), which is within the average remaining years of service of the eligible employees.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over a certain period (10 to 16 years), which is within the average remaining years of service of the eligible employees.

Certain consolidated subsidiaries apply the simplified method where the amount required for voluntary early retirement at the fiscal year end is treated as retirement benefit obligations for calculating net defined benefit liability and retirement benefit expenses.

(14) Accrued retirement benefits for directors and corporate auditors

As is customary practice in Japan, the Company and its domestic consolidated subsidiaries pay lump-sum retirement benefits to retiring directors or corporate auditors, the amounts of which are determined by internal rules. Although the payment of such retirement benefits is subject to approval by shareholders at the time of retirement/resignation, the Company and its domestic consolidated subsidiaries recognize 100% of the liabilities they would be required to pay upon retirement of all directors and corporate auditors at the year-end date.

(15) Accrued retirement benefits for corporate officers

The Company and its domestic consolidated subsidiaries recognize 100% of the liabilities they would be required to pay upon retirement of all corporate officers at the fiscal year end.

(16) Bond issuance cost

Bond issuance cost is charged to expenses as incurred.

(17) Income taxes

The asset and liability method 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.

1. Summary of Significant Accounting Policies (continued)

(18) Consumption taxes

In Japan, consumption taxes are imposed at a flat rate of 8% (raised from 5% in April 2014) on all domestic consumption of goods and services (with certain exceptions). Consumption taxes imposed on the Group's domestic sales to customers are withheld by the Group at the time of sale and are paid to the national government subsequently. Consumption taxes withheld upon sale and consumption taxes paid by the Group on purchases of goods and services are not included in the related amounts in the accompanying consolidated statements of income.

(19) Reclassifications

Certain reclassifications have been made to the prior year's consolidated financial statements in order to make them consistent with the current year's presentation.

(20) Net income per share

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock, assuming the full exercise of the outstanding subscription rights to shares.

Diluted net income per share for the year ended March 31, 2014 has not been presented because there were no potentially dilutive shares of common stock.

2. Accounting Changes

Adoption of Accounting Standard for Retirement Benefits, etc.

The Company has adopted certain provisions described in the main clause of Section 35 of the "Accounting Standard for Retirement Benefits" (the Accounting Standards Board of Japan (the "ASBJ") Statement No. 26, issued on May 17, 2012) (the "Accounting Standard") and the main clause of Section 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on March 26, 2015) (the "Guidance") from the year ended March 31, 2015. Under the new accounting policy, the methods for calculating retirement benefit obligations and service costs have been revised. The method for attributing expected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed from using a period which approximates the expected average remaining service period of employees to using a single weighted average discount rate reflecting the estimated timing and amount of retirement benefit payments.

The Accounting Standard and the Guidance were applied in accordance with the transitional treatment set out in Section 37 of the Accounting Standard, and the effects of the change in the methods for calculating retirement benefit obligations and service costs have been added to or deducted from retained earnings as of April 1, 2014.

As a result of this change, net defined benefit liability increased by ¥4,850 million ($40,380 thousand) and retained earnings decreased by ¥3,138 million ($26,128 thousand) as of April 1, 2014. The effects on operating income and income before income taxes and minority interests for the year ended March 31, 2015 were immaterial. In addition, net assets per share decreased by ¥12.92 ($0.11) as of March 31, 2015 and basic and diluted net income per share increased by ¥1.34 ($0.01) and ¥1.31 ($0.01) for the year ended March 31, 2015, respectively.

3. Changes in Presentation

Consolidated Statements of Income

"Provision of allowance for doubtful accounts," which was included in "Other, net," within "Other income (expenses)" for the year ended March 31, 2014 is separately presented from the year ended March 31, 2015 since the amount became significant. In order to reflect the change of the presentation, ¥(5) million, which was included in "Other, net," has been reclassified as "Provision of allowance for doubtful accounts" for the year ended March 31, 2014.

4. United States Dollar Amounts

The accompanying consolidated financial statements are prepared in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and the notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥120.10 = U.S.$1, the approximate rate of exchange prevailing at March 31, 2015. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be converted, realized or settled in U.S. dollars at that or any other rate.

5. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits that are able to be withdrawn on demand and short-term investments with an original maturity of three months or less that are exposed to minor risk of fluctuation in value.

A reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows at March 31, 2015 and 2014 are as follows:

	At March 31,		
	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and bank deposits	¥ 83,701	¥ 62,256	$ 696,929
Bank deposits with maturity of over three months included in cash and bank deposits	(262)	(263)	(2,180)
Cash and cash equivalents	¥ 83,439	¥ 61,993	$ 694,749

6. Inventories

Inventories at March 31, 2015 and 2014 are as follows:

	At March 31,		
	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Merchandise and finished products	¥ 16,547	¥ 14,228	$ 137,773
Work in process	9,423	8,356	78,464
Raw materials and supplies	13,441	11,106	111,913
Other	4,239	3,549	35,297
Total	¥ 43,650	¥ 37,239	$ 363,447

7. Loss on Impairment of Long-Lived Assets

Year ended March 31, 2015

The Group has recorded impairment losses for the following assets.

2015		
Location	**Applications**	**Type**
Toyokawa, Aichi Prefecture	Idle real estate	Land

[Background of recognition of impairment losses]

As a decision was made to sell the above asset, the difference between the book value and the expected sales price has been written off.

[Amount of impairment losses]

	2015	**2015**
	(Millions of yen)	*(Thousands of U.S. dollars)*
Type of assets:		
Land	¥ 601	$ 5,004

Year ended March 31, 2014

The Group has recorded impairment losses for the following assets.

2014		
Location	**Applications**	**Type**
Nagaoka, Niigata Prefecture	Warehouse	Land

[Background of recognition of impairment losses]

As the amount invested in land and buildings held by NHK Sales Co., Ltd., a domestic consolidated subsidiary of the Company, is not expected to be recovered in the future, the difference between the book value and the fair value has been written off.

[Amount of impairment losses]

	2014
	(Millions of yen)
Type of assets:	
Land	¥ 55

[Method of grouping assets]

Individual asset items have been grouped on the basis of the management accounting category under which income and loss are regularly monitored. Idle assets are grouped by individual property.

7. Loss on Impairment of Long-Lived Assets (continued)

[Method of calculating recoverable values]

Recoverable values have been determined as the net realizable value based on reasonable estimates using the official land prices.

8. Loss on Plant Closing

The expected loss due to the closure of a plant owned by a foreign affiliated company (unconsolidated subsidiary) was recognized for the year ended March 31, 2015. No such loss was recognized for the year ended March 31, 2014.

9. Investment Securities

The aggregate cost, fair value and net unrealized gains or losses of investment securities at March 31, 2015 and 2014 for which market value was readily available are summarized as follows:

Other securities with market value

	At March 31, 2015		
	Cost	**Fair value (carrying amount)**	**Unrealized gains (losses)**
		(Millions of yen)	
Securities whose fair value exceeds their cost:			
Equity securities	¥13,923	¥54,389	¥40,466
Securities whose fair value does not exceed their cost:			
Equity securities	70	60	(10)
Total	¥13,993	¥54,449	¥40,456

	At March 31, 2014		
	Cost	**Fair value (carrying amount)**	**Unrealized gains (losses)**
		(Millions of yen)	
Securities whose fair value exceeds their cost:			
Equity securities	¥12,349	¥39,078	¥26,729
Securities whose fair value does not exceed their cost:			
Equity securities	1,592	1,133	(459)
Total	¥13,941	¥40,211	¥26,270

9. Investment Securities (continued)

	At March 31, 2015		
	Cost	Fair value (carrying amount)	Unrealized gains (losses)
	(Thousands of U.S. dollars)		
Securities whose fair value exceeds their cost:			
Equity securities	$115,926	$452,863	$336,937
Securities whose fair value does not exceed their cost:			
Equity securities	581	501	(80)
Total	$116,507	$453,364	$336,857

(Note) Impairment is recognized in case the fair market value decreases by 50% or more compared with the acquisition cost, except if a recovery is expected. If the fair value decreases by 30% or more but less than 50%, the possibility of recovery is assessed. If the Company determines that there is no possibility of recovery, an impairment loss is recognized.

Held-to-maturity securities with market value

	At March 31, 2015		
	Cost	Fair value	Net unrealized gains
	(Millions of yen)		
Corporate debt securities	¥500	¥508	¥ 8
Other	–	–	–
	¥500	¥508	¥ 8

	At March 31, 2014		
	Cost	Fair value	Net unrealized gains
	(Millions of yen)		
Corporate debt securities	¥500	¥506	¥ 6
Other	–	–	–
	¥500	¥506	¥ 6

9. Investment Securities (continued)

	At March 31, 2015		
	Cost	**Fair value**	**Net unrealized gains**
	(Thousands of U.S. dollars)		
Corporate debt securities	$4,163	$4,230	$ 67
Other	–	–	–
	$4,163	$4,230	$ 67

The aggregate carrying amount of the securities for which market value was not readily available at March 31, 2015 and 2014 is summarized as follows:

	At March 31,		
	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Equity securities of non-listed companies	¥1,099	¥1,053	$ 9,150
	¥1,099	¥1,053	$ 9,150

10. Retirement Benefits for Employees

The Group has defined benefit plans and defined contribution plans such as corporate pension fund plans and lump-sum payment plans. The Group primarily introduced cash balance plans, in which a hypothetical individual account is established for each participant. In addition to monthly contribution credits, interest credits based on market interest rates are also accumulated in the hypothetical individual accounts.

Certain domestic consolidated subsidiaries apply the simplified method in computing net defined benefit liability and retirement benefit expenses.

In addition to the above, certain domestic consolidated subsidiaries participate in multi-employer pension plans. These plans are accounted for in the same manner as a defined contribution plan when reasonable estimates for pension assets of the participating companies cannot be obtained.

10. Retirement Benefits for Employees (continued)

Defined Benefit Plans

(1) The reconciliation between retirement benefit obligations at the beginning of the year and the end of the year (excluding plans applying the simplified method) is as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Retirement benefit obligations at beginning of year	¥48,059	¥46,678	$400,158
Cumulative effects of changes in accounting policies	4,850	–	40,380
Restated balance of retirement benefit obligations at beginning of year	¥52,909	¥46,678	440,538
Service costs	2,470	2,531	20,568
Interest costs	680	876	5,662
Actuarial gains or losses	1,337	559	11,132
Retirement benefits paid	(2,240)	(2,585)	(18,650)
Prior service costs	111	–	928
Other	798	–	6,640
Retirement benefit obligations at end of year	¥56,065	¥48,059	$466,818

(2) The reconciliation between plan assets at the beginning of the year and the end of the year (excluding plans applying simplified method) is as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Plan assets at beginning of year	¥36,219	¥31,119	$301,575
Expected return on plan assets	847	685	7,049
Actuarial gains or losses	5,527	2,759	46,023
Contributions from employer	3,111	2,965	25,901
Retirement benefits paid	(1,209)	(1,309)	(10,062)
Other	4	–	29
Plan assets at end of year	¥44,499	¥36,219	$370,515

(3) The reconciliation between defined benefit liability of plans applying the simplified method at the beginning of the year and the end of the year is as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Defined benefit liability at beginning of year	¥ 3,605	¥ 3,494	$ 30,014
Retirement benefit expenses	354	440	2,950
Retirement benefits paid	(292)	(329)	(2,429)
Defined benefit liability at end of year	¥ 3,667	¥ 3,605	$ 30,535

10. Retirement Benefits for Employees (continued)

(4) The reconciliation between retirement benefit obligations and plan assets at the end of the year and defined benefit liability and defined benefit asset on the consolidated balance sheet is as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Funded retirement benefit obligations	¥48,266	¥41,949	$ 401,879
Plan assets	(44,499)	(36,219)	(370,515)
	3,767	5,730	31,364
Unfunded retirement benefit obligations	11,466	9,714	95,473
Net defined benefit liability (asset) recorded on the consolidated balance sheet	¥15,233	¥15,444	$ 126,837
Net defined benefit liability	¥15,233	¥15,444	$ 126,837
Net defined benefit liability (asset) recorded on the consolidated balance sheet	¥15,233	¥15,444	$ 126,837

(Note) The amounts in above table include plans applying the simplified method.

(5) The breakdown of retirement benefit expenses for the years ended March 31, 2015 and 2014 is as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service costs	¥ 2,470	¥ 2,523	$ 20,568
Interest costs	680	873	5,662
Expected return on plan assets	(847)	(685)	(7,049)
Amortization of actuarial gains or losses	1,025	985	8,535
Amortization of prior service costs	81	(18)	674
Retirement benefit expenses calculated using the simplified method	469	553	3,899
Retirement benefit expenses on defined benefit plans	¥ 3,878	¥ 4,231	$ 32,289

(6) The components of retirement benefit liability adjustments for the years ended March 31, 2015 and 2014 in other comprehensive income (before income tax effect) are as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Prior service costs	¥ 18	¥ –	$ 152
Actuarial gains or losses	(5,161)	–	(42,973)
Total	¥ (5,143)	¥ –	$ (42,821)

10. Retirement Benefits for Employees (continued)

(7) The components of retirement benefit liability adjustments as of March 31, 2015 and 2014 in accumulated other comprehensive income (before income tax effect) are as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrecognized prior service costs	¥ (71)	¥ (89)	$ (590)
Unrecognized actuarial gains or losses	(914)	4,247	(7,609)
Total	¥ (985)	¥ 4,158	$ (8,199)

(8) Plan assets

(i) Breakdown of plan assets

The percentages of various assets to total plan assets by major category as of March 31, 2015 and 2014 are as follows:

	2015	2014
Equity securities	62%	59%
Debt securities	21	24
General accounts	12	13
Other	5	4
Total	100%	100%

(Note) 46% and 41% of the total plan assets are held by retirement benefit trusts, which are established for corporate pension plans, as of March 31, 2015 and 2014, respectively.

(ii) Determination of long-term expected rate of return

The long-term expected rate of return on plan assets is determined based on the current and the expected allocation of plan assets and the current and the long-term expected rates of return from various assets constituting the plan assets.

(9) Actuarial assumptions

The major actuarial assumptions for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
Discount rates		
Domestic plans	0.4 – 1.0%	1.0 – 1.5%
Foreign plans	3.8 – 8.0%	4.5 – 9.3%
Long-term expected rates of return on plan assets		
Domestic plans	1.4 – 3.0%	1.5 – 3.0%
Foreign plans	–	–

(Note) The benefit formula method is primarily applied (this does not reflect estimated future increases in points due to salary increases).

10. Retirement Benefits for Employees (continued)

Defined Contribution Plans

The required contributions to defined contribution plans of the Group, including multi-employer pension plans which are accounted for in the same manner as a defined contribution plan, were ¥1,099 million ($9,151 thousand) and ¥974 million for the years ended March 31, 2015 and 2014, respectively.

11. Short-Term Borrowings and Long-Term Debt

The components of short-term borrowings, long-term debt, other interest-bearing debt and lease obligations due within one year as of March 31, 2015 and 2014 are as follows:

	At March 31,		
	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Short-term borrowings:			
Loans from banks and other financial institutions with weighted average interest rates of 1.127% and 0.376% at March 31, 2015 and 2014, respectively	¥ 1,441	¥ 248	$ 11,994
Current portion of long-term loans from banks and other financial institutions	7,622	10,512	63,462
0.789% unsecured bonds due 2015	10,000	–	83,264
Other interest-bearing debt (commercial paper)	8,000	10,000	66,611
Current portion of lease obligations	367	460	3,061
	¥27,430	¥21,220	$228,392

Long-term debt and lease obligations

Long-term debt and lease obligations at March 31, 2015 and 2014 are comprised of the following:

	At March 31,		
	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Bonds:			
0.789% unsecured bonds due 2015	¥ –	¥10,000	$ –
0.544% unsecured bonds due 2016	10,000	10,000	83,264
U.S. dollar denominated convertible bond-type bonds with subscription rights to shares due 2019	12,017	–	100,058
Loans from banks and other financial institutions with weighted average interest rates of 0.714% and 0.767% at March 31, 2015 and 2014, respectively	23,061	30,767	192,016
Lease obligations (excluding current portion)	750	1,308	6,247
	45,828	52,075	381,585
Less: current portion	(7,622)	(10,512)	(63,462)
	¥38,206	¥41,563	$318,123

11. Short-Term Borrowings and Long-Term Debt (continued)

Details of the convertible bond-type bonds with subscription rights to shares are as follows:

Description	U.S. dollar denominated convertible bond-type bonds with subscription rights to shares due 2019
Shares to be issued	Common stock
Issue price of subscription rights to shares	No consideration
Issue price of shares	$10.90
Total issue amount	$100,000 thousand
Total issue amount of shares as a result of exercise of subscription rights to shares	–
Percentage of vested subscription rights to shares	100%
Exercise period of subscription rights to shares	From October 6, 2014 to September 6, 2019
Matters related to substitute payments	Upon exercise of each subscription right to shares, the corresponding bond shall be redeemed as a capital contribution in kind at the price equal to the face value of the bond.

The aggregate annual maturities of long-term debt at March 31, 2015 are summarized as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2017	¥ 5,775	$ 48,085
2018	8,154	67,896
2019	1,510	12,573
2020 and thereafter	–	–
	¥15,439	$128,554

The year-by-year breakdown of lease obligations due as of March 31, 2015 is as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2017	¥275	$2,289
2018	191	1,586
2019	178	1,486
2020 and thereafter	106	886
	¥750	$6,247

12. Pledged Assets

Assets pledged as collateral primarily for short-term borrowings and long-term debt at March 31, 2015 and 2014 are summarized as follows:

	At March 31,		
	2015	2014	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥ 268	¥ 291	$ 2,230
Land	982	1,092	8,175
	¥ 1,250	¥ 1,383	$ 10,405

Long-term debt secured by buildings and structures and land totaled ¥265 million ($2,206 thousand) and ¥611 million at March 31, 2015 and 2014, respectively.

13. Asset Retirement Obligations

(1) Summary of relevant asset retirement obligations

Asset retirement obligations include obligations associated with the removal of asbestos used in certain property, plant and equipment required under the "Ordinance on Prevention of Health Impairment due to Asbestos of Japan" at the time of their retirement.

(2) Calculation of the amount of relevant asset retirement obligations

Asset retirement obligations are calculated with the remaining useful lives of the relevant assets as the basis for the estimated period until expenditure and a discount rate of 2.1%.

(3) The changes in asset retirement obligations at March 31, 2015 and 2014 are as follows:

	At March 31,		
	2015	2014	2015
	(Millions of yen)		(Thousands of U.S. dollars)
Balance at beginning of year	¥306	¥305	$2,552
Accretion expense	1	1	2
Balance at end of year	¥307	¥306	$2,554

14. Research and Development Expenses

Research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" amounted to ¥15,703 million ($130,746 thousand) and ¥13,804 million for the years ended March 31, 2015 and 2014, respectively.

15. Income Taxes

The statutory tax rates in Japan for the years ended March 31, 2015 and 2014 were 35.3% and 37.6%, respectively.

At March 31, 2015 and 2014, significant components of deferred tax assets and liabilities are summarized as follows:

	At March 31,		
	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Accrued employees' bonuses	¥ 3,044	¥ 3,235	$ 25,341
Accrued enterprise taxes	435	470	3,622
Net defined benefit liability	5,688	6,011	47,362
Depreciation	1,859	2,479	15,482
Allowance for doubtful receivables	293	262	2,441
Accrued retirement benefits for directors and corporate auditors	436	411	3,632
Unrealized inter-company profit	248	262	2,066
Accumulated impairment losses	698	235	5,812
Tax losses carried forward	4,454	3,408	37,087
Loss from securities revaluation	677	818	5,637
Other	2,203	1,123	18,340
Total gross deferred tax assets	20,035	18,714	166,822
Valuation allowance	(3,776)	(2,677)	(31,444)
Total deferred tax assets	¥16,259	¥16,037	$135,378
Deferred tax liabilities:			
Reserved profit of subsidiaries	¥ (606)	¥ (888)	$ (5,045)
Special tax purpose reserve	(3,093)	(3,428)	(25,750)
Unrealized holding gain on securities	(13,708)	(10,038)	(114,137)
Other	(2,804)	(2,677)	(23,348)
Total deferred tax liabilities	¥(20,211)	¥(17,031)	$ (168,280)
Net deferred tax liabilities	¥ (3,952)	¥ (994)	$ (32,902)

15. Income Taxes (continued)

At March 31, 2015 and 2014, reconciliations of the statutory tax rate and the effective tax rate were as follows:

	2015	2014
Statutory tax rate	35.3%	37.6%
Different tax rates applied to foreign subsidiaries	(4.2)	(6.0)
Permanent differences	(6.4)	(6.2)
Foreign tax credit	(0.5)	(0.2)
Investment tax credit	(1.6)	(0.4)
Remeasurement of deferred tax assets resulting from the change in statutory tax rate	1.6	0.8
Dividend income from the consolidated subsidiaries	8.8	8.1
Special deduction for research and development expenses	(0.8)	(0.7)
Other	(0.6)	1.7
Effective income tax rate	31.6%	34.7%

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act on Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015. Accordingly, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 35.3% to 32.8% for the temporary differences expected to be realized or settled from April 1, 2015 to March 31, 2016, and to 32.0% for the temporary differences expected to be realized or settled on or after April 1, 2016.

As a result of this change, deferred tax liabilities, net of deferred tax assets, decreased by ¥890 million ($7,412 thousand), income taxes – deferred, unrealized holding gain on securities and retirement benefit liability adjustments increased by ¥591 million ($4,923 thousand), ¥1,316 million ($10,955 thousand) and ¥166 million ($1,380 thousand), respectively, as of and for the year ended March 31, 2015.

16. Distributions of Retained Earnings

Under the Companies Act of Japan, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period or by resolution of the Board of Directors if certain conditions are met. The accounts for that period do not, therefore, reflect such distributions.

17. Contingent Liabilities

As of March 31, 2015 and 2014, the Group had the following contingent liabilities:

	At March 31,		
	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Borrowings from financial institutions by unconsolidated subsidiaries and employees	¥ 2,373	¥ 2,412	$ 19,759

18. Leases

[Finance lease transactions]

Finance lease transactions are depreciated by the straight-line method using the lease term as the useful life and a residual value of zero.

Finance lease transactions, other than those deemed to transfer ownership, whose lease commencement date was on or before March 31, 2008 are accounted for by the method applicable to ordinary operating leases. The amounts equivalent to the acquisition cost, cumulative depreciation and balances at the end of the year of finance lease transactions other than those deemed to transfer ownership to the borrower are as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Acquisition cost equivalents	¥ 28	¥ 259	$ 237
Accumulated depreciation equivalents	27	233	232
Net book value equivalents	¥ 1	¥ 26	$ 5

The amounts equivalent to pro forma depreciation (depreciation computed on a straight-line basis over the respective lease terms of the leased assets with a zero residual value) and interest of the lease payments relating to finance lease transactions accounted for as operating leases for the years ended March 31, 2015 and 2014 are summarized as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Lease payments	¥ 14	¥ 53	$ 116
Depreciation equivalents	14	53	116

18. Leases (continued)

Future lease payments including the interest portion subsequent to March 31, 2015 and 2014 for finance lease transactions accounted for as operating leases are summarized as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Due within one year	¥1	¥22	$5
Due over one year	–	4	–
Total	¥1	¥26	$5

Non-cancellable operating lease commitments are as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Due within one year	¥206	¥60	$1,714
Due over one year	608	–	5,065
Total	¥814	¥60	$6,779

19. Derivative Financial Instruments

In the normal course of business, the Group utilizes derivative financial instruments, including forward foreign exchange contracts, foreign currency options and foreign currency swap contracts, to manage its exposure to adverse fluctuations in foreign exchange rates relating to receivables, payables and short/long-term debt denominated in foreign currencies. In addition, the Group uses interest-rate swap contracts to limit its exposure to losses in relation to short-term investments and debt with floating interest rates, resulting from adverse fluctuations in interest rates. The Group does not use derivatives for speculative or trading purposes.

[Derivatives not meeting the criteria for hedge accounting]

There were no outstanding derivative transactions at March 31, 2015.

The contract amount (notional principal amount), estimated fair value of, and unrealized loss on the outstanding contracts at March 31, 2014 are summarized as follows:

19. Derivative Financial Instruments (continued)

	At March 31, 2014			
	Contract amount (notional principal amount)			
	Total	Settled over one year	Fair value (Note 1)	Unrealized loss
	(Thousands of U.S. dollars)		*(Millions of yen)*	
Currency option contracts:				
Selling U.S. dollar	$15,000	$ –	¥ (6)	¥ (6)

[Derivatives meeting the criteria for hedge accounting]

The contract amount (notional principal amount) and estimated fair value of the outstanding contracts at March 31, 2015 and 2014 are summarized as follows:

	At March 31, 2015			
		Contract amount (notional principal amount)		
	Hedged items	Total	Settled over one year	Fair value
		(Millions of yen)		
Interest rate swap contracts:				
To receive floating/ to pay fixed	Long-term debt	¥8,131	¥4,751	(Note 2)
Interest rate and currency swap contracts:				
To receive Japanese yen floating/ to pay U.S. dollar fixed	Long-term debt	4,546	4,546	(Note 2)

	At March 31, 2014			
		Contract amount (notional principal amount)		
	Hedged items	Total	Settled over one year	Fair value
		(Millions of yen)		
Interest rate swap contracts:				
To receive floating/ to pay fixed	Long-term debt	¥13,326	¥8,131	(Note 2)
Interest rate and currency swap contracts:				
To receive Japanese yen floating/ to pay U.S. dollar fixed	Long-term debt	4,546	4,546	(Note 2)

19. Derivative Financial Instruments (continued)

	At March 31, 2015			
		Contract amount (notional principal amount)		
	Hedged items	Total	Settled over one year	Fair value
		(Thousands of U.S. dollars)		
Interest rate swap contracts:				
To receive floating/ to pay fixed	Long-term debt	$67,702	$39,559	(Note 2)
Interest rate and currency swap contracts:				
To receive Japanese yen floating/ to pay U.S. dollar fixed	Long-term debt	37,854	37,854	(Note 2)

(Note 1) Fair value is measured based on quotes and others provided by financial institutions and others.

(Note 2) The fair values of interest rate swap contracts and interest rate and currency swap contracts meeting certain conditions for hedge accounting are included in that of the corresponding long-term debt because interest rate swap contracts and interest rate and currency swap contracts are treated together with the long-term debt as the hedged item.

20. Financial Instruments

1. Outline of financial instruments

(1) Policy for financial instruments

The Group invests only in short-term bank deposits and obtains financing through borrowings from banks or the issuance of bonds. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described herein.

(2) Type of financial instruments and related risk

Receivables such as notes and accounts receivable, trade are exposed to customer credit risk. Receivables denominated in foreign currencies arising from global business transactions are exposed to foreign currency exchange fluctuation risk; however, the risk associated with principal export transactions is constantly maintained within the limits established based on historical experience and the exposures are hedged by forward exchange rate contracts. Equity investments are exposed to the risk of market price fluctuations; nevertheless, they mainly consist of equity of companies with which the Company has business relationships, and their fair values are evaluated quarterly and reported to the Board of Managing Directors. Payment terms of payables, such as notes and accounts payable, trade are mostly less than one year. Although payables in foreign currencies are exposed to foreign currency exchange fluctuation risk, those risks are constantly netted against the balance of receivables denominated in the same foreign currency. Borrowings and commercial papers are used to raise necessary funds for working capital and capital expenditures. Although some borrowings with floating interest rates are exposed to interest rate fluctuation risk, such exposure is hedged by using derivatives (interest rate swaps).

(3) Risk management for financial instruments

1) Monitoring of credit risk (the risk that customer or counterparties may default)

The Group monitors payment terms and the balances of receivables by individual customer in accordance with internal rules on management of accounts receivable and has a system to periodically assess the credit risk of the customers.

2) Monitoring of market risks (the risk arising from fluctuations in foreign exchange rates and interest others)

The Group mitigates foreign currency exchange fluctuation risks in connection with receivables and short/long-term debt denominated in foreign currencies by using exchange rate contracts for a certain proportion of such receivables and debt. In addition, the Company uses interest rate swap contracts for long-term debt to fix interest payments on borrowings with floating interest rates; therefore, there is no interest rate fluctuation risk exposure for interest payments on long-term debt.

20. Financial Instruments (continued)

(3) Risk management for financial instruments (continued)

3) Monitoring of liquidity risk (the risk that the group may not be able to meet its obligations on scheduled due dates)

The Group manages liquidity risk by timely projection and revision of cash flow plans by the department in charge of finance based on reports of each relevant department.

(4) Supplementary explanation of estimated fair value of financial instruments

Not applicable

20. Financial Instruments (continued)

2. Fair values of financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of March 31, 2015 and 2014 are as follows:

	At March 31, 2015		
	Carrying amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
(1) Cash and bank deposits	¥ 83,701	¥ 83,701	¥ –
(2) Notes and accounts receivable, trade	135,433	135,433	–
(3) Investment securities			
1) Held-to-maturity securities	500	508	8
2) Other securities	54,449	54,449	–
(4) Long-term loans	3,948	4,225	277
Total assets	¥ 278,031	¥ 278,316	¥ 285
(1) Notes and accounts payable, trade	¥ 117,856	¥ 117,856	¥ –
(2) Short-term borrowings	1,441	1,441	–
(3) Current portion of long-term debt	7,622	7,622	–
(4) Accrued income taxes	5,862	5,862	–
(5) Notes payable-facilities	2,361	2,361	–
(6) Bonds	10,000	10,048	48
(7) U.S. dollar denominated convertible bond-type bonds with subscription rights to shares	12,017	13,106	1,089
(8) Long-term debt	15,439	15,336	(103)
(9) Long-term lease obligations	750	741	(9)
Total liabilities	¥ 173,348	¥ 174,373	¥ 1,025
Derivative financial instruments (*1)	¥ –	¥ –	¥ –

	At March 31, 2014		
	Carrying amount	Fair value	Unrealized gain (loss)
	(Millions of yen)		
(1) Cash and bank deposits	¥ 62,256	¥ 62,256	¥ –
(2) Notes and accounts receivable, trade	126,653	126,653	–
(3) Investment securities			
1) Held-to-maturity securities	500	506	6
2) Other securities	40,211	40,211	–
(4) Long-term loans	3,719	3,935	216
Total assets	¥ 233,339	¥ 233,561	¥ 222
(1) Notes and accounts payable, trade	¥ 106,610	¥ 106,610	¥ –
(2) Short-term borrowings	248	248	–
(3) Current portion of long-term debt	10,512	10,512	–
(4) Accrued income taxes	8,120	8,120	–
(5) Notes payable-facilities	1,464	1,464	–
(6) Bonds	20,000	20,153	153
(7) Long-term debt	20,255	20,192	(63)
(8) Long-term lease obligations	1,308	1,285	(23)
Total liabilities	¥ 168,517	¥ 168,584	¥ 67
Derivative financial instruments (*1)	¥ (6)	¥ (6)	¥ –

20. Financial Instruments (continued)

2. Fair values of financial instruments (continued)

	At March 31, 2015		
	Carrying amount	**Fair value**	**Unrealized gain (loss)**
	(Thousands of U.S. dollars)		
(1) Cash and bank deposits	$ 696,929	$ 696,929	$ –
(2) Notes and accounts receivable, trade	1,127,666	1,127,666	–
(3) Investment securities			
1) Held-to-maturity securities	4,163	4,230	67
2) Other securities	453,364	453,364	–
(4) Long-term loans	32,869	35,173	2,304
Total assets	$2,314,991	$2,317,362	$ 2,371
(1) Notes and accounts payable, trade	$ 981,318	$ 981,318	–
(2) Short-term borrowings	11,994	11,994	–
(3) Current portion of long-term debt	63,462	63,462	–
(4) Accrued income taxes	48,812	48,812	–
(5) Notes payable-facilities	19,659	19,659	–
(6) Bonds	83,264	83,664	400
(7) U.S. dollar denominated convertible bond-type bonds with subscription rights to shares	100,058	109,124	9,066
(8) Long-term debt	128,554	127,695	(859)
(9) Long-term lease obligations	6,247	6,171	(76)
Total liabilities	$1,443,368	$1,451,899	$ 8,531
Derivative financial instruments (*1)	$ –	$ –	$ –

(*1) Receivables and payables under derivative transactions are presented on a net basis. Payables are presented in parentheses.

(Note 1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets:

(1) Cash and bank deposits and (2) Notes and accounts receivable, trade

These assets are recorded using book values because fair values approximate book values due to their short-term maturities.

(3) Investment securities

The fair values of equity securities are determined using the quoted price at the stock exchange, and those of debt securities are determined using the quoted price obtained from the financial institutions.

Please see Note 9 "Investment Securities" for information on securities by holding purpose.

(4) Long-term loans

The fair values of long-term loans are the present value, calculated based on the estimated amount of principal and interest receivable, reflecting the collectability and discounted using the interest rate of Japanese government bonds with the corresponding maturities.

20. Financial Instruments (continued)

2. Fair values of financial instruments (continued)

Liabilities

(1) Notes and accounts payable, trade, (2) Short-term borrowings, (3) Current portion of long-term debt, (4) Accrued income taxes, and (5) Note payable-facilities

These payables are recorded using book values because fair values approximate book values due to their short-term maturities.

(6) Bonds

The fair values of bonds are determined based on the reference trading price statistics issued by the Japan Securities Dealers Association.

(7) U.S. dollar denominated convertible bond-type bonds with subscription rights to shares

The fair value of U.S. dollar denominated convertible bond-type bonds with subscription rights to shares is determined using the quoted price obtained from the financial institutions.

(8) Long-term debt and (9) Lease obligations

The fair values of long-term debt and lease obligations are determined by discounting the aggregated values of the principal and interest using an assumed interest rate applied in case the same type of loans or leases should be newly made. Long-term debt with floating interest rates is hedged by interest rate swap contracts meeting certain conditions for hedge accounting, and the fair values are determined by discounting the aggregated values of the principal and interest accounted for together with the related interest rate swap contracts using the reasonably estimated interest rate to be applied when the same types of loans are newly made.

Derivative financial instruments:

Please see the Note 19 “Derivative Financial Instruments.”

(Note 2) Financial instruments for which it is extremely difficult to determine the fair value

	2015	**2014**	**2015**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Equity investments of unlisted subsidiaries and affiliates	¥15,774	¥14,096	$131,340
Other unlisted equity securities	1,099	1,053	9,150

The items above are not included in “(3) Investment securities” because there is no market price and it is very difficult to determine their fair values.

20. Financial Instruments (continued)

2. Fair values of financial instruments (continued)

(Note 3) Redemption schedule of monetary assets and investment securities with contractual maturities

	(Millions of yen)			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	¥ 83,701	¥ –	¥ –	¥ –
Notes and accounts receivable, trade	135,433	–	–	–
Investment securities:				
Held-to-maturity securities (bonds)	–	–	500	–
Long-term loans	–	3,614	254	80
Total	¥219,134	¥ 3,614	¥ 754	¥ 80

	(Thousands of U.S. dollars)			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	$ 696,929	$ –	$ –	$ –
Notes and accounts receivable, trade	1,127,666	–	–	–
Investment securities:				
Held-to-maturity securities (bonds)	–	–	4,163	–
Long-term loans	–	30,088	2,113	668
Total	$1,824,595	$ 30,088	$ 6,276	$ 668

(Note 4) Redemption schedule of short-term borrowings, bonds, long-term debt and long-term lease obligations

	(Millions of yen)					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	¥ 1,441	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds	10,000	10,000	–	–	–	–
U.S. dollar denominated convertible bond-type bonds with subscription rights to shares	–	–	–	–	12,017	–
Long-term debt	7,622	5,775	8,154	1,510	–	–
Long-term lease obligations	–	275	190	178	43	64
Total	¥ 19,063	¥ 16,050	¥ 8,344	¥ 1,688	¥12,060	¥ 64

20. Financial Instruments (continued)

	(Thousands of U.S. dollars)					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	$ 11,994	$ –	$ –	$ –	$ –	$ –
Bonds	83,264	83,264	–	–	–	–
U.S. dollar denominated convertible bond-type bonds with subscription rights to shares	–	–	–	–	100,058	–
Long-term debt	63,462	48,085	67,896	12,573	–	–
Long-term lease obligations	–	2,289	1,586	1,486	356	530
Total	$158,720	$133,638	$ 69,482	$ 14,059	$100,414	$ 530

21. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014	2015
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrealized holding gain on securities:			
Amount arising during year	¥ 14,236	¥ 352	$ 118,532
Reclassification adjustments	–	(34)	–
Amount before the adjustment of tax effect	14,236	318	118,532
Tax effect	(3,706)	(91)	(30,857)
Unrealized holding gain on securities	10,530	227	87,675
Translation adjustments:			
Amount arising during year	14,648	11,828	121,968
Retirement benefit liability adjustments:			
Amount arising during year	4,225	–	35,175
Reclassification adjustments	918	–	7,646
Amount before the adjustment of tax effect	5,143	–	42,821
Tax effect	(1,586)	–	(13,204)
Retirement benefit liability adjustments	3,557	–	29,617
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during year	458	497	3,812
Total other comprehensive income	¥ 29,193	¥ 12,552	$ 243,072

22. Segment Information

(1) Outline of reportable segments

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

The Company operates principally in four industrial segments: automotive suspension springs; automotive seating; precision springs and components; and industrial machinery and equipment, and others based on manufacturing divisions of the Company. The main products of each segment are as follows:

Automotive suspension springs:	Leaf springs, coil springs, stabilizer bars, torsion bars, stabilizer links, gas springs, stabilinker and others
Automotive seating:	Seats, mechanical seating components, trim parts and others
Precision springs and components:	HDD suspensions and mechanical components, wire springs, flat springs, LCD/semiconductor testing probe units, fastener (screw), precision machine components and others
Industrial machinery and equipment, and others:	Brazed products, ceramic products, spring mechanisms, pipe support systems, automatic parking systems, polyurethane products, metal-based printed wiring boards, security products, lighting equipment, golf club shafts and others

(2) Calculation method of net sales, income, assets and other items by reportable segment

The accounting treatments for reportable segments are consistent with those described in Note 1. Summary of Significant Accounting Policies. Segment income is based on operating income.

22. Segment Information (continued)

(3) Net sales, income or loss, assets and other items by reportable segment

	Year ended March 31, 2015						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Adjustments	Consolidated total
				(Millions of yen)			
Sales:							
Sales to external customers	¥121,769	¥266,271	¥137,035	¥ 76,359	¥601,434	¥ –	¥ 601,434
Inter-segment sales	1,919	72	1,669	7,782	11,442	(11,442)	–
Net sales	¥123,688	¥266,343	¥138,704	¥ 84,141	¥612,876	¥ (11,442)	¥ 601,434
Segment income	¥ 8,779	¥ 11,070	¥ 8,707	¥ 4,147	¥ 32,703	¥ –	¥ 32,703
Segment assets	¥ 93,791	¥128,422	¥120,245	¥ 79,140	¥421,598	¥108,301	¥ 529,899
Other items:							
Depreciation and amortization	¥ 4,621	¥ 4,041	¥ 8,916	¥ 1,952	¥ 19,530	¥ 1,919	¥ 21,449
Investments in affiliates accounted for by the equity-method	3,198	1,276	3,574	98	8,146	–	8,146
Increase in property, plant and equipment and intangible and other assets	6,656	4,380	6,567	1,530	19,133	1,538	20,671

	Year ended March 31, 2014						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Adjustments	Consolidated total
				(Millions of yen)			
Sales:							
Sales to external customers	¥ 120,422	¥ 245,550	¥ 128,620	¥ 75,119	¥ 569,711	¥ –	¥ 569,711
Inter-segment sales	1,866	39	1,615	7,460	10,980	(10,980)	–
Net sales	¥ 122,288	¥ 245,589	¥ 130,235	¥ 82,579	¥ 580,691	¥ (10,980)	¥ 569,711
Segment income	¥ 15,285	¥ 12,615	¥ 5,597	¥ 3,983	¥ 37,480	¥ –	¥ 37,480
Segment assets	¥ 81,696	¥ 107,032	¥ 114,844	¥ 68,763	¥ 372,335	¥ 92,637	¥ 464,972
Other items:							
Depreciation and amortization	¥ 4,134	¥ 4,243	¥ 8,961	¥ 2,011	¥ 19,349	¥ 1,693	¥ 21,042
Investments in affiliates accounted for by the equity-method	3,536	932	3,595	222	8,285	–	8,285
Increase in property, plant and equipment and intangible and other assets	4,658	3,639	9,313	1,694	19,304	1,409	20,713

22. Segment Information (continued)

(3) Net sales, income or loss, assets and other items by reportable segment (continued)

	Year ended March 31, 2015						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Adjustments	Consolidated total
	(Thousands of U.S. dollars)						
Sales:							
Sales to external customers	$1,013,900	$2,217,075	$1,141,009	$ 635,796	$5,007,780	$ –	$5,007,780
Inter-segment sales	15,971	604	13,894	64,798	95,267	(95,267)	–
Net sales	$1,029,871	$2,217,679	$1,154,903	$ 700,594	$5,103,047	$ (95,267)	$5,007,780
Segment income	$ 73,098	$ 92,168	$ 72,498	$ 34,533	$ 272,297	$ –	$ 272,297
Segment assets	$ 780,940	$1,069,298	$1,001,209	$ 658,947	$3,510,394	$ 901,757	$4,412,151
Other items:							
Depreciation and amortization	$ 38,477	$ 33,641	$ 74,237	$ 16,256	$ 162,611	$ 15,979	$ 178,590
Investments in affiliates accounted for by the equity-method	26,633	10,626	29,758	812	67,829	–	67,829
Increase in property, plant and equipment and intangible and other assets	55,427	36,470	54,679	12,735	159,311	12,807	172,118

(Note 1) Adjustments for segment assets of ¥108,301 million ($901,757 thousand) and ¥92,637 million at March 31, 2015 and 2014, respectively, include corporate assets not allocated to each reportable segment. Corporate assets consist mainly of cash and bank deposits that are not attributable to any reportable segment.

(Note 2) Adjustments for depreciation and amortization relate to the head office building.

(Note 3) Adjustments for increase in property, plant, and equipment and intangible and other assets of ¥1,538 million ($12,807 thousand) and ¥1,409 million at March 31, 2015 and 2014, respectively, relate to increased corporate assets that are not attributable to any reportable segment.

22. Segment Information (continued)

(4) Information by geographic area

	As of/ Year ended March 31, 2015				
	Japan	North America	Asia	Other	Total
	(Millions of yen)				
Sales	¥316,974	¥106,581	¥175,474	¥2,405	¥601,434
Property, plant and equipment (excluding leased assets)	82,267	25,701	39,319	-	147,287

	As of/ Year ended March 31, 2014				
	Japan	North America	Asia	Other	Total
	(Millions of yen)				
Sales	¥307,937	¥80,004	¥179,267	¥2,503	¥569,711
Property, plant and equipment (excluding leased assets)	83,443	19,314	34,826	-	137,583

	As of/ Year ended March 31, 2015				
	Japan	North America	Asia	Other	Total
	(Thousands of U.S. dollars)				
Sales	$2,639,250	$887,441	$1,461,066	$20,023	$5,007,780
Property, plant and equipment (excluding leased assets)	684,993	213,995	327,383	-	1,226,371

(5) Information on major customers

Major customers for the year ended March 31, 2015 are as follows:

Name of customer	Net sales		Reportable segments
	(Millions of yen)	*(Thousands of U.S. dollars)*	
Fuji Heavy Industries Ltd.	¥65,022	$541,396	Automotive suspension springs; automotive seating; precision springs and components; and industrial machinery and equipment, and others

Information on major customers for the year ended March 31, 2014 is not disclosed since there was no external customer accounting for more than 10% of net sales in the consolidated statement of income.

22. Segment Information (continued)

(6) Information on impairment loss of long-lived assets by reportable segment

	Year ended March 31, 2015						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
	(Millions of yen)						
Impairment loss	¥-	¥-	¥-	¥-	¥-	¥601	¥601

	Year ended March 31, 2014						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
	(Millions of yen)						
Impairment loss	¥-	¥-	¥-	¥55	¥55	¥-	¥55

	Year ended March 31, 2015						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
	(Thousands of U.S. dollars)						
Impairment loss	$-	$-	$-	$-	$-	$5,004	$5,004

22. Segment Information (continued)

(7) Information on amortization and unamortized balance of goodwill by reportable segment

	As of/ Year ended March 31, 2015						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
				(Millions of yen)			
Amortization	¥71	¥1	¥0	¥26	¥98	¥-	¥98
Unamortized balance	215	2	1	117	335	-	335

	As of/ Year ended March 31, 2014						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
				(Millions of yen)			
Amortization	¥71	¥1	¥0	¥54	¥126	¥-	¥126
Unamortized balance	283	3	1	174	461	-	461

	As of/ Year ended March 31, 2015						
	Automotive suspension springs	Automotive seating	Precision springs and components	Industrial machinery and equipment, and others	Total	Eliminations or corporate assets	Consolidated total
				(Thousands of U.S. dollars)			
Amortization	$592	$5	$2	$218	$817	$-	$817
Unamortized balance	1,790	19	4	973	2,786	-	2,786

(8) Information on gains on negative goodwill by reportable segment

There were no gains on negative goodwill recorded for the year ended March 31, 2015.

For the year ended March 31, 2014, gain on negative goodwill of ¥79 million (¥32 million in the automotive suspension springs segment and ¥47 million in the industrial machinery and equipment, and others segment) was recorded as a result of the acquisition of treasury stock by three consolidated subsidiaries and the purchase of an allotment of shares of a consolidated subsidiary. Since the gain was recorded under other income (expenses), it was not included in segment income of those reportable segments.

23. Related Party Transactions

Year ended March 31, 2015

Transactions between the Company and related parties:

Type:	Affiliate
Name:	Faurecia-NHK Co., Ltd.
Address:	Naka-ku, Yokohama
Capital:	¥400 million ($3,331 thousand)
Business area:	Automotive Seating Division
Proportion of voting rights owned:	50.0%
Related party transactions:	Customer of the Company One concurrent director
Details of transactions:	Purchase of products from the Company
Amount of transactions:	¥6,318 million ($52,607 thousand)
Accounts recorded:	Trade accounts receivable
Balance at end of year:	¥4,631 million ($38,557 thousand)

Transactions with subsidiaries of the Company and related parties:

Type:	Subsidiary
Name:	Nippan Business Support Co., Ltd.
Address:	Koto-ku, Tokyo
Capital:	¥10 million ($83 thousand)
Business area:	Supply of services to all business areas (factoring)
Proportion of voting rights owned:	100%
Related party transactions:	Transfer of accounts payable
Details of transactions:	Transfer of accounts payable by consolidated subsidiaries
Amount of transactions:	¥20,674 million ($172,142 thousand)
Accounts recorded:	Trade accounts payable
Balance at end of year:	¥6,476 million ($53,925 thousand)

23. Related Party Transactions (continued)

Year ended March 31, 2014

Transactions between the Company and related parties:

Type:	Affiliate
Name:	Faurecia-NHK Co., Ltd.
Address:	Naka-ku, Yokohama
Capital:	¥400 million
Business area:	Automotive Seating Division
Proportion of voting rights owned:	50.0%
Related party transactions:	Customer of the Company One concurrent director
Details of transactions:	Purchase of products from the Company
Amount of transactions:	¥7,341 million
Accounts recorded:	Trade accounts receivable
Balance at end of year:	¥5,103 million

Transactions with subsidiaries of the Company and related parties:

Type:	Subsidiary
Name:	Nippan Business Support Co., Ltd.
Address:	Koto-ku, Tokyo
Capital:	¥10 million
Business area:	Supply of services to all business areas (factoring)
Proportion of voting rights owned:	100%
Related party transactions:	Transfer of accounts payable
Details of transactions:	Transfer of accounts payable by consolidated subsidiaries
Amount of transactions:	¥19,318 million
Accounts recorded:	Trade accounts payable
Balance at end of year:	¥6,892 million

24. Subsequent Event

[Distribution of retained earnings]

The following distribution of retained earnings, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2015, was approved by the shareholders of the Company at the Annual General Meeting of Shareholders held on June 26, 2015:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Cash dividends of ¥10.0 ($0.08) per share	¥2,429	$20,224