Annual Securities Report

85th term (from April 1, 2014 to March 31, 2015)

F.C.C. CO., LTD.

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Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Tokai Local Finance Bureau
Filing date	June 24, 2015
Fiscal year	85th term (from April 1, 2014 to March 31, 2015)
Company name	株式会社エフ・シー・シー (*Kabushiki Kaisha F.C.C.*)
Company name in English	F.C.C. CO., LTD.
Title and name of representative	Toshimichi Matsuda, President and Representative Director
Address of registered headquarters	7000-36 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka
Telephone number	+81-53-523-2400 (Main)
Name of contact person	Ryujiro Matsumoto, Director, Head of Management and Administration
Nearest place of contact	7000-36 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka
Telephone number	+81-53-523-2400 (Main)
Name of contact person	Ryujiro Matsumoto, Director, Head of Management and Administration
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

A. Company information

I. Overview of the Company

1. Trends in selected financial data

(1) Summary of consolidated financial data

	IFRS		
	Transition date	84th term	85th term
Fiscal year-end	April 1, 2013	March 31, 2014	March 31, 2015
Revenue (Millions of yen)	–	145,433	154,395
Profit before income taxes (Millions of yen)	–	16,871	12,104
Profit (Millions of yen)	–	13,012	8,042
Comprehensive income (Millions of yen)	–	14,937	16,809
Equity attributable to owners of the parent (Millions of yen)	90,507	104,004	110,190
Total assets (Millions of yen)	124,924	139,195	163,819
Equity attributable to owners of parent per share (Yen)	1,803.34	2,072.27	2,195.52
Basic earnings per share (Yen)	–	257.13	144.07
Diluted earnings per share (Yen)	–	–	–
Ratio of equity attributable to owners of parent to total assets (%)	72.45	74.72	67.26
Ratio of profit to equity attributable to owners of parent (%)	–	13.27	6.75
Price earnings ratio (PER) (Times)	–	7.14	13.03
Net cash flows from (used in) operating activities (Millions of yen)	–	15,530	13,002
Net cash flows from (used in) investing activities (Millions of yen)	–	(17,665)	(20,308)
Net cash flows from (used in) financing activities (Millions of yen)	–	(2,856)	4,106
Cash and cash equivalents at end of period (Millions of yen)	23,571	19,046	17,557
Number of employees [Separately, average number of temporary employees]	6,961 [3,641]	7,235 [3,489]	7,603 [3,647]

Notes: 1. Effective from the 85th term, the consolidated financial statements are prepared based on International Financial Reporting Standards (hereinafter "IFRS").

2. Revenue does not include consumption taxes.

3. Information on diluted earnings per share is omitted due to an absence of potential shares.

Term	Japanese GAAP				
	81st term	82nd term	83rd term	84th term	85th term
Fiscal year-end	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Net sales (Millions of yen)	117,621	117,068	126,245	144,890	153,939
Ordinary income (Millions of yen)	12,672	11,494	13,124	16,115	12,952
Net income (Millions of yen)	8,041	7,276	7,942	13,148	6,760
Comprehensive income (Millions of yen)	5,518	6,244	17,707	16,269	16,702
Net assets (Millions of yen)	77,268	81,208	97,491	111,099	115,948
Total assets (Millions of yen)	98,531	103,937	122,258	137,909	162,348
Net assets per share (Yen)	1,412.95	1,497.72	1,780.34	2,075.83	2,195.73
Net income per share (Yen)	160.23	144.98	158.26	261.99	134.70
Diluted net income per share (Yen)	–	–	–	–	–
Equity ratio (%)	71.97	72.32	73.09	75.54	67.88
Return on equity (ROE) (%)	11.60	9.96	9.66	13.59	6.31
Price earnings ratio (PER) (Times)	12.48	12.75	14.27	7.01	13.93
Net cash provided by (used in) operating activities (Millions of yen)	14,991	12,360	13,491	13,646	13,465
Net cash provided by (used in) investing activities (Millions of yen)	(5,350)	(10,309)	(11,355)	(15,120)	(21,783)
Net cash provided by (used in) financing activities (Millions of yen)	(1,657)	(3,204)	(2,176)	(2,771)	4,129
Cash and cash equivalents at end of period (Millions of yen)	22,545	20,591	23,369	20,147	17,403
Number of employees	5,701	5,946	7,011	7,214	7,564
[Separately, average number of temporary employees]	[3,036]	[3,345]	[3,641]	[3,444]	[3,676]

Notes: 1. An audit pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan has not been conducted for the consolidated financial statements for the 85th term prepared in accordance with Japanese GAAP.

2. Net sales do not include consumption taxes.

3. Information on diluted net income per share is omitted due to an absence of potential shares.

2. Company history

Year	Month	Event
1939	June	Fuji Lite Industries Co., Ltd. is established in Sato-cho, Hamamatsu-shi, Shizuoka. The Company begins manufacturing clutch plates, gears and other products employing compression molding of Bakelite resins.
1943	March	Changes name to Fuji Chemical Co., Ltd.
1982	February	Establishes Kyushu Fuji Chemical Industries Co., Ltd. (currently KYUSHU F.C.C. CO., LTD., a consolidated subsidiary) in Matsubase-machi, Shimomashiki-gun, Kumamoto (currently Uki-shi, Kumamoto).
1984	July	Changes name to F.C.C. CO., LTD.
1988	July	Establishes JAYTEC, INC. (currently FCC (INDIANA) LLC., a consolidated subsidiary) in Indiana, U.S.A.
1989	March	Establishes FCC (THAILAND) CO., LTD. (currently a consolidated subsidiary) in Bangkok, Thailand.
1989	June	Moves its corporate head office to the current address.
1992	September	Makes equity investment in KWANG HWA SHING INDUSTRIAL CO., LTD. of Tainan, Taiwan.
1993	September	Establishes FCC (PHILIPPINES) CORP. (currently a consolidated subsidiary) in Laguna, Philippines.
	October	Acquires shares of TENRYU SANGYO CO., LTD. (currently a consolidated subsidiary)
1994	August	Registers its shares for OTC trading with Japan Securities Dealers Association.
	December	Establishes CHENGDU JIANG HUA. F.C.C. CLUTCHES. CO., LTD. (currently CHENGDU YONGHUA. F.C.C. CLUTCHES CO., LTD., a consolidated subsidiary) in Chengdu, Sichuan, China.
1995	March	Establishes CHU'S F.C.C. CO., LTD. (SHANGHAI) (currently a consolidated subsidiary) in Shanghai, China.
	September	Establishes FCC (EUROPE) LTD. in Milton Keynes, UK.
1997	April	Establishes FCC RICO LTD. (currently FCC INDIA MANUFACTURING PRIVATE LTD., a consolidated subsidiary) in Haryana, India.
1998	November	Establishes FCC DO BRASIL LTDA. (currently a consolidated subsidiary) in Amazonas, Brazil.
2000	April	Establishes FCC (North Carolina), INC. (currently FCC (North Carolina), LLC., a consolidated subsidiary) in North Carolina, U.S.A.
2001	April	Establishes PT. FCC INDONESIA (currently a consolidated subsidiary) in Karawang, Indonesia.
2002	December	Establishes FCC (North America), INC. (currently a consolidated subsidiary) and FCC (INDIANA), INC. (currently FCC (INDIANA) LLC., a consolidated subsidiary) in Indiana, U.S.A.
2003	February	Lists its shares on the Second Section of the Tokyo Stock Exchange.
	May	Establishes FCC (Adams), LLC. (currently a consolidated subsidiary) in Indiana, U.S.A.
2004	March	Lists its shares on the First Section of the Tokyo Stock Exchange.
2005	June	Increases investment in KWANG HWA SHING INDUSTRIAL CO., LTD. (currently FCC (TAIWAN) CO., LTD.), making the company a consolidated subsidiary.
	November	Establishes FCC (VIETNAM) CO., LTD. (currently a consolidated subsidiary) in Hanoi, Vietnam.
2006	January	Establishes CHINA FCC FOSHAN CO., LTD. (currently a consolidated subsidiary) in Foshan, Guangdong, China.
2010	November	Acquires 100% of Tohoku Chemical Industries, Ltd. (currently a consolidated subsidiary).
2012	September	Establishes F.C.C. (China) Investment Co., Ltd. (currently a consolidated subsidiary) in Chengdu, Sichuan, China.
	December	Completes liquidation of FCC (EUROPE) LTD.
2013	February	Establishes FCC SEOJIN CO., LTD. in Siheung, Gyeonggi-do, Korea.
	June	Establishes FCC AUTOMOTIVE PARTS DE MEXICO, S.A. DE C.V. (currently a consolidated subsidiary) in San Luis Potosi, Mexico.
2014	November	Establishes FCC CLUTCH INDIA PRIVATE LTD. (currently a consolidated subsidiary) in Haryana, India.
	December	Acquires 100% of FCC RICO LTD. (currently FCC INDIA MANUFACTURING PRIVATE LTD., a consolidated subsidiary).

3. Description of business

The Group, comprising the Company, 26 subsidiaries and two associates, is engaged primarily in the manufacture and sale of clutches for motorcycles and automobiles.

The following breaks down the Group's businesses into operating segments and indicates in which segment each company falls. These operating segments are the same as those in "V. Financial information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements, 4. Segment information."

Motorcycle clutches

This segment is engaged primarily in the manufacture and sale of motorcycles, scooters, all-terrain vehicles (ATVs) and general-purpose clutches; it also manufactures and sells components and parts for motorcycles and automobiles.

Business category	Principal companies
Manufacture	KYUSHU F.C.C. CO., LTD.
Sales	PT. FCC PARTS INDONESIA [Indonesia]
Manufacture and sales	The Company, TENRYU SANGYO CO., LTD., Tohoku Chemical Industries, Ltd., FCC (North Carolina), LLC. [U.S.], FCC (THAILAND) CO., LTD. [Thailand], FCC (PHILIPPINES) CORP. [Philippines], CHENGDU YONGHUA. F.C.C. CLUTCHES CO., LTD. [China], CHU'S F.C.C. CO., LTD. (SHANGHAI) [China], FCC (TAIWAN) CO., LTD. [Taiwan], FCC CLUTCH INDIA PRIVATE LTD. [India], FCC INDIA MANUFACTURING PRIVATE LTD. [India], PT. FCC INDONESIA [Indonesia], FCC (VIETNAM) CO., LTD. [Vietnam], FCC DO BRASIL LTDA. [Brazil]

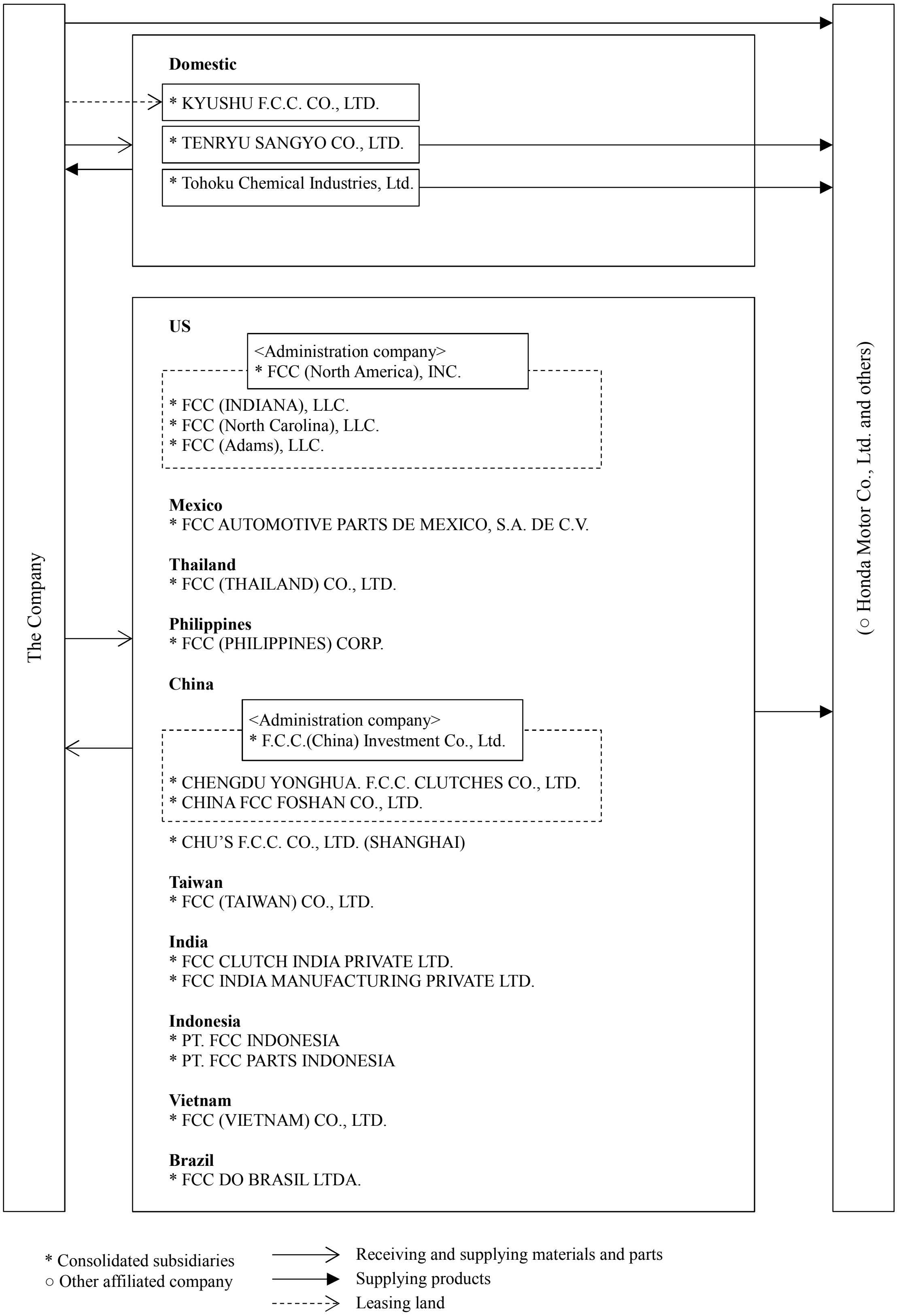
Automobile clutches

This segment is engaged primarily in the manufacture and sale of clutches for automatic and manual transmission automobiles.

Business category	Principal companies
Manufacturing	KYUSHU F.C.C. CO., LTD., FCC (North Carolina) , LLC. [U.S.], FCC (PHILIPPINES) CORP. [Philippines]
Manufacture and sales	The Company, FCC (INDIANA), LLC. [U.S.], FCC (North Carolina), LLC. [U.S.], FCC (Adams), LLC. [U.S.], FCC AUTOMOTIVE PARTS DE MEXICO, S.A. DE C.V. [Mexico], FCC (THAILAND) CO., LTD. [Thailand], CHENGDU YONGHUA. F.C.C. CLUTCHES CO., LTD. [China], CHINA FCC FOSHAN CO., LTD. [China], FCC CLUTCH INDIA PRIVATE LTD. [India], FCC INDIA MANUFACTURING PRIVATE LTD. [India], PT. FCC INDONESIA [Indonesia]

Group business structure chart

The following Group business structure chart shows the matters described above.



4. Overview of subsidiaries and other affiliates

Name	Address	Issued capital	Principal contents of business	Ratio of voting rights holding (held) (%) (Note 3)	Relationship
<Consolidated subsidiaries> KYUSHU F.C.C. CO., LTD.	Uki-shi, Kumamoto	¥30,000,000	Motorcycle and automobile clutches	100	Manufacturing the Company's product components and products. Interlocking officers and leasing land.
TENRYU SANGYO CO., LTD.	Higashi-ku, Hamamatsu-shi, Shizuoka	¥22,500,000	Motorcycle clutches	79.78	Purchasing motorcycle, automobile and general-purpose components. Interlocking officers.
Tohoku Chemical Industries, Ltd.	Nasukarasuyama-shi, Tochigi	¥125,000,000	Motorcycle clutches	100	Purchasing Tohoku Chemical Industries, Ltd.'s products. Interlocking officers.
FCC (North America), INC. (Note 2)	Indiana, U.S.	US$42,800,000	Administration of subsidiaries in the U.S.	100	Interlocking officers and capital assistance.
FCC (INDIANA), LLC. (Notes 2, 4)	Indiana, U.S.	US$17,800,000	Automobile clutches	100 [100]	Selling the Company's products, components and raw materials. Purchasing FCC (INDIANA), LLC.'s products and components. Interlocking officers.
FCC (North Carolina), LLC. (Note 2)	North Carolina, U.S.	US$10,000,000	Motorcycle and automobile clutches	100 [100]	Selling the Company's products, components and raw materials. Purchasing FCC (North Carolina), LLC.'s products and components. Interlocking officers.
FCC (Adams), LLC. (Note 2)	Indiana, U.S.	US$15,000,000	Automobile clutches	100 [100]	Selling the Company's products, components and raw materials. Purchasing FCC (Adams), LLC.'s products and components. Interlocking officers.
FCC AUTOMOTIVE PARTS DE MEXICO, S.A. DE C.V. (Note 2)	San Luis Potosi, Mexico	Mex$300,000,000	Automobile clutches	100 [1]	Selling the Company's products, components and raw materials. Interlocking officers and capital assistance.
FCC (THAILAND) CO., LTD.	Bangkok, Thailand	THB60,000,000	Motorcycle and automobile clutches	58 [0.07]	Selling the Company's products, components and raw materials. Purchasing FCC (THAILAND) CO., LTD.'s products and components. Interlocking officers.
FCC (PHILIPPINES) CORP. (Note 2)	Laguna, Philippines	PHP200,000,000	Motorcycle and automobile clutches	100	Selling the Company's products, components and raw materials. Purchasing FCC (PHILIPPINES) CORP.'s products and components. Interlocking officers.
F.C.C. (China) Investment Co., Ltd. (Note 2)	Sichuan, China	US$30,000,000	Administration of subsidiaries in China	100	Interlocking officers.
CHENGDU YONGHUA. F.C.C. CLUTCHES CO., LTD. (Note 2)	Sichuan, China	US$28,000,000	Motorcycle and automobile clutches	100 [71.43]	Selling the Company's products, components and raw materials. Purchasing CHENGDU YONGHUA. F.C.C. CLUTCHES CO., LTD.'s products and components. Interlocking officers and capital assistance.
CHU'S F.C.C. CO., LTD. (SHANGHAI) (Note 2)	Shanghai, China	US$9,800,000	Motorcycle clutches	100	Selling the Company's products, components and raw materials. Purchasing CHU'S F.C.C. CO., LTD. (SHANGHAI)'s products and components. Interlocking officers.

Name	Address	Issued capital	Principal contents of business	Ratio of voting rights holding (held) (%) (Note 3)	Relationship
CHINA FCC FOSHAN CO., LTD. (Note 2)	Guangdong, China	US$28,000,000	Automobile clutches	91.9 [53.33]	Selling the Company's products, components and raw materials. Purchasing CHINA FCC FOSHAN CO., LTD.'s products and components. Interlocking officers.
FCC (TAIWAN) CO., LTD. (Note 2)	Tainan, Taiwan	NT$195,000,000	Motorcycle clutches	70 [15]	Selling the Company's products, components and raw materials. Purchasing FCC (TAIWAN) CO., LTD.'s products and components. Interlocking officers.
FCC CLUTCH INDIA PRIVATE LTD. (Note 2)	Haryana, India	INR1,250,000,000	Motorcycle and automobile clutches	100	Selling the Company's products, components and raw materials. Purchasing FCC CLUTCH INDIA PRIVATE LTD.'s products and components. Interlocking officers and capital assistance.
FCC INDIA MANUFACTURING PRIVATE LTD. (Note 4)	Haryana, India	INR79,000,000	Motorcycle and automobile clutches	100 [50]	Selling the Company's products, components and raw materials. Purchasing FCC INDIA MANUFACTURING PRIVATE LTD.'s products and components. Interlocking officers and capital assistance.
PT. FCC INDONESIA (Notes 2, 4)	Karawang, Indonesia	US$11,000,000	Motorcycle and automobile clutches	100 [0.55]	Selling the Company's products, components and raw materials. Purchasing PT. FCC INDONESIA's products and components. Interlocking officers.
PT. FCC PARTS INDONESIA	Karawang, Indonesia	US$300,000	Motorcycle clutches	100 [100]	Selling the Company's products, components and raw materials. Purchasing PT. FCC PARTS INDONESIA's products and components.
FCC (VIETNAM) CO., LTD. (Note 2)	Hanoi, Vietnam	US$10,000,000	Motorcycle clutches	90	Selling the Company's products, components and raw materials. Purchasing FCC (VIETNAM) CO., LTD.'s products and components. Interlocking officers.
FCC DO BRASIL LTDA. (Note 2)	Amazonas, Brazil	BRL31,600,000	Motorcycle clutches	100	Selling the Company's products, components and raw materials. Purchasing FCC DO BRASIL LTDA.'s products and components.
<Other affiliate> Honda Motor Co., Ltd. (Note 5)	Minato-ku, Tokyo	¥86,067,000,000	Manufacture and sales of automobiles and engines	21.68 (held)	Selling the Company's products and purchasing raw materials and components.

Notes: 1. Descriptions in the "Principal contents of business" column are names of segments.

2. These companies are classified as "Specified Subsidiaries" under the Financial Instruments and Exchange Act of Japan.

3. The figures in brackets in the "Ratio of voting rights holding" column are indirect holding ratio included in the figures outside the brackets.

4. For FCC (INDIANA) LLC., PT. FCC INDONESIA and FCC INDIA MANUFACTURING PRIVATE LTD., the percentage of their net sales (excluding internal sales between consolidated companies) to consolidated net sales exceeded 10%. Key profit and loss information in each company's financial statements prepared under the generally accepted accounting standards in Japan is as follows:

   Key profit and loss information

   • FCC (INDIANA), LLC.

(1) Net sales	¥32,895 million
(2) Ordinary income	¥1,036 million
(3) Net income	¥810 million
(4) Net assets	¥12,241 million
(5) Total assets	¥18,070 million

   • PT. FCC INDONESIA

(1) Net sales	¥27,921 million
(2) Ordinary income	¥1,239 million
(3) Net income	¥947 million
(4) Net assets	¥12,699 million
(5) Total assets	¥16,502 million

   • FCC INDIA MANUFACTURING PRIVATE LTD.

(1) Net sales	¥19,541 million
(2) Ordinary income	¥1,381 million
(3) Net income	¥945 million
(4) Net assets	¥4,975 million
(5) Total assets	¥10,043 million

5. This company files its Annual Securities Report.
6. In addition to the above, there are seven affiliates.

5. Information about employees

(1) Consolidated companies

As of March 31, 2015

Segment name	Number of employees
Motorcycle clutches	4,438 [2,918]
Automobile clutches	2,721 [682]
Total of reportable segments	7,159 [3,600]
Corporate (common)	444 [47]
Total	7,603 [3,647]

Notes: 1. The number of employees indicates the number of working employees, and the average number of temporary employees during the fiscal year under review is given in brackets separately.

2. The number in the Corporate (common) segment indicates employees in the administration department, the R&D Division and the Manufacturing Technology Center.

3. The number of employees in the Automobile clutches segment increased by 506 from the end of the previous fiscal year due primarily to production capacity expansion in the U.S., Mexico and China.

(2) Reporting company

As of March 31, 2015

Number of employees	Average age	Average years of service	Average annual salary (Yen)
1,101 [140]	38.8	14.7	6,417,464

Segment name	Number of employees
Motorcycle clutches	213 [67]
Automobile clutches	444 [26]
Total of reportable segments	657 [93]
Administration (general operations)	444 [47]
Total	1,101 [140]

Notes: 1. The number of employees indicates the number of working employees, and the average number of temporary employees during the fiscal year under review is given in brackets separately.

2. Average annual salary includes bonuses and surplus wages.

3. The number in the Administration (general operations) segment indicates employees in the administration department, the R&D Division and the Manufacturing Technology Center.

(3) Status of labor union

The reporting company and some of its consolidated subsidiaries have labor unions. However, these companies have no labor-management issues to note.

II. Overview of business

1. Overview of business results

Effective from the fiscal year ended March 31, 2015, the Company has applied IFRS. Business results for the previous fiscal year presented for comparison purposes have been restated in accordance with IFRS.

(1) Business results

During the fiscal year ended March 31, 2015, a steady increase in sales of motorcycle clutches in India and growing sales of automobile clutches to customers outside the Honda Motor Group in the U.S., coupled with a weaker yen, resulted in revenue expanding by 6.2% from the previous fiscal year to ¥154,395 million, despite the negative effects of sluggish domestic automobile sales and weak operating performance in Thailand. Operating profit declined by 39.7% from the previous fiscal year to ¥8,746 million as a result of increases in depreciation expenses, selling expenses and expenses associated with new product launches and recognition of an impairment loss accompanying a reorganization of production facilities in Japan. Profit before income taxes decreased by 28.3% from the previous fiscal year to ¥12,104 million, reflecting foreign exchange gains. Profit attributable to owners of the parent fell by 44.0% from the previous fiscal year to ¥7,230 million, partly reflecting a corporate tax refund related to transfer pricing taxation recognized in the previous fiscal year.

The following are the business results in each operating segment.

Motorcycle clutches

Sales revenue in this segment grew by 6.5% from the previous fiscal year to ¥82,961 million, reflecting healthy sales of motorcycle clutches in India, despite sluggish operating performance in Thailand and a slowdown in the motorcycle market in Indonesia during the second half of the year. Operating profit declined by 3.5% from the previous fiscal year to ¥9,157 million, reflecting rises in the cost of materials.

Automobile clutches

Sales revenue in this segment grew by 5.7% from the previous fiscal year to ¥71,434 million, reflecting an increase in sales to customers outside the Honda Motor Group in the U.S. and the effects of a weaker yen, despite the Honda Motor Group shifting to continuously variable transmissions (CVTs). Operating profit fell, with an operating loss recorded of ¥411 million (compared with operating profit of ¥5,026 million in the previous fiscal year), reflecting increases in depreciation expenses and expenses associated with new product launches and recognition of an impairment loss accompanying a reorganization of production facilities in Japan.

(2) Cash flows

As of the end of the fiscal year under review, cash and cash equivalents (hereinafter “net cash”) totaled ¥17,557 million, down ¥1,489 million compared with the end of the previous fiscal year.

Cash flow positions in the fiscal year under review and the factors thereof are as follows.

Cash flows from (used in) operating activities

Net cash flows from operating activities was ¥13,002 million, a decrease of ¥2,528 million compared with the previous fiscal year.

This is mainly due to a decrease in ¥4,766 million in profit before income taxes, in spite of an increase of ¥2,350 million in depreciation and amortization expense and a decrease of ¥2,053 million in trade and other receivables.

Cash flows from (used in) investing activities

Net cash used in investing activities was ¥20,308 million, an increase of ¥2,642 million compared with the previous fiscal year.

This is mainly due to an increase of ¥ 953 million in purchase of property, plant and equipment.

Cash flows from (used in) financing activities

Net cash flows from financing activities was ¥4,106 million, an increase of ¥6,962 million compared with the previous fiscal year.

This is mainly due to an increase of ¥3,479 million in net increase (decrease) in short-term borrowings and an increase of ¥12,733 million in proceeds from long-term borrowings, in spite of ¥9,367 million of payments for acquisition of interests in subsidiaries from non-controlling interests.

(3) Parallel disclosure

The consolidated financial statements prepared in accordance with the Ordinance on Consolidated Financial Statements of Japan (excluding Chapters 7 and 8; hereinafter "Japanese GAAP") and the differences between the main items in the consolidated financial statements prepared in accordance with IFRS, and the equivalent items in the consolidated financial statements prepared in accordance with Japanese GAAP are as described below.

An audit pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan has not been conducted for the summary of the consolidated financial statements for the fiscal year under review prepared in accordance with Japanese GAAP.

1) Summary of consolidated balance sheet (Japanese GAAP)

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets	65,220	71,974
Non-current assets		
Property, plant and equipment	60,416	76,274
Intangible assets	1,802	2,186
Investments and other assets	10,469	11,913
Total non-current assets	72,688	90,374
Total assets	137,909	162,348
Liabilities		
Current liabilities	21,444	26,918
Non-current liabilities	5,365	19,482
Total liabilities	26,810	46,400
Net assets		
Shareholders' equity	102,232	99,879
Accumulated other comprehensive income	1,950	10,320
Minority interests	6,915	5,747
Total net assets	111,099	115,948
Total liabilities and net assets	137,909	162,348

2) Summary of consolidated statement of income and summary of consolidated statement of comprehensive income (Japanese GAAP)

Summary of consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	144,890	153,939
Cost of sales	118,277	129,989
Gross profit	26,613	23,949
Selling, general and administrative expenses	12,973	14,902
Operating profit	13,639	9,047
Non-operating income	2,720	4,192
Non-operating expenses	245	287
Ordinary income	16,115	12,952
Extraordinary income	1,333	84
Extraordinary losses	186	1,212
Income before income taxes and minority interests	17,263	11,824
Total income taxes	3,996	4,131
Income before minority interests	13,266	7,692
Minority interests in income	117	932
Net income	13,148	6,760

Summary of consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income before minority interests	13,266	7,692
Total other comprehensive income	3,002	9,009
Comprehensive income	16,269	16,702
Comprehensive income attributable to		
Owners of parent	16,308	15,102
Minority interests	(39)	1,599

3) Summary of consolidated statement of changes in equity (Japanese GAAP)

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity	Accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of current period	90,991	(1,638)	8,138	97,491
Total changes of items during period	11,241	3,588	(1,222)	13,607
Balance at end of current period	102,232	1,950	6,915	111,099

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity	Accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of current period	102,232	1,950	6,915	111,099
Cumulative effects of changes in accounting policies	52	–	–	52
Restated balance	102,285	1,950	6,915	111,151
Total changes of items during period	(2,405)	8,370	(1,168)	4,797
Balance at end of current period	99,879	10,320	5,747	115,948

4) Summary of consolidated statement of cash flows (Japanese GAAP)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net cash provided by (used in) operating activities	13,646	13,465
Net cash provided by (used in) investing activities	(15,120)	(21,783)
Net cash provided by (used in) financing activities	(2,771)	4,129
Effect of exchange rate change on cash and cash equivalents	1,023	1,443
Net increase (decrease) in cash and cash equivalents	(3,221)	(2,744)
Cash and cash equivalents at beginning of period	23,369	20,147
Cash and cash equivalents at end of period	20,147	17,403

5) Changes in significant matters in preparing consolidated financial statements (Japanese GAAP)

Fiscal year ended March 31, 2014

Disclosure of scope of consolidation

FCC AUTOMOTIVE PARTS DE MEXICO, S.A. DE C.V. is newly established in the fiscal year under review and included in the scope of consolidation.

Application of accounting standard for retirement benefits

The Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), except for the provisions of the main clauses of paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the Guidance on Accounting

Standard for Retirement Benefits, effective from the end of the fiscal year under review. Accordingly, the Company has changed its accounting policy to one that recognizes the difference between retirement benefit obligations and plan assets as defined benefit liability and asset and recorded unrecognized actuarial gains or losses and unrecognized past service cost under defined benefit liability and asset.

Application of the Accounting Standard for Retirement Benefits, etc. is in line with the transitional measures provided in paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the change has been added to or deducted from remeasurements of defined benefit plans under accumulated other comprehensive income as of the end of the fiscal year under review.

As a result of the change, as of the end of the fiscal year under review, defined benefit liability of ¥1,229 million and defined benefit asset of ¥108 million were recorded and accumulated other comprehensive income increased by ¥342 million.

Net assets per share increased by ¥6.83.

Fiscal year ended March 31, 2015

Disclosure of scope of consolidation

FCC CLUTCH INDIA PRIVATE LTD. and PT. FCC PARTS INDONESIA are newly established in the fiscal year under review and included in the scope of consolidation.

Application of accounting standard for retirement benefits

Regarding the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), effective from the fiscal year under review, the Company has applied the provisions of the main clauses of paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and service cost. Accordingly, the Company changed the method of attributing expected retirement benefits to periods from the straight-line basis to the benefit formula basis, and changed the method of determining the discount rate from a method based on a maturity period of bonds decided depending on a period of years approximate to the expected average remaining years of service of employees to one that uses a single weighted average discount rate reflecting the estimated timing of retirement benefit payments and the amount for each estimated timing.

In accordance with the transitional measures provided in paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of the change in the calculation method of retirement benefit obligations and service cost has been added to or deducted from retained earnings as of the beginning of the fiscal year under review.

As a result of the change, as of the beginning of the fiscal year under review, defined benefit liability decreased by ¥80 million and retained earnings increased by ¥52 million.

The effect of this change on profit or loss is immaterial.

Application of accounting standard for business combinations

Effective from the beginning of the fiscal year starting on or after April 1, 2014, it has become possible to apply the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. Accordingly, the Company has applied these accounting standards (except for the provisions of paragraph 39 of the Accounting Standard for Consolidated Financial Statements) effective from the fiscal year under review. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the fiscal year under review, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the consolidated financial statements for the fiscal year in which the business combination occurs.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of these standards commenced as of the beginning of the fiscal year under review, and will continue going forward.

As a result, income before income taxes and minority interests for the fiscal year under review decreased by ¥27 million. In addition, as of the end of the fiscal year under review, capital surplus decreased by ¥4,566 million and retained earnings decreased by ¥2,592 million.

In the consolidated statement of changes in equity for the fiscal year under review, the year-end balance of capital surplus decreased by ¥4,566 million and the year-end balance of retained earnings decreased by ¥2,592 million.

Net assets per share decreased by ¥142.63 in the fiscal year under review.

6) Differences between main items in consolidated financial statements prepared in accordance with IFRS and equivalent items in consolidated financial statements if prepared in accordance with Japanese GAAP

Fiscal year ended March 31, 2014

Certain development expense that was expensed under Japanese GAAP is capitalized under IFRS.

Consequently, goodwill and intangible assets in the consolidated statement of financial position increased by ¥1,105 million.

In the consolidated statement of income, cost of sales increased by ¥618 million, and research and development expense included in selling, general and administrative expenses decreased by ¥482 million.

Fiscal year ended March 31, 2015

Certain development expense that was expensed under Japanese GAAP is capitalized under IFRS.

Consequently, goodwill and intangible assets in the consolidated statement of financial position increased by ¥1,527 million.

In the consolidated statement of income, cost of sales increased by ¥589 million, and research and development expense included in selling, general and administrative expenses decreased by ¥1,011 million.

2. Overview of production, orders received and sales

(1) Production performance

Production performance by segment for the fiscal year under review is as shown below.

Segment name	Fiscal year ended March 31, 2015	Year-on-year comparison (%)
Motorcycle clutches (Millions of yen)	83,554	106.0
Automobile clutches (Millions of yen)	72,278	106.5
Total (Millions of yen)	155,833	106.2

Notes: 1. Amounts are based on sales prices.
2. Consumption taxes are not included in the above amounts.

(2) Status of orders received

Status of orders received by segment for the fiscal year under review is as shown below.

Segment name	Orders received (Millions of yen)	Year-on-year comparison (%)	Order backlog (Millions of yen)	Year-on-year comparison (%)
Motorcycle clutches	83,627	107.5	6,996	110.5
Automobile clutches	72,016	105.3	6,369	110.1
Total	155,644	106.5	13,365	110.3

Notes: 1. Amounts are based on sales prices.
2. Consumption taxes are not included in the above amounts.

(3) Sales performance

Sales performance by segment for the fiscal year under review is as shown below.

Segment name	Fiscal year ended March 31, 2015	Year-on-year comparison (%)
Motorcycle clutches (Millions of yen)	82,961	106.5
Automobile clutches (Millions of yen)	71,434	105.7
Total (Millions of yen)	154,395	106.2

Notes: 1. The table below shows sales results by major transaction partner and the ratio of those sales results to total sales results for the last two fiscal years.

Transaction partner	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Honda Motor Co., Ltd.	16,372	11.3	12,558	8.13

2. Consumption taxes are not included in the amounts in the above table.

3. Issues to address

(1) Basic corporate management policy

The Group’s fundamental principle is to “give thoughtful attention to safety and the environment, and use creative ideas and technology to contribute to society by supplying products that give joy to customers.”

In line with this corporate philosophy, the Group’s officers and employees “place safety and the environment first when conducting business,” “employ ingenuity and creative thinking for the greater purpose of advancing our business,” “renew and improve ourselves and our business, every day,” “work in a speedy and timely manner” and “respect harmony among people and create workplaces where people can enjoy what they do in a positive working atmosphere.”

(2) Medium- and long-term business strategy of the Company

Although demand is expected to continue growing both in the motorcycle and automobile markets, it is also expected that global competition among parts manufacturers will increase further. To improve its corporate value under such a management environment, the Group formulated the 9th Medium-Term Management Plan covering the three years starting from FY2014 and set the following priority measures.

1) Improve customer satisfaction
2) Promote sales expansion
3) Develop new product and business
4) Increase cost competitiveness
5) Strengthen the Group’s business management centering on developing human resources
6) Promote corporate social responsibility (CSR) activities

(3) Issues to address

The Company will ensure implementation of the priority measures set out in the 9th Medium-Term Management Plan to display the Group’s comprehensive strengths and build foundations for sustainable growth. In particular, the Company will focus on increasing the production of automobile clutches in the U.S. and China and improving profitability.

The following are the principal issues to be addressed by each operating segment.

Motorcycle clutches

Improve profitability by restructuring production

Expand production capacity in India

Automobile clutches

Increase production in the U.S. and smoothly launch mass production at the subsidiary in Mexico

Improve productivity in the U.S. and China

Launch new models in the U.S.

4. Business risks

Of the items related to the overview of business and financial information described in this Annual Securities Report, the following may have a considerable impact on the investment decisions of investors.

Please note that matters concerning the future in this article were determined by the Group as of the filing date of this Annual Securities Report.

(1) Business development centered on clutch products

The Group continues to evolve as a specialist in clutch products. Although the clutch products currently manufactured and sold by the Group are important functional components of drive trains for automobiles and motorcycles driven by internal combustion engines, there is no guarantee that a replacement for a clutch product will not be developed and put into general use in the future.

In addition, clutch products may become unnecessary as drive train components in next-generation automobiles and motorcycles that are not driven by internal combustion engines.

(2) Dependence on certain industries and customers

Most clutch products manufactured and sold by the Group are for the automobile and motorcycle industries. As a result, the financial performance of the Group may be affected by future trends in these industries. In addition, the Group's sales revenue from the Honda Motor Group accounted for approximately 55% of the Group's sales revenue in the fiscal year ended March 31, 2015. The financial performance of the Group could be significantly affected, therefore, by the Honda Motor Group's future business strategy, procurement policies and other decisions.

(3) Development of overseas business

The Group operates globally, centering on Japan, the U.S. and Asia. Accordingly, the Group's financial performance could be affected by following factors: political and economic trends in various countries; fluctuations in foreign exchange markets; unforeseen changes in laws and regulations; international tax-related risks, such as transfer pricing taxation; and the occurrence of natural disasters.

(4) Competition faced by the Group

International competition in the automobile and motorcycle industries has become extremely fierce. While the Group is endeavoring to sustain and strengthen its competitiveness in various areas, ranging from product development and manufacturing to quality assurance, certain obstacles may make it difficult to do so in the future, in which case the Group's market share and earnings capability could decline.

(5) Compensation for product defects

Although the Group is doing all it can to ensure sufficient quality control, it is not possible to completely prevent defects and deficiencies in all products. In addition, large recalls by final assemblers caused by defects in products supplied by the Group could result in enormous costs to the Group, as well as in serious damage to its reputation. In such an event, product defect liability could have a serious impact on both the Group's financial performance and financial condition.

(6) Impacts of natural disasters and earthquakes, etc.

The Group is implementing measures to minimize potential risks of disruptions to its production lines caused by major natural disasters. There is no guarantee, however, that it will be able to completely avoid or reduce damage. In this respect, the Group's principal manufacturing facilities are concentrated notably in western Shizuoka, and this area lies within a region that is likely to be affected by the widely predicted Tokai and Tonankai earthquakes. The occurrence of such a major disaster could have an enormous impact on the Group's manufacturing facilities and cause a significant reduction in its production capacity.

5. Critical contracts for operation

At a meeting of the Board of Directors held on September 25, 2014, the Company adopted a resolution to dissolve a joint venture with Rico Auto Industries Ltd. (Head Office: Gurgaon, Haryana, India; "Rico Auto Industries"). Effective on the same day, the Company concluded a share transfer agreement with Rico Auto Industries, under which the Group will acquire shares of FCC RICO LTD. (currently FCC INDIA MANUFACTURING PRIVATE LTD.) held by Rico Auto Industries (50% of the total shares issued). The details of the business combination based on the agreement are described in "V. Financial information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements, 5. Business combinations."

6. Research and development activities

As a manufacturer of functional components for transportation vehicles, the Group has adopted the basic R&D policy of identifying customer needs and providing products that give customers excellent performance through the application of creative ideas and technologies. Accordingly, it carries out both basic research on friction materials for use in motorcycle, automobile and general-purpose clutches and R&D on the clutches themselves, including R&D on production technologies for use in their manufacture.

The Group also develops new products by making improvements to existing products and using technologies it has accumulated through experience in manufacturing clutches (and friction materials employed in clutches). Among R&D activities aimed at protecting the environment, it is developing a porous fiber catalytic sheet (paper catalyst), which it believes can be employed as a paper catalyst to clean engine exhaust emissions.

During the fiscal year ended March 31, 2015, research and development expense (including expenses recognized as development assets) amounted to ¥3,163 million.

The following is a summary of R&D activities by segment during the fiscal year ended March 31, 2015.

Motorcycle clutches

Research and development activities are underway to develop new wet friction materials for motorcycles and dry friction materials for scooters to improve product appeal, including clutch operability, and reduce costs.

Principal achievements during the fiscal year ended March 31, 2015:

1) In ASEAN, began mass production of pulley assemblies and clutches for commuter-use motorcycles targeting the global consumer market;
2) Began mass production of clutches for large-displacement sports model motorcycles incorporating the Company's proprietary A&S technology; and
3) Continued developing new friction materials that offer enhanced product appeal and durability.

In addition, the Company is conducting R&D activities aimed at expanding applications for paper catalysts to clean engine exhaust emissions of general-purpose machinery, for which mass production began in March 2011.

Research and development expense in the motorcycle clutches segment amounted to ¥1,206 million.

Automobile clutches

Research and development activities are underway with the aim of developing new wet friction materials for automatic transmissions (including CVTs) and new dry friction materials for manual transmissions to make clutches more compact and lightweight, less expensive to manufacture, and more fuel efficient.

Principal achievements during the fiscal year ended March 31, 2015:

1) Began mass production of clutch assemblies for CVTs based on the following:
   - Elements of the Company's proprietary segment method for manufacturing friction plates, and

- Elements of the Company's proprietary technologies that increase fuel efficiency and achieve weight reductions;

2) Began mass production of lock-up clutches featuring a new damper structure with excellent damping properties; and
3) Developed new friction materials with enhanced product appeal and durability.

Research and development expense in the automobile clutches segment amounted to ¥1,957 million.

7. Analysis of financial position, operating results and cash flows

(1) Significant accounting policies and estimates

The consolidated financial statements of the Company have been prepared in accordance with IFRS pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements. Estimates that are deemed necessary have been made based on reasonable criteria.

Significant accounting policies applied in the consolidated financial statements of the Company are provided in "V. Financial information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements, 3. Significant accounting policies."

(2) Analysis of financial position for the fiscal year ended March 31, 2015

1) Current assets

At the end of the fiscal year under review, current assets were ¥70,445 million, up ¥7,499 million compared with the end of the previous fiscal year. This is mainly due to an increase of ¥3,349 million in trade and other receivables and an increase of ¥3,443 million in inventories, in spite of a decrease of ¥1,489 million in cash and cash equivalents.

2) Non-current assets

At the end of the fiscal year under review, non-current assets were ¥93,374 million, up ¥17,124 million compared with the end of the previous fiscal year. This is mainly due to an increase of ¥14,410 million in property, plant and equipment.

3) Current liabilities

At the end of the fiscal year under review, current liabilities were ¥27,834 million, up ¥5,406 million compared with the end of the previous fiscal year. This is mainly due to an increase of ¥4,271 million in borrowings.

4) Non-current liabilities

At the end of the fiscal year under review, non-current liabilities were ¥19,663 million, up ¥14,233 million compared with the end of the previous fiscal year. This is mainly due to an increase of ¥12,139 million in borrowings.

5) Equity

At the end of the fiscal year under review, equity was ¥116,321 million, up ¥4,983 million compared with the end of the previous fiscal year.

This is mainly due to an increase of ¥3,154 million in retained earnings and an increase of ¥7,948 million in other components of equity, in spite of a decrease of ¥4,916 in share premium.

(3) Analysis of operating results for the fiscal year ended March 31, 2015

Please refer to "II. Overview of business, 1. Overview of business results, (1) Business results."

(4) Factors that may have a significant impact on the operating results

Please refer to "II. Overview of business, 4. Business risks."

Regarding the Group's response, please refer to "II. Overview of business, 3. Issues to address."

(5) Present conditions and outlook of business strategy

Please refer to "II. Overview of business, 3. Issues to address."

(6) Analysis of capital resources and funding liquidity

The Group's financial policy is to maintain the sound balance sheet taking into account appropriate liquidity, etc. in securing funds for business activities. Cash flows for the fiscal year under review are provided in "II. Overview of business, 1. Overview of business results, (2) Cash flows."

Note: Of information in (1) to (6) above, matters concerning the future were determined by the Group as of the filing date of this Annual Securities Report.

III. Information about facilities

1. Overview of capital investments, etc.

During the fiscal year ended March 31, 2015, the Company made total capital investments (including investments on intangible assets) of ¥20,276 million. The principal capital investment items were: expanding production capacity in the U.S. and China; starting up the Group's first overseas paper-based friction materials factory and a local subsidiary in Mexico; and investments accompanying a reorganization of production facilities in Japan. The breakdown of capital investments by business segment is ¥3,603 million for motorcycle clutches, ¥15,501 million for automobile clutches, and ¥1,171 million for the common segment.

(1) Reporting company

Expansion of factory and manufacturing facilities for clutches in Hamakita Factory accompanying a reorganization of production facilities in Japan

(2) Subsidiaries

Construction of factory and manufacturing facilities for clutches at FCC AUTOMOTIVE PARTS DE MEXICO, S.A. DE C.V.

Manufacturing facilities to produce new models and production capacity expansion at FCC (North Carolina), LLC.

Manufacturing facilities to produce new models and production capacity expansion at FCC (INDIANA), LLC.

Manufacturing facilities to produce new models and production capacity expansion at FCC (Adams), LLC.

Manufacturing facilities to produce new models and production capacity expansion at PT. FCC INDONESIA

Adoption of in-house manufacturing and expansion of production capacity at FCC INDIA MANUFACTURING PRIVATE LTD.

2. Major facilities

Major facilities of the Group are as follows:

(1) Reporting company

As of March 31, 2015

Name (Location)	Segment name	Facilities	Carrying amount (Millions of yen)					Number of employees
			Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Other	Total	
Hosoe Factory (Kita-ku, Hamamatsu-shi, Shizuoka)	Motorcycle and automobile clutches	Manufacturing facilities for clutches	182	365	270 (18,080)	42	862	140 [4]
Hamakita Factory (Kita-ku, Hamamatsu-shi, Shizuoka)	Automobile clutches	Manufacturing facilities for clutches	518	588	676 (26,216)	1,493	3,276	51 [5]
Tenryu Factory (Iwata-shi, Shizuoka)	Motorcycle and automobile clutches	Manufacturing facilities for clutches	321	280	1,022 (32,511)	25	1,649	55
Suzuka Factory (Suzuka-shi, Mie)	Motorcycle and automobile clutches	Manufacturing facilities for clutches	2,480	1,215	1,292 (75,130)	290	5,279	220 [82]
R&D Division (Kita-ku, Hamamatsu-shi, Shizuoka)	Common	Testing apparatus and measuring instruments	469	661	216 (12,093)	78	1,425	182 [46]

(2) Domestic subsidiaries

As of March 31, 2015

Name (Location)	Segment name	Facilities	Carrying amount (Millions of yen)					Number of employees
			Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Other	Total	
KYUSHU F.C.C. CO., LTD. (Uki-shi, Kumamoto)	Motorcycle and automobile clutches	Manufacturing facilities for clutches	161	182	11 (20,474)	61	417	115 [35]

(3) Overseas subsidiaries

As of March 31, 2015

Name	Location	Segment name	Facilities	Carrying amount (Millions of yen)					Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Other	Total	
FCC (North Carolina), LLC.	North Carolina, U.S.	Motorcycle and automobile clutches	Manufacturing facilities for clutches	5,885	6,680	34 (366,274)	2,923	15,524	404 [55]
FCC (Adams), LLC.	Indiana, U.S.	Automobile clutches	Manufacturing facilities for clutches	1,867	6,292	55 (161,880)	2,155	10,371	341
FCC (INDIANA), LLC	Indiana, U.S.	Automobile clutches	Manufacturing facilities for clutches	1,312	5,685	88 (246,263)	544	7,631	774 [47]
PT. FCC INDONESIA	Karawang, Indonesia	Motorcycle and automobile clutches	Manufacturing facilities for clutches	795	3,533	276 (72,812)	125	4,730	1,308 [900]
FCC (THAILAND) CO., LTD.	Bangkok, Thailand	Motorcycle and automobile clutches	Manufacturing facilities for clutches	1,299	1,966	692 (87,890)	336	4,295	442 [299]
CHENGDU YONGHUA. F.C.C. CLUTCHES CO., LTD.	Sichuan, China	Motorcycle and automobile clutches	Manufacturing facilities for clutches	939	2,916	– (27,826)	62	3,918	369
FCC AUTOMOTIVE PARTS DE MEXICO, S.A. DE C.V.	San Luis Potosi, Mexico	Automobile clutches	Manufacturing facilities for clutches	1,838	17	194 (81,837)	2,551	4,601	62
FCC INDIA MANUFACTURING PRIVATE LTD.	Haryana, India	Motorcycle and automobile clutches	Manufacturing facilities for clutches	504	2,139	375 (82,680)	645	3,664	636 [1,429]

Notes: 1. The carrying amount of “Other” assets relates to tools, furniture and fixtures and intangible assets and includes construction in progress. The amounts shown above do not include consumption taxes.

2. Of the land of KYUSHU F.C.C. CO., LTD., 19,174 m^2 was leased from the reporting company.

3. Of the land of FCC (North Carolina), LLC. of 366,274 m^2, 11,266 m^2 was leased.

4. The number of employees shown in brackets is the number of temporary employees at the end of the period.

3. Planned additions, retirements, etc. of facilities

(1) Planned additions, etc. of important facilities

During the next fiscal year (from April 1, 2015 to March 31, 2016), the Company plans to make total capital investments of ¥23,230 million.

The principal capital investment items will be manufacturing facilities to produce new models and expansion of production capacity in the U.S. and Japan, and investments accompanying expansion of production capacity in India and Chengdu in China. The breakdown of planned capital investments by business segment will be ¥4,785 million for motorcycle clutches, ¥17,750 million for automobile clutches, and ¥695 million for the shared segment.

- Reporting company

  Manufacturing facilities to produce new models and production capacity expansion at Tenryu Factory and Hamakita Factory

- Subsidiaries

  Manufacturing facilities to produce new models and production capacity expansion at FCC (Adams), LLC.

  Manufacturing facilities to produce new models and production capacity expansion at FCC (INDIANA), LLC.

  Production capacity expansion at FCC (North Carolina), LLC.

  Production capacity expansion at FCC INDIA MANUFACTURING PRIVATE LTD.

  Production Capacity Expansion at CHENGDU YONGHUA. F.C.C. CLUTCHES CO., LTD.

(2) Retirement, etc. of important facilities

The Company has no plan for the disposal/retirement of important facilities, with the exception of the regular upgrading of facilities.

IV. Information about reporting company

1. Information about shares, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of authorized shares (Shares)
Ordinary shares	90,000,000
Total	90,000,000

(2) Changes in number of shares issued, issued capital, etc.

Date	Increase (decrease) in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase (decrease) in issued capital (Millions of yen)	Balance of issued capital (Millions of yen)	Increase (decrease) in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
April 1, 2006 (Note)	26,322,015	52,644,030	–	4,175	–	4,555

Note: This was due to a 2-for-1 share split.

(3) Shareholding by shareholder category

As of March 31, 2015

Category	Shareholding status (Number of shares per share unit: 100 shares)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors		Individuals, etc.	Total	
					Companies, etc.	Individuals			
Number of shareholders	–	38	23	127	155	4	14,527	14,874	–
Number of shares held (Units)	–	108,517	3,057	145,709	137,865	7	131,162	526,317	12,330
Shareholding ratio (%)	–	20.62	0.58	27.69	26.19	0.00	24.92	100.00	–

Notes: 1. 2,455,400 treasury shares are included in "Individuals, etc." as 24,554 units.

2. "Other corporations" column above includes 37 units of shares held in the name of Japan Securities Depository Center, Incorporated.

(4) Major shareholders

As of March 31, 2015

Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Honda Motor Co., Ltd.	2-1-1 Minami-Aoyama, Minato-ku, Tokyo	10,881	20.66
BNP Paribas Sec Service Luxembourg Jasdec Aberdeen Global Client Assets (Standing Proxy: Custody Division, Tokyo branch of the Hong Kong and Shanghai Banking Corporation Limited)	33 RUE DE GASPERICH, L-5826 HOWALDHESPERANGE, LUXEMBOURG (3-11-1 Nihombashi, Chuo-ku, Tokyo)	3,103	5.89
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	1-8-11 Harumi, Chuo-ku, Tokyo	2,508	4.76
Y.A Co., Ltd.	38-28 Yamate-cho, Naka-ku, Hamamatsu-shi, Shizuoka	2,019	3.83
NORTHERN TRUST CO. (AVFC) ACCOUNT NON TREATY (Standing Proxy: Custody Division, Tokyo branch of the Hong Kong and Shanghai Banking Corporation Limited)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK (3-11-1 Nihombashi, Chuo-ku, Tokyo)	1,594	3.02
Yoshihide Yamamoto	Naka-ku, Hamamatsu-shi, Shizuoka	1,558	2.96
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	1,444	2.74
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	Harumi Island Triton Square Office Tower Z, 1-8-12 Harumi, Chuo-ku, Tokyo	1,315	2.49
Ei Yamamoto	Naka-ku, Hamamatsu-shi, Shizuoka	1,300	2.47
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	1,160	2.20
Total	–	26,885	51.07

Notes: 1. In addition to the above, the Company held 2,455 thousand treasury shares.

2. Of the above number of shares held, the number of shares in association with fiduciary activities is as follows:

Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	2,508 thousand shares
Japan Trustee Services Bank, Ltd. (Trust Account)	1,444 thousand shares
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1,315 thousand shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,160 thousand shares

3. Mondrian Investment Partners Limited sent the Company a copy of the change report for the substantial shareholding report as of March 27, 2014, reporting that this company held 4,297 thousand shares as of March 24, 2014. Since the Company could not confirm the actual number of shares held by this company at the year-end, it was not included in the above major shareholders.

The content of the copy of the change report for the substantial shareholding report from Mondrian Investment Partners Limited is as follows:

Copy of the change report for the substantial shareholding report as of March 27, 2014

Large volume holder: Mondrian Investment Partners Limited

Address: Fifth Floor, 10 Gresham Street, London EC2V 7JD, United Kingdom

Number of shares, etc. held: Shares 4,297,000 shares

Shareholding ratio : 8.16%

4. Aberdeen Investment Management K.K. and its joint holder, Aberdeen Asset Management Asia Limited, sent the Company a copy of the change report for the substantial shareholding report as of July 23, 2014, reporting that each of these companies held shares as follows as of July 15, 2014. Since the Company could not confirm the actual number of shares held by them at the year-end, they were not included in the above major shareholders.

Name	Address	Number of shares, etc. held (Shares)	Shareholding ratio (%)
Aberdeen Investment Management K. K.	Toranomon Seiwa Building 1-2-3 Toranomon, Minato-ku, Tokyo	Shares 271,500	0.52
Aberdeen Asset Management Asia Limited	21 Church Street, #01-01 Capital Square 2 Singapore 049480	Shares 4,533,100	8.61

2. Dividend policy

The Company considers returning profits to shareholders to be one of the top management issues. Our basic policy is to continue to pay a stable dividend from a comprehensive point of view based on consolidated financial performance and dividend payout ratio, etc., while striving to improve corporate value by making capital investments and carrying out research and development activities necessary for future growth and thus maintaining and strengthening its competitiveness.

The Company's basic policy on dividend payments is to pay dividends twice a year in the form of interim dividends and year-end dividends.

Decisions on year-end dividends are made by the General Meeting of Shareholders, and decisions on interim dividends are made by the Board of Directors.

Based on the foregoing policy, the Company paid a total dividend for the fiscal year under review of ¥40 per share (of which ¥20 was paid out as an interim dividend). This resulted in a dividend payout ratio of 27.8%.

The Company uses internal reserves to make investments for future business expansion, etc.

The Company stipulates in the Articles of Incorporation that it is able to pay an interim dividend, with September 30 as the record date, based on a resolution of the Board of Directors.

Dividends for the fiscal year under review were as follows.

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
Resolution at a Board of Directors meeting held on October 28, 2014	1,003	20
Resolution at the Annual General Meeting of Shareholders held on June 23, 2015	1,003	20

3. Information about officers

Men: 13, Women: – (Percentage of female officers: –%)

Title	Position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
President and Representative Director		Toshimichi Matsuda	December 9, 1952	Mar. 1975 Joined the Company Apr. 1996 President and Director of FCC (EUROPE) LTD. Jun. 2001 Director and General Manager of Sales Division of the Company Jun. 2005 Director, in charge of Sales and Purchasing of the Company Jun. 2006 Director, in charge of Sales and Purchasing and Risk Management Officer of the Company Apr. 2007 Director, Head of Sales and Purchasing, Head of business operation in China and Risk Management Officer of the Company Jun. 2008 Managing Director, Head of Sales and Purchasing and Head of business operation in China of the Company Jun. 2010 Managing Director, Head of Sales and Purchasing and Compliance Officer of the Company Jun. 2011 Managing Director, Head of Sales and Compliance Officer of the Company Jun. 2012 Senior Managing Director, Head of Sales and Compliance officer of the Company Apr. 2013 Senior Managing Director of the Company Jun. 2013 President and Representative Director of the Company (incumbent)	(Note 3)	90
Managing Director	Head of Purchasing, Head of business operation in China and Risk Management Officer	Yoshitaka Saito	November 29, 1973	Feb. 2009 Joined the Company Jan. 2011 President and Director of FCC (INDIANA) Mfg., LLC. (currently FCC (INDIANA), LLC.) and President and Director of FCC (INDIANA), INC. (currently FCC (INDIANA), LLC.) Jun. 2011 Director of the Company Apr. 2012 Director and Head of business operation in North America of the Company President and Director of FCC (North America), INC. Jun. 2012 Managing Director and Head of business operation in North America of the Company Apr. 2013 Managing Director and Head of business operation of motorcycles business of the Company Apr. 2014 Managing Director, Head of Purchasing, Head of business operation in China and Risk Management Officer of the Company (incumbent)	(Note 3)	70

Title	Position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Managing Director	Head of business operation of automobiles business and Head of Research and Development of Automobile Components	Kazuhiro Itonaga	March 11, 1960	Mar. 1982 Joined the Company Apr. 2009 General Manager of R&D Division of the Company Jun. 2009 Director and General Manager of R&D Division of the Company Jun. 2010 Director, Head of Research and Development and General Manager of R&D Division of the Company Jun. 2013 Managing Director, Head of Research and Development and General Manager of R&D Division of the Company Apr. 2015 Managing Director, Head of business operation of automobiles business and Head of Research and Development of Automobile Components of the Company (incumbent)	(Note 3)	13
Director	Head of business operation of motorcycles business, Head of business operation in ASEAN and India and Head of business operation in South America	Kazuto Suzuki	May 27, 1961	Apr. 1984 Joined the Company Apr. 2009 General Manager of Corporate Planning Office of the Company Jun. 2010 Director, Head of business operation in China and South America and General Manager of Corporate Planning Office of the Company Jun. 2011 Director, Head of business operation in China and South America, General Manager of Corporate Planning Office and Risk Management Officer of the Company Jan. 2012 Director, Head of business operation in China and South America and Risk Management Officer of the Company Apr. 2012 Director, Head of Production Engineering, Head of business operation in China and South America and Risk Management Officer of the Company Jun. 2012 Director, Head of Production of Motorcycle Components, Head of Production Engineering and Head of business operation in China and South America of the Company Apr. 2013 Director, Head of business operation of motorcycles business in Japan, Head of business operation in China and South America and Risk Management Officer of the Company Apr. 2014 Director, Head of business operation of motorcycles business, Head of business operation in ASEAN and India and Head of business operation in South America of the Company (incumbent)	(Note 3)	23

Title	Position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Director	Head of Management and Administration, Compliance Officer and Chief Information Officer	Ryujiro Matsumoto	June 4, 1962	Jul. 2005 Joined the Company Jan. 2011 General Manager of FCC (THAILAND) CO., LTD. Jun. 2011 Director, Head of Production of Motorcycle Components and Head of business operation in Asia of the Company Jun. 2012 Director and Head of business operation in Asia of the Company Apr. 2013 Director, Head of Management and Administration, General Manager of Corporate Planning Office, Compliance Officer and Chief Information Officer of the Company Jun. 2013 Director, Head of Management and Administration, Compliance Officer and Chief Information Officer of the Company (incumbent)	(Note 3)	10
Director	Head of Production Engineering and Head of Environment and Safety	Atsuhiro Mukoyama	July 31, 1963	Apr. 1984 Joined the Company Jan. 2011 Factory Manager of Ryuyo Factory and Factory Manager of Tenryu Factory of the Company Apr. 2012 Head of Production of Automobile Components of the Company Jun. 2012 Director and Head of Production of Automobile Components of the Company Apr. 2013 Director and Head of business operation of automobiles business of the Company Apr. 2015 Director, Head of Production Engineering and Head of Environment and Safety of the Company (incumbent)	(Note 3)	14
Director	Head of business operation in North America	Satoshi Nakaya	March 17, 1964	Apr. 1986 Joined the Company Jan. 2012 General Manager of Corporate Planning Office of the Company Jun. 2012 Director, Head of Management and Administration, General Manager of Corporate Planning Office, Risk Management Officer and Chief Information Officer of the Company Apr. 2013 Director, Head of business operation in North America of the Company President and Director of FCC (North America), INC. President and Director of FCC (INDIANA), LLC. (incumbent)	(Note 3)	41
Director	Head of production in North America	Kenichi Inoue	May 3, 1957	Apr. 1978 Joined Honda Motor Co., Ltd. Apr. 2011 Senior Vice President of Honda Manufacturing of Alabama, LLC Apr. 2013 Joined the Company, Assistant to President and Head of Production Engineering of the Company Jun. 2013 Director and Head of Production Engineering of the Company Apr. 2014 Director, Head of Production Engineering and Head of Environment and Safety of the Company Apr. 2015 Director and Head of production in North America of the Company (incumbent)	(Note 3)	10

Title	Position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Director		Kazumoto Sugiyama	May 27, 1969	Sep. 2006 Graduated from The Legal Training and Research Institute of Japan Oct. 2006 Registered as an attorney (Shizuoka Bar Association) Joined Toshio Sugiyama Law Office (current Sugiyama Law Office) Sep. 2008 President of Sugiyama Law Office (to present) Jun. 2014 Director of the Company (incumbent)	(Note 3)	–
Audit & Supervisory Board Member (full time)		Hiromichi Suzuki	September 20, 1952	Mar. 1978 Joined the Company Dec. 2004 General Manager of Oversea Business Division of the Company Jun. 2006 Director, Head of business operation in Asia, in charge of Production of Motorcycle Components and General-purpose Components and General Manager of Oversea Business Division of the Company Apr. 2007 Director, Head of business operation in Asia and Head of Production of Motorcycle Components of the Company Jun. 2011 Audit & Supervisory Board Member (full time) of the Company (incumbent)	(Note 4)	46
Audit & Supervisory Board Member (full time)		Katsuyoshi Fukatsu	November 30, 1954	Mar. 1977 Joined the Company Apr. 2009 President and Director of FCC (INDIANA) Mfg., LLC. (currently FCC (INDIANA), LLC.) Jun. 2009 Director and Head of business operation in North America of the Company President and Director of FCC (INDIANA), INC. (currently FCC (INDIANA), LLC.) Jun. 2010 President and Director FCC (North America), INC. Jun. 2012 Audit & Supervisory Board Member (full time) of the Company (incumbent)	(Note 5)	47
Audit & Supervisory Board Member		Yoshinori Tsuji	April 17, 1959	Mar. 1986 Graduated from The Legal Training and Research Institute of Japan Apr. 1986 Registered as an attorney (Nagoya Bar Association) Apr. 1987 Transferred registration to the Shizuoka Bar Association Established Yoshinori Tsuji Law Office (to present) Jun. 2007 Audit & Supervisory Board Member of the Company (incumbent)	(Note 4)	–
Audit & Supervisory Board Member		Masahide Sato	February 10, 1964	Oct. 1992 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Apr. 1996 Registered as Certified Public Accountant Sep. 2005 Established Masahide Sato Accounting Firm (to present) Jun. 2006 Audit & Supervisory Board Member of the Company (incumbent)	(Note 5)	–
				Total		364

Notes: 1. Mr. Kazumoto Sugiyama is an Outside Director.

2. Both Mr. Yoshinori Tsuji and Mr. Masahide Sato are Outside Audit & Supervisory Board Members.
3. One year from the conclusion of the Annual General Meeting of Shareholders held on June 23, 2015
4. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 23, 2015
5. Four years from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2012

4. Status of corporate governance, etc.

(1) Status of corporate governance

* Basic policy regarding corporate governance

The Group's fundamental principle is to "give thoughtful attention to safety and the environment, and use creative ideas and technology to contribute to society by supplying products that give joy to customers." Consequently, the Company considers enhancing corporate governance to be one of the top management issues, and is working actively on this with the aim of increasing the confidence of various stakeholders, including shareholders, customers, employees, and local communities, and improving corporate value.

1) System of corporate governance

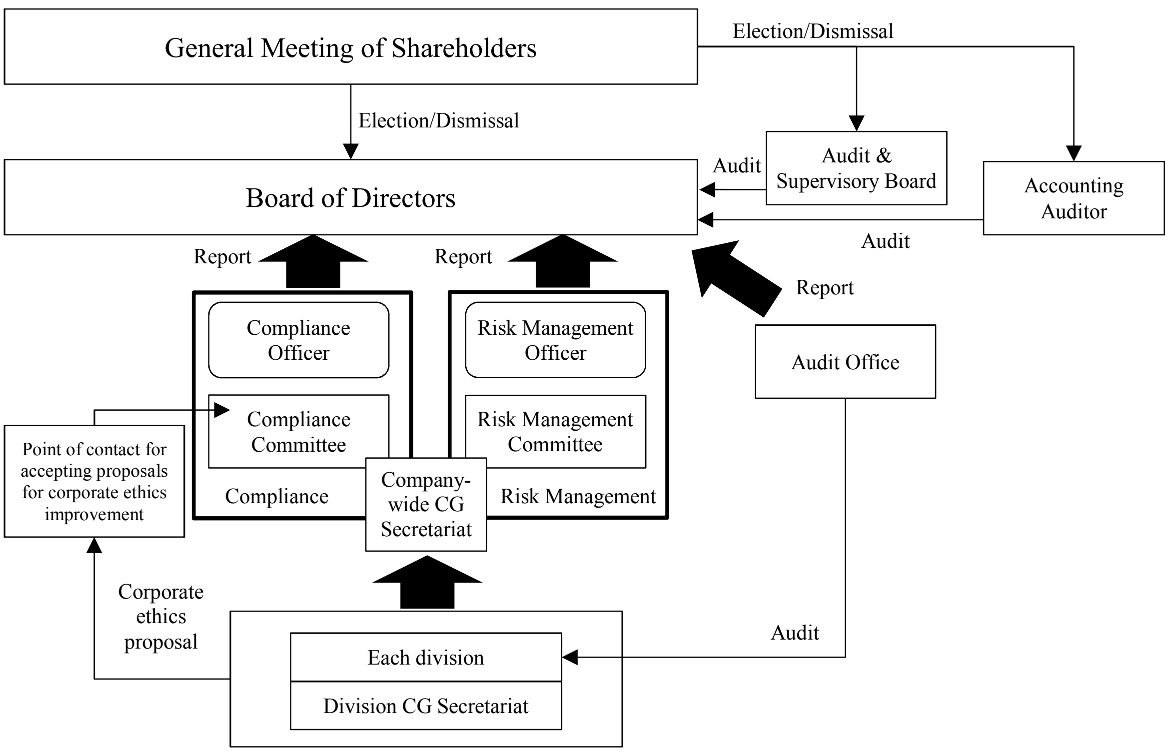
i) Summary of the system of corporate governance

The Board of Directors comprises nine Directors, of whom one is an Outside Director. In addition to making decisions on important matters concerning operations and fulfilling functions required by law, the Board oversees the execution of the Company's operations.

The Audit & Supervisory Board is composed of four Audit & Supervisory Board Members, of whom two are Outside Audit & Supervisory Board Members. In accordance with auditing policies and division of responsibility established by the Audit & Supervisory Board, each Audit & Supervisory Board Member participates in meetings of the Board of Directors and other important meetings, and audits the execution of duties of the Board of Directors by examining the status of operations and assets of the Company.

Candidates for Directors are determined by resolution of the Board of Directors, while candidates for Audit & Supervisory Board Members are determined by resolution of the Board of Directors upon consent of the Audit & Supervisory Board.

The following diagram shows the relationships among the Company's organizations and internal control as of June 24, 2015.



ii) Reasons for adopting the system of corporate governance described above

As a company with an Audit & Supervisory Board, the Company has a Board of Directors and an Audit & Supervisory Board to oversee and audit the execution of operations. The Board of Directors comprises Directors who are well versed in the operations of the Company and one Outside Director with an objective, broad-ranging and in-depth perspective. The Audit & Supervisory Board is independent of the Board of Directors and a majority of whose members are Outside Audit & Supervisory Board Members. The Company judges that the present system of corporate governance enables oversight and audits of the execution of operations to function properly.

iii) Other matters regarding corporate governance

The Company resolved the following basic policy regarding the internal control system at a meeting of the Board of Directors.

• System to ensure that the execution of duties by Directors and employees of the Company and Group companies complies with laws and regulations and the Articles of Incorporation.

The Company shall establish a code of conduct that is shared by the entire Group and implement it thoroughly to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation and earns the trust of society.

The Company shall establish a Compliance Committee in which a Compliance Officer serves as Chairman as an organization to control compliance. In addition, the Company shall establish an internal reporting system to promote compliance.

• System for storing and managing information on the execution of duties by the Company's Directors

The Company shall establish various regulations based on the basic policy for information management, and appropriately store and manage information regarding the execution of duties by the Directors.

• Regulations and other systems for managing risk of losses of the Company and Group companies

The management risk of the entire Group shall be acknowledged and evaluated at a meeting of the Company's Board of Directors. The Board of Directors of the Company shall elect Directors to manage the acknowledged and evaluated management risk.

The Company shall establish a Risk Management Committee in which a Risk Management Officer serves as Chairman as an organization that controls risk management. The Risk Management Committee shall manage risks in daily operations and cross-functional risks of the entire Group.

• System to ensure the efficient execution of duties by Directors of the Company and Group companies.

A meeting of the Board of Directors of the Company shall be held once a month, in principle, and on an extraordinary basis whenever necessary to take decisions on legally required matters and important operations, and oversee the execution of operations by the Directors.

The Company shall expedite and increase the efficiency of the management decision-making process using meetings such as management meetings and the executive officer system.

The Company shall draw up a medium-term management plan and annual business plan to manage the progress of operations and promote the effective use of management resources of the entire Group.

The Company shall establish segregation of duties, reporting lines, and other organizational standards in the regulations for executing duties, etc.

• System for reporting from Group companies to the Company and other systems to ensure the proper execution of operations within the corporate group comprising the Company and Group companies

The Company shall establish subsidiary management regulations, with the aim of properly managing Group companies in accordance with their scale of business and significance, etc.

The Company shall oblige Group companies to report to it on a regular basis and develop a system for having them report specified important matters promptly.

The internal audit department of the Group shall audit the Company and Group companies regularly or whenever necessary.

• Matters concerning employees who assist Audit & Supervisory Board Members of the Company in their duties

If an Audit & Supervisory Board Member requests that an employee be assigned as an audit assistant to assist him/her in his/her duties, the Company shall assign employees to assist him/her. Audit & Supervisory Board Members have responsibility for employees who assist with their duties, and the appointment, dismissal, personnel change, and revision of wages of such employees shall be determined by the Board of Directors upon consent of the Audit & Supervisory Board.

• System for reporting to Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other important meetings, and be allowed to request Directors and employees of the Company and Group companies to report to them whenever necessary.

Upon receiving a request from Audit & Supervisory Board Members for a report, the Director or employee shall report to them promptly and appropriately.

The Company shall establish an internal reporting system to ensure an appropriate system for reporting to Audit & Supervisory Board Members.

The Company shall develop a system to prohibit unfavorable treatment of a reporting party in its operation rules for the internal reporting system.

• Matters regarding the policy for handling expenses and debts incurred for executing duties by the Audit & Supervisory Board Members of the Company

If an Audit & Supervisory Board Member requests payment of expenses needed for executing his/her duties, the Company shall pay such expenses promptly.

Audit & Supervisory Board Members shall factor expenses deemed necessary for executing their duties into the budget in advance. Provided, however, that Audit & Supervisory Board Members shall be allowed to request reimbursement of emergency or extraordinary expenses after the fact.

• Other systems to ensure audits by the Audit & Supervisory Board Members of the Company are conducted effectively

Audit & Supervisory Board Members shall exchange opinions with Representative Director, Directors and Accounting Auditor regularly or whenever necessary.

Audit & Supervisory Board Members shall conduct audits effectively by cooperating closely with the internal audit department.

iv) Overview of limited liability agreements

In accordance with the provisions of Article 427, paragraph 1 of the Companies Act of Japan (hereinafter the “Companies Act”), the Company has concluded agreements limiting the extent of any liability for statutory compensation as stipulated in Article 423, paragraph 1 of the said Act with the Outside Director and Outside Audit & Supervisory Board Members. The limits on compensation stipulated in these agreements are the minimum amounts prescribed in Article 425, paragraph 1 of the said Act.

2) Internal audits and audits by the Audit & Supervisory Board Members

• Internal audits

The Company has established the internal audit office under the President to develop and operate the internal control system appropriately, with the aim of improving the effectiveness and efficiency of operations, increasing the reliability of financial reporting, ensuring compliance with laws and regulations relating to business activities, and protecting the Company's assets. This office verifies the status of development and operations of internal controls of the entire Group.

This office's six staff members, including the General Manager, carry out periodic and unscheduled audits in collaboration with the Audit & Supervisory Board.

• Audits by the Audit & Supervisory Board Members

The Company's four Audit & Supervisory Board Members, of whom two are Outside Audit & Supervisory Board Members, audit the execution of duties by the Directors, the development and operation of the Company's internal control system, and other aspects of operations by, among other things, attending meetings of the Board of Directors and other important meetings, and examining the operations and assets of the Company. Such audits are carried out in accordance auditing policies, plans, and division of responsibility established by the Audit & Supervisory Board based on the regulations of the Audit & Supervisory Board and the auditing standards of Audit & Supervisory Board Members. The Company has a system where Audit & Supervisory Board Members exchange opinions with Representative Director, Directors, and Accounting Auditor regularly or whenever necessary, and collaborate with the internal audit office to ensure the effectiveness of audits.

Outside Audit & Supervisory Board Member Masahide Sato is a licensed CPA with considerable knowledge of finance and accounting.

3) Accounting audits

The Company's Accounting Auditor is Yasumori Audit Corporation. The following information covers the names of the certified public accountants involved in accounting audits of the operations of the Company and the number of assistant accountants who participated in audits.

• Names of CPAs who conducted audits:

Engagement partner: Masakazu Wakabayashi

Engagement partner: Makoto Tsukura

• Assistant accountants who participated in accounting audits:

Eight CPAs

4) Outside Director and Outside Audit & Supervisory Board Members

The Company has one Outside Director and two Audit & Supervisory Board Members.

No conflict of interest of any personal, financial, or commercial nature exists between the Company and Outside Director Kazumoto Sugiyama.

The function and role of the Outside Director in corporate governance is to provide management with objective advice related to corporate management from the standpoint of experts and objective viewpoints based on extensive experience.

Mr. Kazumoto Sugiyama was elected as an Outside Director in the light of his specialized expertise and extensive experience of corporate legal affairs acquired as a lawyer.

No conflict of interest of any personal, financial, or commercial nature exists between the Company and Outside Audit & Supervisory Board Members Yoshinori Tsuji and Masahide Sato.

The function and role of Outside Audit & Supervisory Board Members in corporate governance is to audit the legality of duties executed by the Directors from the standpoint of experts and objective viewpoints based on extensive experience.

Mr. Yoshinori Tsuji was elected as an Outside Audit & Supervisory Member in the light of his specialized expertise and extensive experience of corporate legal affairs acquired as a lawyer.

Mr. Masahide Sato was elected as an Outside Audit & Supervisory Member in the light of his specialized expertise and extensive experience of corporate finance and accounting affairs acquired as a certified public accountant.

While the Company has not established any specific standards or policy regarding independence when electing Outside Director and Outside Audit & Supervisory Board Members, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like.

In accordance with the requirements of the Tokyo Stock Exchange, Outside Director Kazumoto Sugiyama and Outside Audit & Supervisory Board Members Yoshinori Tsuji and Masahide Sato are designated as independent officers and are registered with the said stock exchange as such.

5) Remuneration, etc. for officers

i) Total amount of remuneration, etc., total amount of remuneration, etc. by type and number to be paid by Director and Supervisory Board Member category

Category	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)		Number of payees
		Remuneration	Bonuses	
Directors (excluding Outside Directors)	228	171	57	11
Outside Directors	2	2	–	1
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	47	35	11	2
Outside Audit & Supervisory Board Members	7	7	–	2

Notes: 1. The amount of remuneration, etc. of Directors does not include employee salaries paid to persons who are concurrently Directors and employees.

2. At the 78th Annual General Meeting of Shareholders held on June 19, 2008, Directors' remuneration was capped at ¥500 million per year (which, however, does not include salaries paid for work performed as employees).

3. At the 76th Annual General Meeting of Shareholders held on June 22, 2006, Audit & Supervisory Board Members' remuneration was capped at ¥90 million per year.

ii) Policy for determining remuneration amounts paid to officers and the method of calculating such amount as well as the method of determination thereof

The amounts paid to the officers comprise the remuneration paid in exchange for executing duties and bonuses paid in consideration of the Company's financial performance and economic and industry trends during the relevant fiscal year. The amounts paid will be within the limit approved by resolution of the General Meeting of Shareholders. Those paid to Directors will be based on a resolution of the Board of Directors. Those paid to Audit & Supervisory Board Members will be based on deliberations among the Audit & Supervisory Board Members.

6) Share ownership

i) Number of issues and total amount of balance sheet amount for investment shares whose purpose of holding is other than for net investment

Number of issues: 20

Total amount of balance sheet amount: ¥1,084 million

ii) Type of holding, issue, number of shares, balance sheet amount and purpose of holding for investment shares whose purpose of holding is other than for net investment

Fiscal year ended March 31, 2014

Specified investment shares

Issue	Number of shares (Shares)	Balance sheet amount (Millions of yen)	Purpose of holding
SUZUKI MOTOR CORPORATION	52,500	141	To maintain and strengthen business relationships
KANEMATSU CORPORATION	821,000	131	To maintain and strengthen business relationships
Mizuho Financial Group, Inc.	178,688	36	To maintain and strengthen business relationships
Sumitomo Mitsui Financial Group, Inc.	5,755	25	To maintain and strengthen business relationships
SHIMIZU CORPORATION	39,000	20	To maintain and strengthen business relationships
MUSASHI SEIMITSU INDUSTRY CO., LTD.	6,000	12	To maintain and strengthen business relationships
Nissin Kogyo Co., Ltd.	4,500	8	To maintain and strengthen business relationships
TANAKA SEIMITSU KOGYO CO., LTD.	4,000	3	To maintain and strengthen business relationships
YAMABIKO CORPORATION	663	2	To maintain and strengthen business relationships
Yutaka Giken Company Limited	1,000	2	To maintain and strengthen business relationships
G-TEKT CORPORATION	1,200	1	To maintain and strengthen business relationships

Fiscal year ended March 31, 2015

Specified investment shares

Issue	Number of shares (Shares)	Balance sheet amount (Millions of yen)	Reason for shareholding
KANEMATSU CORPORATION	3,701,000	647	To maintain and strengthen business relationships
SUZUKI MOTOR CORPORATION	52,500	189	To maintain and strengthen business relationships
Mizuho Financial Group, Inc.	178,688	37	To maintain and strengthen business relationships
SHIMIZU CORPORATION	39,000	31	To maintain and strengthen business relationships
Sumitomo Mitsui Financial Group, Inc.	5,755	26	To maintain and strengthen business relationships
MUSASHI SEIMITSU INDUSTRY CO., LTD.	6,000	15	To maintain and strengthen business relationships
Nissin Kogyo Co., Ltd.	4,500	8	To maintain and strengthen business relationships
YAMABIKO CORPORATION	810	4	To maintain and strengthen business relationships
TANAKA SEIMITSU KOGYO CO., LTD.	4,000	3	To maintain and strengthen business relationships
Yutaka Giken Company Limited	1,000	2	To maintain and strengthen business relationships
G-TEKT CORPORATION	2,400	2	To maintain and strengthen business relationships

7) Matters normally requiring adoption of a resolution by the General Meeting of Shareholders, which may be decided by the Board of Directors

• Acquisition of own shares

To carry out capital policy in a flexible and timely manner in response to changes in the economic environment, the Company provides in its Articles of Incorporation that, in accordance with the provisions of Article 165, paragraph 2 of the Companies Act, it may acquire own shares through market transactions, etc. based on a resolution of the Board of Directors.

• Interim dividends

To make a flexible return of profits to shareholders, the Company provides in its Articles of Incorporation that, in accordance with Article 454, paragraph 5 of the Companies Act, it may pay dividends of surplus (interim dividends) based on a resolution of the Board of Directors.

• Exemption of Directors and Audit & Supervisory Board Members from liability

To create an environment where Directors and Audit & Supervisory Board Members are able to fulfill their expected roles adequately, the Company provides in its Articles of Incorporation that, pursuant to the provisions of Article 426, paragraph 1 of the Companies Act, it may exempt Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability as set forth in Article 423, paragraph 1 of the Companies Act within the limits stipulated by laws and regulations based on a resolution of the Board of Directors.

8) Number of Directors

The Company states in its Articles of Incorporation that it shall have no more than 15 Directors.

9) Requirements for election of Directors

The Company states in its Articles of Incorporation that adoption of resolutions for the election of Directors shall require that at least one-third of the shareholders entitled to execute voting rights be present, and that an affirmative vote be cast by a majority of such shareholders present. The Company also states in its Articles of Incorporation that cumulative voting shall not be used for the election of Directors.

10) Requirements for the adoption of special resolutions by the General Meeting of Shareholders

With the aim of ensuring the smooth operation of the General Meeting of Shareholders, the Company states in its Articles of Incorporation that the adoption of a special resolution based on Article 309, paragraph 2 of the Companies Act shall require that at least one-third of the shareholders entitled to execute voting rights be present, and that an affirmative vote be cast by at least two-thirds of such shareholders present.

(2) Details of audit fee, etc.

1) Details of remuneration to independent auditors

Category	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	53	–	53	3
Consolidated subsidiaries	–	–	–	–
Total	53	–	53	3

V. Financial information

1. Preparation policy of the consolidated and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter the "Ordinance on Financial Statements, etc.").

The Company is qualified as a company submitting financial statements prepared in accordance with special provision and has prepared financial statements pursuant to the provisions of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit certification

In accordance with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements and the non-consolidated financial statements for the fiscal year ended March 31, 2015 were audited by Yasumori Audit Corporation.

3. Special efforts to ensure the appropriateness of consolidated financial statements, etc., and development of a system for fair preparation of consolidated financial statements, etc. in accordance with IFRS

The Company is making special efforts to ensure the appropriateness of consolidated financial statements, and developing a system for the appropriate preparation of consolidated financial statements, in accordance with IFRS. The content thereof is as follows:

(1) To develop a system for ensuring correct understanding of accounting standards, etc. and appropriate responses to any changes in accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation and attends seminars held by the foundation and audit corporations.

(2) For the adoption of IFRS, the Company keeps up with the latest accounting standards by obtaining press releases and standards published by the International Accounting Standards Board as needed. To prepare appropriate consolidated financial statements, etc. under IFRS, the Company has developed accounting policies of the Group in accordance with IFRS and performs accounting procedures based on these policies.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

1) Consolidated statement of financial position

(Millions of yen)

	Notes	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
Assets				
Current assets				
Cash and cash equivalents	6, 26	23,571	19,046	17,557
Trade and other receivables	7, 26	19,035	22,675	26,024
Other financial assets	8, 26	1,816	1,458	1,190
Inventories	9	15,515	17,629	21,073
Other current assets	10	2,028	2,135	4,599
Total current assets		61,967	62,945	70,445
Non-current assets				
Property, plant and equipment	11, 13, 29	47,928	61,056	75,467
Goodwill and intangible assets	12, 13, 29	2,184	2,705	3,748
Investments accounted for using the equity method	14	774	692	604
Other financial assets	8, 26	8,964	9,001	10,175
Deferred tax assets	15	2,560	2,211	2,638
Other non-current assets	10	544	581	740
Total non-current assets		62,956	76,250	93,374
Total assets		124,924	139,195	163,819

(Millions of yen)

	Notes	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	17, 26	12,315	14,900	15,103
Borrowings	16, 26	90	–	4,271
Income taxes payable	15	2,811	3,004	3,090
Other current liabilities	10	4,661	4,522	5,368
Total current liabilities		19,879	22,427	27,834
Non-current liabilities				
Borrowings	16, 26	–	–	12,139
Other financial liabilities	8, 26	99	26	26
Defined benefit liability	18	1,732	1,248	1,486
Provisions	19	41	41	36
Deferred tax liabilities	15	3,773	3,869	5,748
Other non-current liabilities	10	239	244	227
Total non-current liabilities		5,887	5,430	19,663
Total liabilities		25,766	27,857	47,498
Equity				
Issued capital	20	4,175	4,175	4,175
Share premium	20	4,566	4,916	–
Retained earnings	20	81,228	92,709	95,864
Treasury shares	20	(3,407)	(3,407)	(3,408)
Other components of equity		3,945	5,610	13,558
Total equity attributable to owners of parent		90,507	104,004	110,190
Non-controlling interests		8,650	7,332	6,131
Total equity		99,158	111,337	116,321
Total liabilities and equity		124,924	139,195	163,819

(Note) The accompanying notes are an integral part of these financial statements.

2) Consolidated statement of income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Sales revenue	4	145,433	154,395
Cost of sales		(119,391)	(131,084)
Gross profit		26,042	23,311
Selling, general and administrative expenses	21	(12,283)	(13,812)
Other income	22	996	567
Other expense	13, 22	(243)	(1,320)
Operating profit	4	14,512	8,746
Finance income	23	2,502	3,569
Finance costs	23	(42)	(47)
Share of profit (loss) in investments accounted for using the equity method	14	(101)	(163)
Profit before income taxes		16,871	12,104
Income tax expense	15	(3,858)	(4,061)
Profit		13,012	8,042
Profit attributable to			
Owners of parent		12,905	7,230
Non-controlling interests		107	811
Profit		13,012	8,042
Earnings per share			
(Attributable to owners of parent)			
Basic earnings per share (Yen)	25	257.13	144.07
Diluted earnings per share (Yen)	25	–	–

(Note) The accompanying notes are an integral part of these financial statements.

3) Consolidated statement of comprehensive income

(Millions of yen)

	Note	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Profit		13,012	8,042
Other comprehensive income			
Components that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	24	503	151
Total		503	151
Components that may be reclassified to profit or loss			
Changes in fair value of available-for-sale financial assets	24	34	622
Exchange differences of foreign operations	24	1,401	8,000
Share of other comprehensive income of associates accounted for using equity method	24	(14)	(7)
Total		1,421	8,615
Total other comprehensive income		1,924	8,766
Comprehensive income		14,937	16,809
Comprehensive income attributable to			
Owners of parent		15,053	15,351
Non-controlling interests		(116)	1,457
Comprehensive income		14,937	16,809

(Note) The accompanying notes are an integral part of these financial statements.

4) Consolidated statement of changes in equity

	Note	Equity attributable to owners of parent					
						Other components of equity	
		Issued capital	Share premium	Retained earnings	Treasury shares	Exchange differences of foreign operations	Changes in fair value of available-for-sale financial assets
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2013		4,175	4,566	81,228	(3,407)	–	3,945
Profit		–	–	12,905	–	–	–
Other comprehensive income		–	–	–	–	1,630	34
Total comprehensive income		–	–	12,905	–	1,630	34
Purchase of treasury shares	20	–	–	–	(0)	–	–
Dividends	20	–	–	(1,907)	–	–	–
Increase (decrease) through changes in interests		–	350	–	–	–	–
Transfer from other components of equity		–	–	483	–	–	–
Total transactions with the owners		–	350	(1,423)	(0)	–	–
Balance as of March 31, 2014		4,175	4,916	92,709	(3,407)	1,630	3,979
Profit		–	–	7,230	–	–	–
Other comprehensive income		–	–	–	–	7,330	617
Total comprehensive income		–	–	7,230	–	7,330	617
Purchase of treasury shares	20	–	–	–	(0)	–	–
Dividends	20	–	–	(2,007)	–	–	–
Increase (decrease) through changes in interests		–	(4,916)	(2,241)	–	–	–
Transfer from other components of equity		–	–	172	–	–	–
Total transactions with the owners		–	(4,916)	(4,076)	(0)	–	–
Balance as of March 31, 2015		4,175	–	95,864	(3,408)	8,960	4,597

		Equity attributable to owners of parent				
		Other components of equity				
	Note	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total equity
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2013		–	3,945	90,507	8,650	99,158
Profit		–	–	12,905	107	13,012
Other comprehensive income		483	2,148	2,148	(223)	1,924
Total comprehensive income		483	2,148	15,053	(116)	14,937
Purchase of treasury shares	20	–	–	(0)	–	(0)
Dividends	20	–	–	(1,907)	(540)	(2,448)
Increase (decrease) through changes in interests		–	–	350	(660)	(309)
Transfer from other components of equity		(483)	(483)	–	–	–
Total transactions with the owners		(483)	(483)	(1,556)	(1,201)	(2,757)
Balance as of March 31, 2014		–	5,610	104,004	7,332	111,337
Profit		–	–	7,230	811	8,042
Other comprehensive income		172	8,120	8,120	645	8,766
Total comprehensive income		172	8,120	15,351	1,457	16,809
Purchase of treasury shares	20	–	–	(0)	–	(0)
Dividends	20	–	–	(2,007)	(607)	(2,615)
Increase (decrease) through changes in interests		–	–	(7,158)	(2,051)	(9,209)
Transfer from other components of equity		(172)	(172)	–	–	–
Total transactions with the owners		(172)	(172)	(9,166)	(2,659)	(11,825)
Balance as of March 31, 2015		–	13,558	110,190	6,131	116,321

(Note) The accompanying notes are an integral part of these financial statements.

5) Consolidated statement of cash flows

(Millions of yen)

	Note	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from (used in) operating activities			
Profit before income taxes		16,871	12,104
Depreciation and amortization expense		7,956	10,307
Impairment loss		–	987
Finance income and finance costs		(980)	(554)
Share of loss (profit) in investments accounted for using the equity method		101	163
Loss (gain) on sales and retirement of non-current assets		(354)	153
(Increase) decrease in inventories		(1,812)	(2,341)
(Increase) decrease in trade and other receivables		(3,196)	(1,143)
Increase (decrease) in trade and other payables		1,738	(662)
Increase (decrease) in defined benefit liability		352	529
Other		(1,722)	(2,149)
Subtotal		18,954	17,394
Interest and dividend income received		622	463
Interest expenses paid		(30)	(28)
Income taxes paid		(5,538)	(4,827)
Income taxes refund and interest on refund received		1,522	–
Net cash flows from (used in) operating activities		15,530	13,002
Cash flows from (used in) investing activities			
Payments into time deposits		(2,878)	(2,049)
Proceeds from withdrawal of time deposits		2,566	2,330
Purchase of property, plant and equipment		(17,943)	(18,896)
Proceeds from sales of property, plant and equipment		511	346
Purchase of intangible assets		(1,191)	(1,685)
Proceeds from sales of intangible assets		399	0
Payments of loans receivable		(3,402)	(1,546)
Collection of loans receivable		4,039	1,812
Purchase of investments		(48)	(562)
Proceeds from sales of investments		323	–
Other		(40)	(56)
Net cash flows from (used in) investing activities		(17,665)	(20,308)
Cash flows from (used in) financing activities			
Net increase (decrease) in short-term borrowings		(98)	3,380
Proceeds from long-term borrowings		–	12,733
Payments for acquisition of interests in subsidiaries from non-controlling interests		(309)	(9,367)
Purchase of treasury shares		(0)	(0)
Cash dividends paid	20	(1,907)	(2,006)
Cash dividends paid to non-controlling shareholders		(540)	(633)
Net cash flows from (used in) financing activities		(2,856)	4,106
Net increase (decrease) in cash and cash equivalents		(4,991)	(3,199)
Cash and cash equivalents at beginning of period	6	23,571	19,046
Effect of exchange rate change on cash and cash equivalents		466	1,710
Cash and cash equivalents at end of period	6	19,046	17,557

(Note) The accompanying notes are an integral part of these financial statements.

[Notes to consolidated financial statements]

1. Reporting entity

F.C.C. CO., LTD. (hereinafter the “Company”) is a public company incorporated under the laws of Japan. The addresses of the registered headquarters and major business offices have been disclosed on the website (http://www.fcc-net.co.jp/). The Company’s consolidated financial statements were prepared with the end of the financial year on March 31, 2015 and consist of accounts of the Company and its subsidiaries as well as interests in its associates (hereinafter the “Group”).

The Group is principally engaged in the sales and manufacture of motorcycle and automobile clutches.

2. Basis of preparation

(1) Applicable accounting standards and first-time adoption

The consolidated financial statements of the Group have been prepared in accordance with IFRS as pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976), since all the requirements of a “Specified Company” set forth in Article 1-2 of this Ordinance have been fulfilled.

These consolidated financial statements were approved by the Board of Directors on June 23, 2015.

The Group first adopted IFRS for the fiscal year under review (from April 1, 2014 to March 31, 2015) and the consolidated annual financial statements for the fiscal year under review are the Group’s first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS is April 1, 2013. In the transition to IFRS, the Group applied IFRS 1 “First-time Adoption of International Financial Reporting Standards” (hereinafter “IFRS 1”).

The impact of the transition to IFRS on financial position, operating results and cash flows is provided in the note “31. First-time adoption.”

(2) Basis of measurement

As described in the note “3. Significant accounting policies,” the consolidated financial statements of the Group have been prepared on the basis of cost, except for certain financial instruments, etc. that are measured at fair value.

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company’s functional currency. All financial information presented is rounded down to the nearest million yen.

(4) Accounting standards and interpretations that have been published but not yet applied.

The following accounting standards and interpretations were newly established or amended by the approval date of the consolidated financial statements. The Group has not early applied these standards and interpretations.

The impact of application of these standards and interpretations is under consideration and cannot be estimated at this point.

IFRS		Mandatory effective date (fiscal year beginning on the date)	Timing of application by the Group	Overview of the new standard or amendment
IFRS 9	Financial instruments	January 1, 2018	Fiscal year ending March 31, 2019	Amendment concerning classification, measurement and recognition of financial instruments
IFRS 15	Revenue from contracts with customers	January 1, 2017	Fiscal year ending March 31, 2018	Amendment concerning accounting treatment for revenue recognition

IAS 16	Property, plant and equipment	January 1, 2016	Fiscal year ending March 31, 2017	Clarification of the permissible method for depreciation
IAS 19	Employee benefits	July 1, 2014	Fiscal year ending March 31, 2016	Clarification of accounting treatment for defined benefit plans with contributions from employees or third parties
IAS 38	Intangible assets	January 1, 2016	Fiscal year ending March 31, 2017	Clarification of the permissible method for amortization

(5) Significant accounting estimates and judgments

In preparing IFRS-compliant consolidated financial statements, the management makes judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Because actual results may differ from these estimates, such estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the accounting period in which the estimate is revised and future periods that are affected.

Of items for which the management made estimates and judgments, those that have significant effects on the amounts recognized in the consolidated financial statements are as follows:

Note 5. Business combinations
Note 13. Impairment loss
Note 15. Income taxes
Note 18. Employee benefits

3. Significant accounting policies

(1) Basis of consolidation

1) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group is deemed to control an entity when the Group has exposures or rights to variable returns arising from the Group's involvement in the investee and has an ability to affect those returns through power over the investee.

The acquisition date is the date when the Group obtained control, and the entity is consolidated from that date to the date when the Group loses the control.

If any accounting policies applied by a subsidiary differ from those applied by the Group, adjustments are made to the subsidiary's financial statements where needed.

The Group's balances of payables and receivables and transactions as well as unrealized gains or losses arising from intra-group transactions are offset in preparing the consolidated financial statements. Comprehensive income of subsidiaries is attributable to owners of the parent and non-controlling interests, even if the balance of non-controlling interests is negative.

Accounts of all subsidiaries that comprise the Group were reflected in the consolidated financial statements with March 31 as the reporting date.

2) Associates

Associates are entities over which the Group has significant influence in terms of financial and marketing policies but which the Group does not control or jointly control.

Investments in associates are recognized at cost at the time of acquisition and subsequently accounted for using equity method.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Considerations for acquisition are measured as the total of fair values of assets transferred and liabilities assumed in exchange for the control over the acquired entity and equity financial instruments on the acquisition date. If the consideration for acquisition exceeds fair values of identifiable assets and liabilities, the excess is recorded as goodwill in the consolidated statement of financial position. If the consideration for acquisition is less than those fair values, the shortfall is immediately recorded as revenue. Any change in ownership interests in subsidiaries that does not result in a loss of control is accounted for as equity transaction.

Adopting the exemption of IFRS 1, the Company has not applied IFRS 3 "Business combinations" retrospectively to business combinations that were conducted prior to April 1, 2013 (date of transition to IFRS). Goodwill arising from business combinations that were conducted prior to the date of transition to IFRS was recorded at the carrying amount after performing an impairment test of the amount recognized under the previous accounting standards (Japanese GAAP) that was taken over as of the transition date.

(3) Foreign currency translation

1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each entity in the Group using the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of each fiscal year are translated into the functional currencies using the exchange rates at that date.

Foreign exchange differences arising from the translation or settlement are recognized as profit or loss.

2) Financial statements of foreign operations

To prepare consolidated financial statements, assets and liabilities of the Group's foreign subsidiaries, etc. are translated into Japanese yen using exchange rates at the end of the fiscal year. Profit or loss items are translated using the average exchange rate during the fiscal period, unless exchange rates fluctuate significantly during that period. If there is any significant fluctuation in exchange rates, the exchange rate on the transaction date is used.

Exchange differences on translation are recognized as other comprehensive income in the consolidated statement of comprehensive income and cumulative translation differences are included in other components of equity in the consolidated statement of financial position.

Cumulative translation differences of a foreign operation are reclassified to profit or loss when the Group loses control and significant influence over the foreign operation.

Adopting the exemption of IFRS 1, the Company has transferred all the cumulative translation differences as of the date of transition to IFRS to retained earnings.

(4) Financial instruments

1) Financial assets

(i) Initial recognition and measurement

The Group recognizes financial assets when the Group becomes a relevant contracting party and classifies the financial assets into "financial assets at fair value through profit or loss," "held-to-maturity investments," "loans and receivables" or "available-for-sale financial assets." This classification is determined at initial recognition according to the nature and purpose for the acquisition.

Financial assets are measured at fair value at the time of initial recognition, and transaction costs that are directly attributable to the acquisition are added except for financial assets at fair value through profit or loss.

(a) Financial assets at fair value through profit or loss

When financial assets are designated as financial assets held for trading or at fair value through profit or loss, these financial assets are classified as "financial assets at fair value through profit or loss."

Financial assets classified as “financial assets at fair value through profit or loss” are measured at fair value and any related changes are recognized as profit or loss.

The Group holds no financial assets classified as “financial assets at fair value through profit or loss.”

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has clear intention and ability to hold to maturity are classified as “held-to-maturity investments.”

Held-to-maturity investments are measured by deducting impairment loss from amortized cost using the effective interest method, and interest income calculated using the effective interest method is recognized in profit or loss.

The Group holds no financial assets classified as “held-to-maturity investments.”

(c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments for which there is no quoted price in active markets are classified as “loans and receivables.”

Loans and receivables are measured by deducting impairment loss from amortized cost using the effective interest method, and interest income calculated using the effective interest method is recognized in profit or loss.

(d) Available-for-sale financial assets

Non-derivative financial assets that are designated as “available-for-sale financial assets” or not classified as any of “financial assets at fair value through profit or loss,” “held-to-maturity investments” and “loans and receivables” are classified as “available-for-sale financial assets.”

Available-for-sale financial assets are measured at fair value with changes in fair value recognized as other comprehensive income.

Dividend income on available-for-sale financial assets is recognized as profit or loss. When an available-for-sale financial asset is derecognized or impairment loss is recognized, cumulative gains or losses that were recorded as other comprehensive income are reclassified to profit or loss.

(ii) Impairment of financial assets

For financial assets other than “financial assets at fair value through profit or loss,” the Group considers in each period whether there is objective evidence of impairment. When objective evidence for a financial asset indicates that a loss event arose after the initial recognition and negative effects of the loss event on estimated future cash flows of the financial asset can be reasonably predicted, impairment loss is recognized.

Objective evidence indicating that a financial asset is impaired includes significant financial difficulties of the issuer or debtor, default or delinquency in interest or principal payments, and a higher probability of bankruptcy or financial reorganization of the debtor. For equity financial instruments classified as “available-for-sale financial assets,” in cases where the fair value falls below the cost significantly or over a long period of time, it is also deemed that there is objective evidence of impairment.

When there is objective evidence of impairment for “loans and receivables” or “held-to-maturity investments,” a difference between the carrying amount of the asset and the present value after discounting estimated future cash flows at the initial effective interest rate is recognized as impairment loss in profit or loss.

For loans and receivables, impairment loss is recognized using allowance for credit losses. When subsequently the receivables are considered uncollectible, the carrying amount is directly reduced by offsetting it with allowance for credit losses. If any event that reduces impairment loss occurs after recognition of impairment loss, reversal of impairment loss is recognized in profit or loss.

When there is objective evidence of impairment for “available-for-sale financial assets,” cumulative losses that were recognized as other components of equity are reclassified to profit or loss. If fair value of an equity financial instrument that was classified as “available-for-sale financial assets” recovers after impairment, the amount of recovery is fully recognized as other comprehensive income.

(iii) Derecognition of financial assets

If contractual rights to cash flows arising from a financial asset are extinguished, or if a financial asset is transferred and substantially all risks and economic rewards relating to ownership of the asset are transferred, the financial asset is derecognized.

2) Financial liabilities

Financial liabilities are initially measured at fair value after the deduction of transaction costs, and subsequently measured at amortized cost using the effective interest method.

When a financial liability is extinguished, that is, the debt is dismissed, cancelled or expired, the Group derecognizes the financial liability.

3) Derivatives

As a general rule, the Group does not conduct derivative transactions.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities or repayment terms of three months or less from the date of acquisition that are readily convertible to cash and subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are measured at cost, or if lower, at net realizable value. Net realizable value is calculated by deducting estimated costs and estimated costs to sell required up to the completion from the estimated selling price in the normal course of business. The cost is calculated principally based on the progressive average inventory method and includes material costs, labor costs and manufacturing expenses.

(7) Property, plant and equipment

The cost model is applied in measurement of property, plant and equipment. Property, plant and equipment are recorded at the value calculated as cost less any accumulated depreciation and any accumulated impairment loss.

The cost of property, plant and equipment includes cost directly incidental to the acquisition of assets, and the initial estimated costs of dismantling and removing the assets and restoration costs for the places where the assets were located. Depreciation of these assets is started when the assets become available for use.

Maintenance costs arising on a daily basis for property, plant and equipment are recognized in profit or loss when incurred.

Depreciation expense for assets except for land and construction in progress is recorded by the straight-line method over the following estimated useful lives.

Buildings and structures	5 to 31 years
Machinery, equipment and vehicles	3 to 9 years
Tools, furniture and fixtures	2 to 6 years

(8) Goodwill and intangible assets

1) Goodwill

Goodwill is recorded at the value calculated as cost less any accumulated impairment loss. Goodwill is not amortized. As a result of impairment test performed each fiscal year, impairment loss is recorded if necessary. Impairment loss of goodwill is recognized in the consolidated statement of income and not reversed subsequently.

2) Intangible assets

The cost model is applied in measurement of intangible assets. Intangible assets are recorded at the value calculated as cost less any accumulated amortization and any accumulated impairment loss.

(i) Properties for development

Expenditure incurred in development activities are capitalized only if it can be verified that all the following conditions are met:

- Technical practicability of completing the intangible asset so that the asset can be used or sold
- The entity’s intention to complete the intangible asset and then use or sell the asset
- Ability to use or sell the intangible asset
- Highly probable method for the intangible asset to generate future economic benefits
- Usability of appropriate technical, financial and other resources necessary to complete development of the intangible asset and then use or sell the asset
- Ability to reliably measure expenditure attributable to the intangible asset during the development period

The amount of initial recognition of properties for development is the total of expenses arising in the period from the date when an intangible asset meets all the above recognition requirements for the first time to the completion of development. Properties for development are amortized using the straight-line method over a period in which funds spent for the development are expected to be recovered. The amortization method and useful life are reviewed at the end of each fiscal year and revised as needed.

(ii) Other intangible assets

Other intangible assets mainly consist of software. Software is amortized using the straight-line method over its estimated useful life of five years from the time when it becomes usable. The amortization method and useful life are reviewed at the end of each fiscal year and revised as needed.

(9) Impairment

The Group assesses whether there is any indication of impairment at the end of each fiscal year for the carrying amounts of non-financial assets except for inventories and deferred tax assets. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount of goodwill is estimated at the same time in each fiscal period.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use or its fair value less costs to sell. In calculation of value in use, estimated future cash flows are discounted to the present value using the pretax discount rate that reflects time value of money and risks inherent to the asset. Assets that are not individually tested for impairment are integrated in the smallest cash-generating unit that generates cash inflow substantially independent of cash inflow of other assets or asset groups through continued use. Impairment loss is recognized in profit or loss when the carrying amount of the asset or cash-generating unit exceeds the estimated recoverable amount.

For previously recognized impairment loss, the Group assesses whether there is any indication of a decrease or disappearance of the loss at each end of fiscal year.

For assets or cash-generating units for which there is any indication of reversal of impairment loss, the recoverable amount is estimated, and the impairment loss is reversed if the recoverable amount exceeds the carrying amount. Reversal of impairment loss is recognized in profit or loss to the extent that the carrying amount assuming that impairment loss recognized for the asset in the past period had not existed is not exceeded. Impairment loss relating to goodwill is not reversed.

(10) Employment benefits

1) Defined benefit plans

For defined-benefit retirement benefit plans, the net amount of the present value of defined benefit obligations and the fair value of plan assets is recognized as liabilities or assets. The present value of defined benefit obligations and related service costs are, as a general rule, calculated using the projected unit credit method. The discount rate used to the present value of defined benefit obligations is, as a general rule, determined by reference to the market yield on high quality corporate bonds as of the end of the fiscal year.

The Group recognizes remeasurements arising from defined-benefit retirement benefit plans as other comprehensive income and immediately transfers the amounts to retained earnings.

2) Defined contribution plans

Expenses for defined-contribution retirement benefits are recognized as current expenses at the amount of contributions required.

3) Multi-employer plans

Multi-employer plans, for which the amount of plan assets corresponding to the entity's own contributions cannot be calculated reasonably, are accounted for in the same manner as defined contribution plans.

4) Short-term employee benefits

Short-term employee benefits are expensed when an employee renders the related service.

Bonus accrual and paid absences are recognized as liabilities when the Group has legal or constructive obligations to pay them and when a reliable estimate of the amount of obligations can be made.

(11) Provisions

When there are present legal or constructive obligations as a result of past events, it is highly probable that outflows of resources with economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations, provisions are recognized by estimating expenditure necessary to settle the present obligations taking into account uncertainties related to the obligations at the end of the fiscal year.

If the time value of money for provisions is significant, the provisions are measured at discounted present value.

(12) Revenue

The Group is principally engaged in the sales and manufacture of motorcycle and automobile clutches. Revenue from the sales of these goods is recognized when the significant risks and economic value incidental to ownership of the goods have been transferred to the buyer, the Group retains neither continuing involvement nor effective control over the goods, it is probable that the future economic benefits will flow to the Group, and such benefits and the corresponding cost can be measured reliably. Normally, revenue is recognized at the time of delivery of goods.

Revenue is measured at fair value of the consideration received or receivable net of discounts, rebates and consumption taxes, etc.

(13) Government grants

Government grants are measured at fair value and recognized when there is reasonable assurance that the Group will comply with the conditions attached to the grants and that the grants will be received. Grants for expenses incurred are recorded as revenue in the fiscal year during which the expenses occurred. Grants for the acquisition of an asset are recorded as other income regularly over the useful life of the asset, and unearned grant income is recorded as deferred income in liabilities.

(14) Finance income and finance costs

Finance income principally consists of interest income, dividend income, gains on sales of financial assets and foreign exchange gains.

Interest income is recognized using the effective interest method when the income arises. Dividend income is recognized when the Group's right to receive the income is established.

Finance costs principally consist of interest expense, losses on sales of financial assets and foreign exchange losses. Interest expense is recognized using the effective interest method when incurred.

(15) Income taxes

Income taxes consist of current taxes and deferred taxes. These taxes are recognized in profit or loss, except for those related to business combinations and items recognized directly in equity or other comprehensive income.

Current taxes are measured at the amount of expected tax payment to or expected tax refund from tax authorities. The amount of taxes is computed in accordance with tax rates and tax laws that are in effect or substantially in effect by the end of the fiscal year in countries where the Group conducts business activities and earns taxable profits or losses.

Deferred taxes are recognized for temporary differences between accounting carrying amounts of assets and liabilities and amounts of them for tax purposes, unused tax losses and unused tax credits.

Deferred tax assets are recognized for deductible temporary differences to the extent that it is highly probable that taxable profits will be available against which the deductible temporary differences could be utilized. Deferred tax liabilities are recognized for taxable temporary differences.

The carrying amount of deferred tax assets is reviewed in every period, and reduced by the amount of deferred tax assets for which taxable profit sufficient to use all or part of the deferred tax assets are unlikely to be earned. Unrecognized deferred tax assets are reassessed in every fiscal period and recognized to the extent that it is highly probable that deferred tax assets are realizable with future taxable profit.

Deferred tax assets and liabilities are not recorded for the following temporary differences:

- Temporary differences arising from initial recognition of goodwill
- Temporary differences arising from initial recognition of assets and liabilities which occur through transactions that affect neither accounting profit nor taxable profit for tax purposes, except for business combinations
- In cases where, for taxable temporary differences associated with investments in subsidiaries and associates, timing of reversal can be controlled and it is highly probable that such temporary differences are not reversed in a foreseeable period

Deferred tax assets and liabilities are measured in accordance with tax rates and tax laws expected to be applied in the period in which the assets are realized or the liabilities are settled based on tax rates and tax laws that are in effect or substantially in effect at the end of the fiscal year.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and they are related to income taxes levied by the same taxation authority on the same taxable entity.

(16) Earnings per share (attributable to owners of parent)

Basic earnings per share are calculated by dividing profit or loss for the year attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares issued during the period that is adjusted by the number of treasury shares. Diluted earnings per share are not calculated because there are no potential ordinary shares with dilutive effects.

(17) Shareholders' equity

1) Ordinary shares

Ordinary shares issued by the Company are recorded at the issuance value in issued capital and share premium.

2) Treasury shares

When treasury shares are acquired, the consideration paid is recognized as deduction from equity. When treasury shares are sold, the difference between the carrying amount and consideration at the time of the sale is recognized as share premium.

4. Segment information

(1) Overview of reportable segments

The Group's reportable segments are components of the Group for which discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors to make decisions about managerial resources to be allocated to the segments and assess their performances. In the Group, principally the Head of business operation of motorcycles business and the Head of business operation of automobiles business develop domestic and overseas comprehensive strategies and build businesses for the motorcycle clutches business and the automobile clutches business, respectively. Thus the Group has two reportable segments: "motorcycle clutches" and "automobile clutches." The motorcycle clutches segment manufactures clutches for motor cycles, scooters and ATVs and other products, while the automobile clutches segment manufactures clutches for manual and automatic transmission automobiles and other products.

(2) Revenue and performance for reportable segments

Fiscal year ended March 31, 2014

	Reportable segments				
	Motorcycle clutches	Automobile clutches	Total	Adjustments	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue					
External revenue	77,869	67,564	145,433	–	145,433
Intersegment revenue	–	–	–	–	–
Total	77,869	67,564	145,433	–	145,433
Depreciation and amortization expense	(3,797)	(4,159)	(7,956)	–	(7,956)
Other profit (loss)	(64,586)	(58,377)	(122,964)	–	(122,964)
Operating profit	9,485	5,026	14,512	–	14,512
Finance income					2,502
Finance costs					(42)
Share of profit (loss) in investments accounted for using the equity method					(101)
Profit before income taxes					16,871

Fiscal year ended March 31, 2015

	Reportable segments				
	Motorcycle clutches	Automobile clutches	Total	Adjustments	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue					
External revenue	82,961	71,434	154,395	–	154,395
Intersegment revenue	–	–	–	–	–
Total	82,961	71,434	154,395	–	154,395
Depreciation and amortization expense	(4,172)	(6,134)	(10,307)	–	(10,307)
Other profit (loss)	(69,631)	(65,710)	(135,342)	–	(135,342)
Operating profit	9,157	(411)	8,746	–	8,746
Finance income					3,569
Finance costs					(47)
Share of profit (loss) in investments accounted for using the equity method					(163)
Profit before income taxes					12,104

Note: Other profit (loss) for automobile clutches includes ¥987 million of impairment loss.

(3) Geographic information

The regional breakdown of revenue and non-current assets is as follows:

Revenue from external customers

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Japan	23,888	19,786
U.S.	45,826	54,039
Indonesia	23,057	22,253
India	15,345	18,683
Other	37,315	39,633
Total	145,433	154,395

Notes: 1. Revenue is classified by country based on the location of customers.

2. Major countries belonging to "Other" category are Thailand, China, Brazil and Vietnam.

Non-current assets

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Japan	18,454	18,777	20,380
U.S.	12,647	24,129	32,619
China	7,720	7,037	7,360
Other	11,835	14,295	19,388
Total	50,658	64,240	79,748

Notes: 1. Non-current assets are classified based on the location of assets and do not include financial assets, deferred tax assets and defined benefit assets.

2. Main countries belonging to "Other" category are Indonesia, Thailand, India and Vietnam.

(4) Information about major customers

Counterparties of which revenue accounts for 10% or more of revenue of the entire Group

	Related segment	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Honda Motor Co., Ltd. and its group	Motorcycle clutches	40,343	42,539
	Automobile clutches	49,349	42,600
Ford and its group	Automobile clutches	13,128	17,100

5. Business combinations

Fiscal year ended March 31, 2014

Not applicable

Fiscal year ended March 31, 2015

(1) Summary of business combinations

Due to the additional acquisition of 50% of shares in FCC RICO LTD. (currently FCC INDIA MANUFACTURING PRIVATE LTD.), a consolidated subsidiary of the Company, the Group has held 100% of shares in this company. The purpose of this acquisition is to strengthen the Group's business foundation in the Indian market as well as to further increase business efficiency and enhance and speed up the management system. At the end of the fiscal year under review, share premium and retained earnings decreased by ¥4,916 million and ¥2,268 million, respectively.

6. Cash and cash equivalents

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Cash and cash equivalents	23,571	19,046	17,557

Note: Cash and cash equivalents recorded in the consolidated statement of financial position are equal to cash and cash equivalents recorded in the consolidated statement of cash flows.

7. Trade and other receivables

Breakdown of trade and other receivables

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Notes and accounts receivable - trade	18,273	21,158	23,495
Accounts receivable - other	770	1,532	2,547
Allowance for credit losses	(8)	(15)	(17)
Total	19,035	22,675	26,024

Note: Information on management of credit risk and liquidity risk to "notes and accounts receivable – trade" is provided in the note "26. Financial instruments."

8. Other financial assets and other financial liabilities

Breakdown of other financial assets

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Other current financial assets			
Loans and receivables	1,816	1,458	1,190
Other non-current financial assets			
Loans and receivables	1,477	1,442	1,436
Allowance for credit losses	(45)	(41)	(54)
Available-for-sale financial assets	7,532	7,600	8,794
Total	8,964	9,001	10,175

Breakdown of other financial liabilities

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Other non-current financial liabilities			
Financial liabilities measured at amortized cost	99	26	26

9. Inventories

Breakdown of inventories

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Finished goods	2,076	2,549	3,734
Work in process	2,903	3,249	4,170
Raw materials and supplies	10,535	11,830	13,167
Total	15,515	17,629	21,073

The amounts of write-down of inventories recognized as expenses and inventories recognized as expenses

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Amount of write-down	552	835
Amount of inventories	119,311	131,018

10. Other assets and liabilities

Breakdown of other assets

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Other current assets			
Accrued income taxes	571	859	2,778
Prepaid expenses	478	542	1,206
Suspense payments	203	69	163
Other	774	663	451
Total	2,028	2,135	4,599
Other non-current assets			
Land use rights	497	455	506
Long-term prepaid expenses	46	22	26
Other	–	103	207
Total	544	581	740

Breakdown of other liabilities

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Other current liabilities			
Accruals	1,907	2,094	2,486
Accrued bonuses	1,427	1,536	1,613
Other	1,326	891	1,267
Total	4,661	4,522	5,368
Other non-current liabilities			
Deferred income	206	198	188
Other	33	45	39
Total	239	244	227

11. Property, plant and equipment

Changes in cost and accumulated depreciation and impairment loss of property, plant and equipment, and carrying amount thereof

(1) Cost

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2013	27,181	72,132	12,021	7,465	6,871	125,671
Acquisition	985	3,022	1,043	218	15,834	21,104
Disposal	(860)	(1,888)	(634)	(80)	(790)	(4,254)
Transfer of line items	829	9,139	197	–	(10,166)	–
Exchange differences on translation	647	2,216	166	(3)	442	3,469
Other	–	–	–	–	(394)	(394)
March 31, 2014	28,783	84,622	12,794	7,599	11,796	145,597
Acquisition	6,738	3,680	947	1	10,508	21,876
Disposal	(120)	(2,673)	(488)	(1)	(1,748)	(5,031)
Transfer of line items	222	10,844	897	–	(11,964)	–
Exchange differences on translation	1,979	8,300	761	194	1,761	12,997
Other	–	–	–	–	(379)	(379)
March 31, 2015	37,603	104,775	14,912	7,794	9,974	175,060

(2) Accumulated depreciation and impairment loss

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2013	13,690	53,805	10,247	–	–	77,742
Depreciation expense	1,054	5,219	1,012	–	–	7,286
Disposal	(522)	(1,779)	(504)	–	–	(2,807)
Exchange differences on translation	134	1,997	187	–	–	2,318
March 31, 2014	14,356	59,241	10,942	–	–	84,540
Depreciation expense	1,635	6,843	1,177	–	–	9,656
Impairment loss	–	–	–	987	–	987
Disposal	(81)	(2,406)	(489)	–	–	(2,976)
Exchange differences on translation	671	5,866	847	–	–	7,385
March 31, 2015	16,583	69,544	12,477	987	–	99,593

(3) Carrying amounts

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2013	13,491	18,327	1,774	7,465	6,871	47,928
Balance as of March 31, 2014	14,426	25,381	1,852	7,599	11,796	61,056
Balance as of March 31, 2015	21,019	35,230	2,435	6,806	9,974	75,467

Notes: 1. Depreciation expense of property, plant and equipment is recorded in "cost of sales" and "selling, general and administrative expenses" in the consolidated statement of income.

2. Information on commitments related to purchase of property, plant and equipment is provided in the note "29. Commitments."

12. Goodwill and intangible assets

Changes in cost and accumulated amortization and impairment loss of goodwill and intangible assets, and carrying amount thereof

(1) Cost

	Goodwill	Intangible assets		Total
		Software	Properties for development	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2013	756	501	2,519	3,777
Acquisition	–	711	–	711
Increase due to internal development	–	–	482	482
Disposal	–	–	(620)	(620)
Exchange differences on translation	–	0	–	0
Other	–	(2)	–	(2)
March 31, 2014	756	1,208	2,381	4,347
Acquisition	–	676	–	676
Increase due to internal development	–	–	1,011	1,011
Disposal	–	–	(625)	(625)
Exchange differences on translation	–	22	–	22
Other	–	(1)	–	(1)
March 31, 2015	756	1,906	2,767	5,431

(2) Accumulated amortization

	Goodwill	Intangible assets		Total
		Software	Properties for development	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2013	–	314	1,278	1,593
Amortization expense	–	51	618	670
Disposal	–	–	(620)	(620)
Exchange differences on translation	–	–	–	–
March 31, 2014	–	365	1,276	1,642
Amortization expense	–	61	589	651
Disposal	–	–	(625)	(625)
Exchange differences on translation	–	15	–	15
March 31, 2015	–	443	1,240	1,683

(3) Carrying amounts

	Goodwill	Intangible assets		Total
		Software	Properties for development	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2013	756	186	1,241	2,184
March 31, 2014	756	842	1,105	2,705
March 31, 2015	756	1,463	1,527	3,748

Notes: 1. Amortization expense of software is recorded in in "cost of sales" and "selling, general and administrative expenses" in the consolidated statement of income, while amortization expense of properties for development is recorded in "cost of sales."

2. Information on commitments related to purchase of intangible assets is provided in the note "29. Commitments."

13. Impairment loss

(1) Breakdown of assets for which impairment loss is recognized by type

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Land (Ryuyo Factory)	–	987
Total property, plant and equipment	–	987

Note: The impairment loss is included in "other expense" in the consolidated statement of income.

(2) Cash-generating unit

The Group groups assets based on the smallest unit of asset groups identifiable as a unit generating cash inflow that is substantially independent of cash inflow of other assets or asset groups, by company and type of business. Idle assets that are not expected to be used in the future are determined by individual asset unit.

(3) Impairment loss of assets to be sold and retired and idle assets

The Group has reorganized domestic business units to increase production efficiency and for risk management, in the wake of the Great East Japan Earthquake.

As a result, due to transfer of the major manufacturing process to other production bases, land for Ryuyo Factory was reduced to the recoverable amount and the amount of reduction was recorded as impairment loss (¥987 million) in other expense.

The recoverable amount was measured at fair value and assessed by deducting costs of disposal from the appraisal value of real estate.

14. Investments accounted for using the equity method

Summary of financial information aggregating accounts of associates accounted for using the equity method

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Total carrying amount	774	692	604

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Profit	(101)	(163)
Other comprehensive income	(14)	(7)
Comprehensive income	(116)	(171)

Note: There is no associate that has quoted market prices of its shares.

15. Income taxes

(1) Deferred tax assets and liabilities

Breakdown of and changes in deferred tax assets and deferred tax liabilities by major cause

Fiscal year ended March 31, 2014

	April 1, 2013	Recognized through profit or loss	Recognized in other comprehen-sive income	Recognized directly in equity	Other	March 31, 2014
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Deferred tax assets						
Inventories	506	69	–	–	13	589
Accrued bonuses	444	(11)	–	–	–	433
Accruals	203	21	–	–	7	232
Non-current assets	1,600	465	–	–	–	2,066
Defined benefit liability	399	(202)	(213)	–	28	11
Other	492	(39)	–	–	31	484
Total	3,647	302	(213)	–	81	3,817
Deferred tax liabilities						
Non-current assets	(2,525)	(255)	–	–	(330)	(3,111)
Available-for-sale financial assets	(2,241)	–	44	–	–	(2,197)
Other	(93)	(75)	–	–	1	(166)
Total	(4,860)	(330)	44	–	(328)	(5,475)

Fiscal year ended March 31, 2015

	April 1, 2014	Recognized through profit or loss	Recognized in other comprehen-sive income	Recognized directly in equity	Other	March 31, 2015
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Deferred tax assets						
Inventories	589	194	–	–	(13)	770
Accrued bonuses	433	(33)	–	–	–	400
Accruals	232	(18)	–	–	–	215
Non-current assets	2,066	355	–	–	9	2,431
Defined benefit liability	11	289	(60)	–	13	253
Other	484	(170)	–	–	67	380
Total	3,817	618	(60)	–	77	4,451
Deferred tax liabilities						
Non-current assets	(3,111)	(1,491)	–	–	(449)	(5,052)
Available-for-sale financial assets	(2,197)	–	55	–	–	(2,141)
Other	(166)	(178)	–	–	(22)	(368)
Total	(5,475)	(1,670)	55	–	(471)	(7,562)

The amounts of unused tax losses and deductible temporary differences for which deferred tax assets have not been recognized are as follows:

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Unused tax losses	–	22	1,348
Deductible temporary differences	256	303	574
Total	256	325	1,922

Expiration of unused tax losses for which deferred tax assets have not been recognized is as follows:

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
1st year	–	–	–
2nd year	–	–	–
3rd year	–	–	–
4th year	–	–	–
5th year and onward	–	22	1,348
Total	–	22	1,348

The total amount of taxable temporary differences associated with investments in subsidiaries, etc. for which deferred tax liabilities have not been recognized were ¥54,040 million as of the transition date, ¥55,697 as of March 31, 2014 and ¥56,979 million as of March 31, 2015. For these taxable differences, deferred tax liabilities have not been recognized since the Group may control timing of their reversal and there is high possibility that the temporary differences will not be reversed within a foreseeable period.

(2) Breakdown of income tax expense

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Current tax expense	3,830	3,009
Deferred tax expense	27	1,052
Total	3,858	4,061

Note: Current tax expense for the previous fiscal year includes refund of income taxes due to reassessment based on the agreement under the mutual agreement procedure regarding the transfer pricing taxation (¥1,340 million).

(3) Factors of differences between the effective statutory tax rate and the effective tax rate

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	%	%
Effective statutory tax rate	37.2	34.8
Non-deductible expenses in calculation of taxable profits	0.7	1.9
Unrecognized deferred tax assets	1.8	4.8
Tax credits	(2.1)	(2.0)
Difference from the applicable tax rate of overseas subsidiaries	(7.3)	(6.5)
Refund of income taxes	(7.4)	–
Other	0.0	0.6
Effective tax rate	22.9	33.6

Note: Adjustment of the amount of deferred tax assets and deferred tax liabilities due to a change of income tax rate

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015, and income tax rates, etc. are to be lowered from fiscal years beginning on or after April 1, 2015. In line with this, the effective statutory tax rate used for the calculation of deferred tax assets and liabilities was changed from the previously used rate at 34.83% to 32.34% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2015 and to 31.57% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2016.

Due to this change in the tax rate, the amount of deferred tax assets (the amount after deducting the amount of deferred tax liabilities) increased by ¥123 million, income tax expense increased by ¥65 million, and changes in fair value of available-for-sale financial assets increased by ¥188 million.

16. Borrowings

Breakdown of borrowings

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015	Average interest rate	Due
	Millions of yen	Millions of yen	Millions of yen	%	
Current					
Financial liabilities measured at amortized cost					
Current borrowings	90	–	3,604	0.80	–
Current portion of long-term borrowings	–	–	667	0.30	–
Total	90	–	4,271		
Non-current					
Financial liabilities measured at amortized cost					
Long-term borrowings	–	–	12,139	0.67	May 2016 to March 2019
Total	–	–	12,139		

Notes: 1. "Average interest rate" shows weighted average interest rate on the balance as of March 31, 2015.

2. "Due" shows the repayment due for the balance as of March 31, 2015.

3. For the breakdown of the balance of borrowings by due date, refer to the note "26. Financial instruments, (3) Financial risk management, 2) Liquidity risk management."

17. Trade and other payables

Breakdown of trade and other payables

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Notes and accounts payable - trade	8,479	9,567	11,138
Factoring payables	2,003	2,583	2,170
Accounts payable - other	1,832	2,749	1,794
Total	12,315	14,900	15,103

18. Employee benefits

To provide for retirement benefits of employees, the Group has adopted funded and unfunded defined benefit plans and defined contribution plans and has joined Nihon Jidosha Buhin Kogyo Kosei Nenkin Kikin, which is a multi-employer corporate pension fund.

(1) Defined benefit plans

Under defined benefit plans, a lump-sum benefit or pension is granted based on salaries and periods of service.

1) Amounts recognized in the consolidated statement of financial position

The year-end balances of defined benefit obligations and plan assets, and defined benefit liabilities and defined benefit assets recognized in consolidated statement of financial position

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Funded defined benefit obligations	6,539	6,921	7,515
Plan assets	(5,522)	(6,362)	(7,056)
Subtotal	1,016	558	459
Unfunded defined benefit obligations	715	586	819
Net amount of liabilities and assets recognized in consolidated statement of financial position	1,732	1,144	1,278
Defined benefit liability	1,732	1,248	1,486
Defined benefit asset	–	(103)	(207)
Net amount of liabilities and assets recognized in consolidated statement of financial position	1,732	1,144	1,278

Note: Defined benefit assets are included in “other non-current assets” in the consolidated statement of financial position.

2) Amounts recognized as retirement benefit expenses

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Retirement benefit expenses for defined benefit plans	754	703

3) Reconciliation of defined benefit obligations

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Defined benefit obligations at beginning of period	7,254	7,507
Service cost	721	663
Interest cost	104	123
Remeasurement	(271)	486
Past service cost	11	–
Retirement benefits paid	(275)	(478)
Exchange differences on translation	(37)	32
Defined benefit obligations at end of period	7,507	8,334

Note: The weighted average duration of defined benefit obligations was 13.8 years as of March 31, 2014 and 13.6 years as of March 31, 2015.

4) Reconciliation of plan assets

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Plan assets at beginning of period	5,522	6,362
Interest income	71	83
Remeasurement	441	535
Contributions by the employer	469	345
Retirement benefits paid	(141)	(290)
Exchange differences on translation	0	18
Plan assets at end of period	6,362	7,056

5) Composition of plan assets

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Debentures	2,467	2,663	3,378
Shares	2,122	2,720	1,934
Other	932	979	1,743
Total	5,522	6,362	7,056

6) Major actuarial assumptions

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	%	%	%
Discount rate (Japan)	1.1	1.2	0.8
Discount rate (Overseas)	3.3 to 8.3	4.7 to 9.0	4.0 to 9.0

7) Sensitivity analysis

The impact of 0.5% changes in the key actuarial assumption on defined benefit obligations is as follows:

	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen
0.5% increase in the discount rate	(486)	(516)
0.5% decrease in the discount rate	534	577

Note: The sensitivity analysis is calculated in a manner that keeps assumptions other than variable factors constant and does not take into account interdependencies between the assumptions.

(2) Defined contribution plans

Amounts recognized as expenses for defined contribution plans

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Amount recorded as expenses	104	178

(3) Multi-employer plan

To the multi-employer plan, the amount calculated by multiplying salaries in the period employees rendered services by a constant rate is contributed and contributions during the fiscal period are recognized as retirement benefit expenses in profit or loss.

The total amount of expenses recognized for the employees' pension fund that is a multi-employer plan, which is accounted for in the same manner as defined contribution plans, was ¥490 million in the previous fiscal year and ¥493 million in the fiscal year under review.

1) Latest funding position of multi-employer plan

	As of March 31, 2012	As of April 30, 2013	As of March 31, 2014
	Millions of yen	Millions of yen	Millions of yen
Plan assets	140,010	172,882	176,930
Total of actuarial obligations for the purpose of pension financing calculation and minimum liability reserve	164,426	188,621	189,167
Difference	(24,416)	(15,738)	(12,237)

2) Proportion of contributions by the Group to total contributions of the multi-employer plan

	As of March 31, 2012	As of April 30, 2013	As of March 31, 2014
	%	%	%
Proportion of contributions by the Group	4.6	6.1	5.9

19. Provisions

Breakdown of and changes in provisions

	Asset retirement obligations
	Millions of yen
April 1, 2013	41
Interest expense during the period in discounting	0
Decrease during the period (intended use)	–
Decrease during the period (reversal)	–
March 31, 2014	41
Interest expense during the period in discounting	0
Decrease during the period (intended use)	(5)
Decrease during the period (reversal)	–
March 31, 2015	36

Note: To prepare for removal of toxic substances related to buildings, the Group recognizes and measures the provision by estimating asset retirement obligations based on the period in which the building is expected to be used in light of useful lives of fixtures inside the building and other factors, taking into account the status of each property individually and specifically. The payment is made in a period after one year or more passed from the end of each fiscal year.

20. Equity and other equity items

(1) Equity and share premium

Breakdown of changes in number of shares authorized, number of shares issued, issued capital and share premium

	Number of shares authorized	Number of shares issued	Issued capital	Share premium
	Shares	Shares	Millions of yen	Millions of yen
As of April 1, 2013 (Transition date)	90,000,000	52,644,030	4,175	4,566
Change during the period	–	–	–	350
As of March 31, 2014	90,000,000	52,644,030	4,175	4,916
Change during the period (Note 2)	–	–	–	(4,916)
As of March 31, 2015	90,000,000	52,644,030	4,175	–

Notes: 1. All shares issued by the Company are ordinary shares with no rights limitations and without par value. Issued shares are fully paid up.

2. As a result of the acquisition of shares in FCC RICO LTD. (currently FCC INDIA MANUFACTURING PRIVATE LTD.), etc., share premium decreased by ¥4,916 million.

(2) Retained earnings

Retained earnings consist of earned reserve and unappropriated retained surplus. Retained earnings include the amount of remeasurements of defined benefit plans recognized in other comprehensive income when the amount arose and immediately transferred to retained earnings, and cumulative translation differences of foreign operations as of the date of transition to IFRS.

(3) Treasury shares

Changes in the number and the amount of treasury shares are as follows:

	Number of shares	Amount
	Shares	Millions of yen
As of April 1, 2013 (Transition date)	2,455,138	3,407
Change during the period	84	0
As of March 31, 2014	2,455,222	3,407
Change during the period	178	0
As of March 31, 2015	2,455,400	3,408

Note: Changes during the period are due to purchase of shares less than one unit.

(4) Dividends

• Amount of dividends paid

Fiscal year ended March 31, 2014

Resolution date	Total amount of dividends	Dividends per share	Record date	Effective date
	Millions of yen	Yen		
June 24, 2013 Annual General Meeting of Shareholders	903	18.00	March 31, 2013	June 25, 2013
October 28, 2013 Board of Directors meeting	1,003	20.00	September 30, 2013	November 26, 2013

Fiscal year ended March 31, 2015

Resolution date	Total amount of dividends	Dividends per share	Record date	Effective date
	Millions of yen	Yen		
June 24, 2014 Annual General Meeting of Shareholders	1,003	20.00	March 31, 2014	June 25, 2014
October 28, 2014 Board of Directors meeting	1,003	20.00	September 30, 2014	November 26, 2014

• Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Fiscal year ended March 31, 2014

Resolution date	Total amount of dividends	Dividends per share	Record date	Effective date
	Millions of yen	Yen		
June 24, 2014 Annual General Meeting of Shareholders	1,003	20.00	March 31, 2014	June 25, 2014

Fiscal year ended March 31, 2015

Resolution date	Total amount of dividends	Dividends per share	Record date	Effective date
	Millions of yen	Yen		
June 23, 2015 Annual General Meeting of Shareholders	1,003	20.00	March 31, 2015	June 24, 2015

21. Selling, general and administrative expenses

Breakdown of selling, general and administrative expenses

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Packing and shipping expenses	1,378	1,625
Personnel expenses	4,057	4,379
Depreciation and amortization expense	220	308
Research and development expense	2,685	2,151
Other	3,941	5,347
Total	12,283	13,812

22. Other income and expense

(1) Breakdown of other income

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Gain on sales of non-current assets	507	81
Subsidy income	9	3
Other	480	482
Total	996	567

(2) Breakdown of other expense

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Loss on sales and retirement of non-current assets	152	234
Impairment loss	–	987
Other	90	98
Total	243	1,320

Note: Refer to the note “13. Impairment loss” for impairment loss.

23. Finance income and finance costs

(1) Breakdown of finance income

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Interest income		
Cash and cash equivalents, loans and receivables	382	409
Dividend income		
Available-for-sale financial assets	164	192
Foreign exchange gains	1,480	2,967
Gain on sales		
Available-for-sale financial assets	294	–
Interest on refund of income taxes	181	–
Total	2,502	3,569

(2) Breakdown of finance costs

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Interest expense		
Borrowings	38	47
Other	3	0
Total	42	47

24. Other comprehensive income

Amount arising during year, reclassification adjustments to profit or loss and tax effects for each component of other comprehensive income

Fiscal year ended March 31, 2014

	Amount arising	Reclassifi-cation adjustments	Before tax effects	Tax effects	Net of tax effects
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Components that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	722	–	722	(218)	503
Subtotal	722	–	722	(218)	503
Components that may be reclassified to profit or loss					
Changes in fair value of available-for-sale financial assets	(10)	–	(10)	44	34
Exchange differences of foreign operations	1,401	–	1,401	–	1,401
Share of other comprehensive income of associates accounted for using equity method	(14)	–	(14)	–	(14)
Subtotal	1,377	–	1,377	44	1,421
Total	2,099	–	2,099	(174)	1,924

Fiscal year ended March 31, 2015

	Amount arising	Reclassifi-cation adjustments	Before tax effects	Tax effects	Net of tax effects
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Components that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	206	–	206	(55)	151
Subtotal	206	–	206	(55)	151
Components that may be reclassified to profit or loss					
Changes in fair value of available-for-sale financial assets	566	–	566	55	622
Exchange differences of foreign operations	8,000	–	8,000	–	8,000
Share of other comprehensive income of associates accounted for using equity method	(7)	–	(7)	–	(7)
Subtotal	8,559	–	8,559	55	8,615
Total	8,766	–	8,766	0	8,766

25. Earnings per share

Basis of calculating basic earnings per share attributable to ordinary equity holders

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Profit attributable to ordinary equity holders of parent (Millions of yen)	12,905	7,230
Weighted-average number of ordinary shares (Thousands of shares)	50,188	50,188
Basic earnings per share (Yen)	257.13	144.07

Note: Information on diluted net income per share is omitted due to an absence of potential shares.

26. Financial instruments

(1) Capital management

The Group's basic policy for capital risk management is to build and maintain the stable financial base in order to firmly maintain soundness and efficiency of the management and achieve sustainable growth. In line with this policy, the Group returns profits to shareholders through investments in effect, dividends and other means based on operating cash flows.

(2) Classification of financial assets and financial liabilities

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Financial assets			
Loans and receivables			
Trade and other receivables	19,035	22,675	26,024
Other financial assets	3,249	2,859	2,571
Available-for-sale financial assets			
Other financial assets	7,532	7,600	8,794
Cash and cash equivalents	23,571	19,046	17,557
Total financial assets	53,388	52,181	54,948
Financial liabilities			
Financial liabilities at amortized cost			
Trade and other payables	12,315	14,900	15,103
Borrowings	90	–	16,410
Other financial liabilities	99	26	26
Total financial liabilities	12,506	14,927	31,540

(3) Financial risk management

The Group is exposed to financial risks (credit risks, liquidity risks and market risks) in the course business activities. In order to avoid or mitigate these risks, the Group conducts risk management under certain policies. As its policy, the Group does not carry out derivative transactions in principle.

1) Credit risk management

Credit risks are risks that result in financial losses incurred by the Group when a customer becomes in default for contractual obligations.

Most clutch products manufactured and sold by the Group are for the automobile and motorcycle industries.

The certain customer group accounts for a large percentage of the Group's revenue. For the risks, the Group has a system where it manages due dates and outstanding balances for each business partner and periodically grasps information on the credit status of major business partners in accordance with its credit management regulations.

The carrying amount of financial assets after impairment loss presented in the consolidated financial statements is the maximum amount of exposure to credit risks to financial assets of the Group when the appraisal value of collateral obtained is not taken into account.

Age analysis of financial assets that were past due but not impaired as of the end of fiscal year

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Within one month past due	59	36	47
Over one month and within six months past due	32	105	126
Over six months and within one year past due	28	41	29
Over one year past due	3	7	77
Total	124	191	280

The Group examines recoverability of trade receivables, etc. according to the credit status of business partners and recognizes allowance for credit losses. Changes in allowance for credit losses are as follows:

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Balance at beginning of period	54	56
Increase during the period	11	17
Decrease during the period (intended use)	(0)	(1)
Decrease during the period (reversal)	(9)	(4)
Other changes	0	3
Balance at end of period	56	72

2) Liquidity risk management

Liquidity risks are risks of failure to make payments on the due date in situations when the Group is required to fulfill its repayment obligations for financial liabilities due. The Group manages liquidity risks by securing credit lines available at any time in financial institutions and continuously monitoring a cash flow plan and actual performance while raising appropriate funds for repayment.

Breakdown of the balances of financial liabilities by due date

As of April 1, 2013 (Transition date)

	Carrying amount	Contractual amount	Due within one year	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years	Due after five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Trade and other payables	12,315	12,315	12,315	–	–	–	–	–
Borrowings	90	93	93	–	–	–	–	–
Other financial liabilities	99	105	–	–	–	–	–	105
Total	12,506	12,513	12,408	–	–	–	–	105

As of March 31, 2014

	Carrying amount	Contractual amount	Due within one year	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years	Due after five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Trade and other payables	14,900	14,900	14,900	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Other financial liabilities	26	27	–	–	–	–	–	27
Total	14,927	14,928	14,900	–	–	–	–	27

As of March 31, 2015

	Carrying amount	Contractual amount	Due within one year	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years	Due after five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Trade and other payables	15,103	15,103	15,103	–	–	–	–	–
Borrowings	16,410	16,640	4,377	5,142	3,912	3,208	–	–
Other financial liabilities	26	27	–	–	–	–	–	27
Total	31,540	31,772	19,481	5,142	3,912	3,208	–	27

3) Market risk management

(i) Exchange risks

Because the Group has business operations on a global basis, it is exposed to risks that transactions denominated in currencies other than its functional currency may affect profit and loss and cash flows and risks that equity and profit or loss may be affected when equity and profit or loss denominated in currencies other than its functional currency are translated into the functional currency, both due to currency fluctuations. The Group strives to mitigate these risks due to currency fluctuations by monitoring currency fluctuations.

• Foreign exchange sensitivity

For financial instruments held by the Group as of the reporting date, the impact of a 1% depreciation of Japanese yen against US dollars and renminbi on profit before income taxes in the consolidated statement of income is as follows.

The effects of translation of financial instruments denominated in the functional currency, assets and liabilities and revenue and expenses of foreign operations into yen are not included. This analysis is based on the assumption that other variable factors are constant.

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
US dollar	107	142
RMB	48	48

(ii) Price fluctuation risks

Although the Group is exposed to risks of fluctuations in share prices, which arising from equity financial instruments (shares), these instruments are shares in companies with which the Group has business relationships and the Group grasps information on market prices of the shares quarterly.

• Sensitivity analysis on market prices

The impact of a 10% fluctuation in market prices of equity financial instruments held by the Group as of the end of fiscal year on other comprehensive income (before tax effects) was ¥695 million in the previous fiscal year and ¥810 million in the fiscal year under review.

This analysis is based on the assumption that other variable factors are constant.

(iii) Interest rate risks

Since borrowings are raised with fixed interest rates and interest rate risks are considered insignificant to the Group, the sensitive analysis of interest rates has not been performed.

(4) Fair value of financial instruments

1) Method of fair value measurement

Loans and receivables

The carrying amounts of loans and receivables approximate the fair values, since the period to maturity is short or there is no significant difference between the contracted interest rate and the rate assumed if a similar contract is newly executed.

Available-for-sale financial assets

The fair values of listed shares are measured based on market prices at the end of the fiscal year. The fair values of unlisted shares are measured by a reasonable method.

Cash and cash equivalents

The carrying amounts of cash and cash equivalents approximate the fair values, since the period to maturity is short.

Financial liabilities measured at amortized cost

The fair values of borrowings are measured by the discounted cash flow method using the interest rate for the case where funds are borrowed under the same conditions with the same remaining period. The carrying amounts of liabilities other than the above reasonably approximate the fair values since they are principally settled in a short period of time.

2) Fair value hierarchy

The fair value hierarchy of financial instruments is categorized as follows:

Level 1: Fair value measured at the quoted price in active markets

Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using the observable price

Level 3: Fair value that is determined using a valuation technique including unobservable inputs

When multiple inputs are used for fair value measurement, the level of the fair value is determined based on the lowest level of significant input in the entire measurement of the fair value.

Transfers between levels of the fair value hierarchy are recognized as if they had occurred at the beginning of each quarter.

3) Carrying amount and fair value of financial instruments

	As of April 1, 2013 (Transition date)		As of March 31, 2014		As of March 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Long-term borrowings (Note 1)	–	–	–	–	12,806	12,824

Notes: 1. Include current portion of long-term borrowings.
The fair value of long-term borrowings is in Level 2.
2. Financial instruments measured at fair value and financial instruments of which the fair value extremely approximates the carrying amount are not included in the above table.

4) Financial instruments measured at fair value on a recurring basis

Classification of financial instruments measured at fair value on a recurring basis based on the fair value hierarchy is as follows:

As of April 1, 2013 (Transition date)

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Financial assets				
Available-for-sale financial assets				
Listed shares	6,916	–	–	6,916
Unlisted shares	–	–	610	610
Other	–	–	4	4
Total	6,916	–	615	7,532

As of March 31, 2014

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Financial assets				
Available-for-sale financial assets				
Listed shares	6,955	–	–	6,955
Unlisted shares	–	–	640	640
Other	–	–	4	4
Total	6,955	–	645	7,600

As of March 31, 2015

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Financial assets				
Available-for-sale financial assets				
Listed shares	8,101	–	–	8,101
Unlisted shares	–	–	687	687
Other	–	–	4	4
Total	8,101	–	692	8,794

Note: No transfers between Level 1, Level 2 and Level 3 were made in one year ended March 31, 2014 and one year ended March 31, 2015.

Changes in financial instruments classified as Level 3 are as follows:

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Balance at beginning of period	615	645
Total gains and losses		
Other comprehensive income	29	47
Balance at end of period	645	692

Notes: 1. Gains and losses included in other comprehensive income relate to shares, etc. held as of the reporting date that were not traded at a market. These gains and losses are included in "changes in fair value of available-for-sale financial assets" and "exchange differences of foreign operations" in the consolidated statement of comprehensive income.

2. Financial assets classified as Level 3 mainly consist of unlisted shares. The fair values of unlisted shares are principally measured by valuation techniques based on net asset value, and results of the fair value measurement are approved by an appropriate authorized person.

27. Important subsidiaries

Status of important subsidiaries at the end of the fiscal year under review

Name	Location	Principal contents of business	Ratio of voting rights holding (%)
KYUSHU F.C.C. CO., LTD.	Japan	Motorcycle and automobile clutches	100
TENRYU SANGYO CO., LTD.	Japan	Motorcycle clutches	79.78
Tohoku Chemical Industries, Ltd.	Japan	Motorcycle clutches	100
FCC (North America), INC.	U.S.	Administration of subsidiaries in the U.S.	100
FCC (INDIANA), LLC.	U.S.	Automobile clutches	100 [100]
FCC (North Carolina), LLC.	U.S.	Motorcycle and automobile clutches	100 [100]
FCC Adams, LLC.	U.S.	Automobile clutches	100 [100]
FCC AUTOMOTIVE PARTS DE MEXICO, S.A. DE C.V.	Mexico	Automobile clutches	100 [1]
FCC (THAILAND) CO., LTD.	Thailand	Motorcycle and automobile clutches	58 [0.07]
FCC (PHILIPPINES) CORP.	Philippines	Motorcycle and automobile clutches	100
F.C.C. (China) Investment Co., Ltd.	China	Administration of subsidiaries in China	100
CHENGDU YONGHUA. F.C.C. CLUTCHES CO., LTD.	China	Motorcycle and automobile clutches	100 [71.43]
CHU’S F.C.C. CO., LTD. (SHANGHAI)	China	Motorcycle clutches	100
CHINA FCC FOSHAN CO., LTD.	China	Automobile clutches	91.9 [53.33]
FCC (TAIWAN) CO., LTD.	Taiwan	Motorcycle clutches	70 [15]
FCC INDIA MANUFACTURING PRIVATE LTD.	India	Motorcycle and automobile clutches	100 [50]
FCC CLUTCH INDIA PRIVATE LTD.	India	Motorcycle and automobile clutches	100
PT. FCC INDONESIA	Indonesia	Motorcycle and automobile clutches	100 [0.55]
FCC (VIETNAM) CO., LTD.	Vietnam	Motorcycle clutches	90
FCC DO BRASIL LTDA.	Brazil	Motorcycle clutches	100

Note: The figures in brackets in the “Ratio of voting rights holding” column are indirect holding ratio included in the figures outside the brackets.

28. Related parties

(1) Related party transactions

Fiscal year ended March 31, 2014

Type	Name	Description of relationship with the related party	Transaction amount	Unsettled amount
			Millions of yen	Millions of yen
Other affiliate	Honda Motor Co., Ltd.	Sale of the Company's products	16,372	1,825
		Purchase of raw materials and parts	2,858	305

Note: Related party transactions are conducted on the basis of arm's length transactions.

Fiscal year ended March 31, 2015

Type	Name	Description of relationship with the related party	Transaction amount	Unsettled amount
			Millions of yen	Millions of yen
Other affiliate	Honda Motor Co., Ltd.	Sale of the Company's products	12,585	1,247
		Purchase of raw materials and parts	2,196	241

Note: Related party transactions are conducted on the basis of arm's length transactions.

(2) Remuneration for key management personnel

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Millions of yen	Millions of yen
Remuneration and bonuses	362	285

Note: For the basic policy, etc. for remuneration of key management personnel, refer to "A. Company information, IV. Information about reporting company, 4. Explanation about corporate governance, etc., (1) Explanation about corporate governance, 5) Remuneration for officers."

29. Commitments

Breakdown of commitments related to expenditures at and after the end of the fiscal year

	As of April 1, 2013 (Transition date)	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen	Millions of yen
Property, plant and equipment and intangible assets	5,242	4,072	7,584

30. Subsequent events

Not applicable.

31. First-time adoption

The Group disclosed the consolidated financial statements under IFRS for the first time for the fiscal year under review. The most recent consolidated financial statements prepared in accordance with Japanese GAAP are those for the fiscal year ended March 31, 2014. The date of transition to IFRS is April 1, 2013.

Reconciliations that are required to be disclosed under the first-time adoption of IFRS are as follows:

Reconciliation of equity as of April 1, 2013 (the date of transition to IFRS)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Assets						Assets
Current assets						Current assets
Cash and deposits	24,198	(828)	202	23,571	(9)	Cash and cash equivalents
Notes and accounts receivable - trade	17,554	761	718	19,035	(1)	Trade and other receivables
	–	1,816	–	1,816	(9)	Other financial assets
Inventories	16,023	–	(508)	15,515		Inventories
Short-term loans receivable	988	(988)	–	–		
Deferred tax assets	1,327	(1,330)	2	–	(9)	
Other	2,843	(770)	(45)	2,028		Other current assets
Allowance for doubtful accounts	(8)	8	–	–		
Total current assets	62,927	(1,330)	370	61,967		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	47,299	–	629	47,928		Property, plant and equipment
Intangible assets	1,422	(497)	1,260	2,184	(2)	Goodwill and intangible assets
	–	774	–	774		Investments accounted for using the equity method
Investment securities	7,823	(7,823)	–	–		
Long-term loans receivable	532	(532)	0	–		
	–	8,486	478	8,964	(3), (9)	Other financial assets
Deferred tax assets	1,306	1,330	(75)	2,560	(5), (9)	Deferred tax assets
Other	992	(452)	4	544		Other non-current assets
Allowance for doubtful accounts	(45)	45	–	–		
Total non-current assets	59,330	1,330	2,296	62,956		Total non-current assets
Total assets	122,258	–	2,666	124,924		Total assets

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
						Liabilities and equity
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable - trade	8,590	3,835	(110)	12,315		Trade and other payables
Factoring payables	2,003	(2,003)	–	–		
Short-term loans payable	291	–	(200)	90		Borrowings
Income taxes payable	2,275	468	67	2,811	(9)	Income taxes payable
Provision for bonuses	1,382	(1,355)	(26)	–		
Other	4,817	(476)	319	4,661	(6)	Other current liabilities
Total current liabilities	19,360	468	50	19,879		Total current liabilities
Non-current liabilities						Non-current liabilities
	–	99	–	99	(9)	Other financial liabilities
Provision for retirement benefits	1,586	–	145	1,732	(4)	Defined benefit liability
	–	41	–	41	(9)	Provisions
Deferred tax liabilities	3,171	–	602	3,773	(5), (9)	Deferred tax liabilities
Other	648	(609)	201	239		Other non-current liabilities
Total non-current liabilities	5,405	(468)	949	5,887		Total non-current liabilities
Total liabilities	24,766	–	999	25,766		Total liabilities
Net assets						Equity
Capital stock	4,175	–	–	4,175		Issued capital
Capital surplus	4,566	–	–	4,566		Share premium
Retained earnings	85,657	–	(4,428)	81,228	(8)	Retained earnings
Treasury shares	(3,407)	–	–	(3,407)		Treasury shares
Total accumulated other comprehensive income	(1,638)	–	5,583	3,945	(7)	Other components of equity
				90,507		Total equity attributable to owners of parent
Minority interests	8,138	–	512	8,650		Non-controlling interests
Total net assets	97,491	–	1,666	99,158		Total equity
Total liabilities and net assets	122,258	–	2,666	124,924		Total liabilities and equity

Notes on reconciliation of equity

(1) Adjustments to trade and other receivables

Under Japanese GAAP, income for sale of goods was recognized at the time of shipping; however, under IFRS, such income is recognized at the time of delivery of goods to customers.

(2) Adjustments to intangible assets

Under Japanese GAAP, research and development expense was expensed in the consolidated statement of income; however, under IFRS, research and development expense that is expenditure in the development phase and meets capitalization requirements is capitalized.

(3) Adjustments to unlisted shares

Under Japanese GAAP, unlisted shares were measured based on the acquisition cost and impairment loss is recognized where necessary; however, under IFRS, unlisted shares are measured as available-for-sale financial assets based on the fair values.

(4) Adjustments to defined benefit liability

Under Japanese GAAP, for actuarial gains or losses arising from defined benefit plans, the amount was amortized by the declining-balance method over a period within the average remaining service period of eligible employees at the time of occurrence, beginning from the fiscal year of occurrence; however, under IFRS, such actuarial gains or losses, except for certain actuarial gains or losses, are recognized in other comprehensive income at the time of occurrence and immediately transferred to retained earnings.

(5) Adjustments to deferred tax assets and liabilities

Under Japanese GAAP, the tax rate for the seller was used to calculate tax effects due to elimination of unrealized profits and losses; however, under IFRS, the tax rate for the buyer is used to calculate such tax effects.

(6) Adjustments to unused paid absences

Unused paid vacations, which were not required under Japanese GAAP, are recognized in liabilities under IFRS and the adjustments are made to retained earnings.

(7) Adjustments to other components of equity

The Company applied the exemption on first-time adoption of IFRS and transferred all of cumulative translation differences of foreign subsidiaries to retained earnings on April 1, 2013, the date of transition to IFRS.

(8) Adjustments to retained earnings

		As of April 1, 2013 (Transition date)
		Millions of yen
A	Adjustments to trade and other receivables [refer to (1)]	718
B	Adjustments to intangible assets [refer to (2)]	1,260
C	Adjustments to defined benefit liability [refer to (4)]	(133)
D	Adjustments to deferred tax assets and liabilities [refer to (5)]	(342)
E	Adjustments to unused paid absences [refer to (6)]	(310)
F	Adjustments to other components of equity [refer to (7)]	(4,625)
G	Other	(660)
H	Tax effects of adjustment entries	(336)
I	Total adjustments to retained earnings	(4,428)

(9) Reclassification

In addition to the above, the Group makes reclassifications to comply with provisions of IFRS. The major reclassifications are as follows:

- Time deposits with the deposit term of over three months, which were included in “cash and deposits” under Japanese GAAP, are included in “other current financial assets” under IFRS.
- Financial assets and financial liabilities are presented separately in accordance with IFRS.
- All current portions of “deferred tax assets” and “deferred tax liabilities” are reclassified to non-current portions.
- “Provisions” are reclassified based on the definitions and requirements under IFRS.
- In accordance with the provision for presentation of IFRS, part of liabilities related to uncertain tax position of overseas subsidiaries, which was recorded as “other” in non-current liabilities under Japanese GAAP, has been reclassified to “income taxes payable.”

Reconciliation of equity as of March 31, 2014 (the date of latest consolidated financial statements under Japanese GAAP)

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Assets						Assets
Current assets						Current assets
Cash and deposits	21,280	(1,133)	(1,101)	19,046	(11)	Cash and cash equivalents
Notes and accounts receivable - trade	20,979	1,516	179	22,675	(1)	Trade and other receivables
	–	1,458	–	1,458	(11)	Other financial assets
Inventories	17,864	–	(234)	17,629		Inventories
Short-term loans receivable	324	(324)	–	–		
Deferred tax assets	1,236	(1,257)	21	–		
Other	3,550	(1,532)	117	2,135		Other current assets
Allowance for doubtful accounts	(15)	15	–	–		
Total current assets	65,220	(1,257)	(1,017)	62,945		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	60,416	–	640	61,056		Property, plant and equipment
Intangible assets	1,802	(455)	1,358	2,705	(2), (4)	Goodwill and intangible assets
	–	692	–	692		Investments accounted for using the equity method
Investment securities	7,780	(7,780)	–	–		
Long-term loans receivable	541	(541)	(0)	–		
Defined benefit asset	108	(108)	–	–		
	–	8,493	508	9,001	(3), (11)	Other financial assets
Deferred tax assets	1,157	1,257	(204)	2,211	(6), (11)	Deferred tax assets
Other	921	(340)	0	581		Other non-current assets
Allowance for doubtful accounts	(41)	41	–	–		
Total non-current assets	72,688	1,257	2,303	76,250		Total non-current assets
Total assets	137,909	–	1,286	139,195		Total assets

Accounts under Japanese GAAP	Japanese GAAP	Reclassifi-cation	Differences in recog-nition and measure-ment	IFRS	Notes	Accounts under IFRS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
						Liabilities and equity
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable - trade	9,531	5,333	36	14,900		Trade and other payables
Factoring payables	2,583	(2,583)	–	–		
Income taxes payable	2,400	605	(1)	3,004	(11)	Income taxes payable
Provision for bonuses	1,582	(1,536)	(45)	–		
Other	5,347	(1,212)	387	4,522	(7)	Other current liabilities
Total current liabilities	21,444	605	376	22,427		Total current liabilities
Non-current liabilities						Non-current liabilities
	–	26	–	26	(11)	Other financial liabilities
Defined benefit liability	1,229	–	19	1,248	(5)	Defined benefit liability
	–	41	–	41	(11)	Provisions
Deferred tax liabilities	3,416	–	453	3,869	(6), (11)	Deferred tax liabilities
Other	720	(673)	197	244		Other non-current liabilities
Total non-current liabilities	5,365	(605)	670	5,430		Total non-current liabilities
Total liabilities	26,810	–	1,047	27,857		Total liabilities
Net assets						Equity
Capital stock	4,175	–	–	4,175		Issued capital
Capital surplus	4,566	–	350	4,916	(8)	Share premium
Retained earnings	96,898	–	(4,189)	92,709	(10)	Retained earnings
Treasury shares	(3,407)	–	–	(3,407)		Treasury shares
Total accumulated other comprehensive income	1,950	–	3,659	5,610	(9)	Other components of equity
				104,004		Total equity attributable to owners of parent
Minority interests	6,915	–	417	7,332		Non-controlling interests
Total net assets	111,099	–	238	111,337		Total equity
Total liabilities and net assets	137,909	–	1,286	139,195		Total liabilities and equity

Notes on reconciliation of equity

(1) Adjustments to trade and other receivables

Under Japanese GAAP, income for sale of goods was recognized at the time of shipping; however, under IFRS, such income is recognized at the time of delivery of goods to customers.

(2) Adjustments to intangible assets

Under Japanese GAAP, research and development expense was expensed in the consolidated statement of income; however, under IFRS, research and development expense that is expenditure in the development phase and meets capitalization requirements is capitalized.

(3) Adjustments to unlisted shares

Under Japanese GAAP, unlisted shares were measured based on the acquisition cost and impairment loss is recognized where necessary; however, under IFRS, unlisted shares are measured as available-for-sale financial assets at fair value.

(4) Adjustments to goodwill

Under Japanese GAAP, goodwill was regularly amortized over a certain period; however, under IFRS, goodwill is not amortized and impairment test of goodwill is required. Consequently, ¥275 million of amortization of goodwill, which was expensed under Japanese GAAP, has been reversed under IFRS.

(5) Adjustments to defined benefit liability (asset)

Under Japanese GAAP, for actuarial gains or losses arising from defined benefit plans, the amount was amortized by the declining-balance method over a period within the average remaining service period of eligible employees at the time of occurrence, beginning from the fiscal year of occurrence; however, under IFRS, such actuarial gains or losses, except for certain actuarial gains or losses, are recognized in other comprehensive income at the time of occurrence and immediately transferred to retained earnings.

(6) Adjustments to deferred tax assets and liabilities

Under Japanese GAAP, the tax rate for the seller was used to calculate tax effects due to elimination of unrealized profits and losses; however, under IFRS, the tax rate for the buyer is used to calculate such tax effects.

(7) Adjustments to unused paid absences

Unused paid absences, which were not required under Japanese GAAP, are recognized in liabilities under IFRS and the adjustments are made to retained earnings.

(8) Adjustments to negative goodwill

Under Japanese GAAP, negative goodwill arose as a result of additional acquisition of shares in a consolidated subsidiary that was controlled by the Group even before the acquisition, and was recognized as extraordinary income; however, under IFRS, such an acquisition is treated as an equity transaction and recognized as an increase in share premium.

(9) Adjustments to other components of equity

The Company applied the exemption on first-time adoption of IFRS and transferred all of cumulative translation differences of foreign subsidiaries to retained earnings on April 1, 2013, the date of transition.

(10) Adjustments to retained earnings

		As of March 31, 2014
		Millions of yen
A	Adjustments to trade and other receivables [refer to (1)]	179
B	Adjustments to goodwill and intangible assets [refer to (2) and (4)]	1,358
C	Adjustments to defined benefit liability (asset) [refer to (5)]	350
D	Adjustments to deferred tax assets and liabilities [refer to (6)]	(314)
E	Adjustments to unused paid absences [refer to (7)]	(314)
F	Adjustments to negative goodwill [refer to (8)]	(350)
G	Adjustments to other components of equity [refer to (9)]	(4,625)
H	Other	(130)
I	Tax effects of adjustment entries	(343)
J	Total adjustments to retained earnings	(4,189)

(11) Reclassification

In addition to the above, the Company makes reclassifications to comply with provisions of IFRS. The major reclassifications are as follows:

- Time deposits with the deposit term of over three months, which were included in "cash and deposits" under Japanese GAAP, are included in "other current financial assets" under IFRS.
- Financial assets and financial liabilities are presented separately in accordance with IFRS.
- All current portions of "deferred tax assets" and "deferred tax liabilities" are reclassified to non-current portions.
- "Provisions" are reclassified based on the definitions and requirements under IFRS.
- Part of liabilities related to uncertain tax position of overseas subsidiaries, which was recorded as "other" in non-current liabilities under Japanese GAAP, has been reclassified to "income taxes payable."

Reconciliation of profit or loss and comprehensive income for the fiscal year ended March 31, 2014 (the latest fiscal year of consolidated financial statements prepared under Japanese GAAP)

(1) Reconciliation of profit or loss

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Net sales	144,890	–	543	145,433	(1)	Revenue
Cost of sales	(118,277)	–	(1,114)	(119,391)	(3), (5)	Cost of sales
Gross profit	26,613	–	(570)	26,042		Gross profit
Selling, general and administrative expenses	(12,973)	–	689	(12,283)	(3), (4) (5), (6)	Selling, general and administrative expenses
	–	1,339	(343)	996	(6)	Other income
	–	(243)	–	(243)	(6)	Other expense
Operating income	13,639	1,096	(223)	14,512		Operating profit
Non-operating income	2,720	(2,497)	(223)	–	(6)	
Non-operating expenses	(245)	230	14	–	(6)	
Ordinary income	16,115	(15,883)	(232)	–	(6)	
Extraordinary income	1,333	(1,343)	9	–	(6)	
Extraordinary losses	(186)	152	33	–	(6)	
	–	2,500	2	2,502	(6)	Finance income
	–	(38)	(3)	(42)	(6)	Finance costs
	–	(101)	–	(101)		Share of profit (loss) in investments accounted for using the equity method
Income before income taxes and minority interests	17,263	–	(391)	16,871		Profit before income taxes
Income taxes	(3,996)	–	138	(3,858)		Income tax expense
Income before minority interests	13,266	–	(253)	13,012		Profit
Net income	13,148	–	(243)	12,905		Profit attributable to owners of parent
Minority interests in income	117	–	(9)	107		Profit attributable to non-controlling interests

(2) Reconciliation of comprehensive income

Accounts under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Income before minority interests	13,266	–	(253)	13,012		Profit
						Other comprehensive income
						Components that will not be reclassified to profit or loss
	–	–	503	503	(2)	Remeasurements of defined benefit plans
						Components that may be reclassified to profit or loss
Valuation difference on available-for-sale securities	13	–	20	34		Changes in fair value of available-for-sale financial assets
Foreign currency translation adjustment	3,003	–	(1,602)	1,401		Exchange differences of foreign operations
Share of other comprehensive income of entities accounted for using equity method	(14)	–	–	(14)		Share of other comprehensive income of associates accounted for using equity method
Total other comprehensive income	3,002	–	(1,078)	1,924		Total other comprehensive income
Comprehensive income	16,269	–	(1,331)	14,937		Comprehensive income
Comprehensive income attributable to owners of parent	16,308	–	(1,254)	15,053		Comprehensive income attributable to owners of parent
Comprehensive income attributable to minority interests	(39)	–	(76)	(116)		Comprehensive income attributable to non-controlling interests

Notes on reconciliation of profit or loss and comprehensive income

(1) Adjustments to revenue

Under Japanese GAAP, income for sale of goods was recognized at the time of shipping; however, under IFRS, such income is recognized at the time of delivery of goods to customers.

(2) Adjustments to remeasurements of defined benefit plans

Under Japanese GAAP, for actuarial gains or losses arising from defined benefit plans, the amount divided proportionally by a period equal to or less than the average remaining service period of eligible employees at the time of occurrence, using the declining-balance method was amortized; however, under IFRS, such actuarial gains or losses, except for certain actuarial gains or losses, are recognized in other comprehensive income at the time of occurrence.

(3) Adjustments to intangible assets

Certain development expense that was expensed under Japanese GAAP is capitalized under IFRS. As a result, “cost of sales” increased by ¥618 million, and “research and development expense” included in selling, general and administrative expenses decreased by ¥482 million.

(4) Adjustments to goodwill

Under Japanese GAAP, goodwill is amortized; however, goodwill is not amortized under IFRS, and consequently, “selling, general and administrative expense” decreased by ¥275 million.

(5) Adjustments to unused paid absences

Unused paid absences, which were not accounted for under Japanese GAAP, are recognized in “cost of sales” and “selling, general and administrative expenses” under IFRS.

(6) Reclassification

Items that were presented “non-operating income,” “non-operating expenses,” “extraordinary income” and “extraordinary losses” under Japanese GAAP are presented in “finance income” or “finance costs” for finance related items and “selling, general and administrative expenses,” and “other income” and “other expense” for other items.

Reconciliation of cash flows for the fiscal year ended March 31, 2014 (the latest fiscal year of consolidated financial statements prepared under Japanese GAAP)

Under Japanese GAAP, expenditures related to development expense were classified as cash flows from operating activities; however, under IFRS, expenditures related to capitalized development expense are classified as cash flows from investment activities. Consequently, cash flows from investing activities decreased by ¥482 million, while cash flows from operating activities increased by the same amount.

Opinion of independent auditors

Auditors: Yasumori Audit Corporation
Opinion: unqualified

2. Non-consolidated financial statements, etc.

(1) Non-consolidated financial statements

1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	3,940	1,692
Notes receivable - trade	55	31
Electronically recorded monetary claims - operating	59	86
Accounts receivable - trade	8,418	7,998
Merchandise and finished goods	786	731
Work in process	1,033	1,759
Raw materials and supplies	3,064	2,520
Prepaid expenses	50	59
Deferred tax assets	707	619
Short-term loans receivable from subsidiaries and associates	9,577	14,517
Other	2,876	2,941
Total current assets	30,571	32,959
Non-current assets		
Property, plant and equipment		
Buildings	3,962	3,860
Structures	435	402
Machinery and equipment	3,748	3,922
Vehicles	25	30
Tools, furniture and fixtures	443	685
Land	5,327	4,340
Construction in progress	576	1,859
Total property, plant and equipment	14,519	15,101
Intangible assets		
Software	111	115
Software in progress	653	1,269
Other	5	5
Total intangible assets	769	1,390
Investments and other assets		
Investment securities	498	1,084
Shares of subsidiaries and associates	21,625	24,395
Bonds of subsidiaries and associates	–	5,846
Investments in capital	4	4
Investments in capital of subsidiaries and associates	5,587	5,587
Long-term loans to employees	158	143
Long-term loans receivable from subsidiaries and associates	766	6,554
Long-term prepaid expenses	9	–
Other	697	707
Allowance for doubtful accounts	(33)	(46)
Total investments and other assets	29,314	44,278
Total non-current assets	44,603	60,770
Total assets	75,174	93,730

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes payable - trade	864	529
Accounts payable - trade	3,680	2,959
Factoring liabilities	2,496	2,116
Short-term loans payable	–	1,868
Accounts payable - other	733	644
Accrued expenses	322	342
Income taxes payable	1,210	1,291
Advances received	2	–
Deposits received	46	44
Provision for bonuses	1,149	1,157
Other	0	0
Total current liabilities	10,506	10,954
Non-current liabilities		
Long-term loans payable	–	12,139
Deferred tax liabilities	1,908	1,740
Provision for retirement benefits	530	474
Asset retirement obligations	37	32
Other	27	27
Total non-current liabilities	2,503	14,412
Total liabilities	13,009	25,367
Net assets		
Shareholders' equity		
Capital stock	4,175	4,175
Capital surplus		
Legal capital surplus	4,555	4,555
Other capital surplus	10	10
Total capital surpluses	4,566	4,566
Retained earnings		
Legal retained earnings	1,043	1,043
Other retained earnings		
Reserve for dividends	1,600	1,600
Reserve for advanced depreciation of non-current assets	903	948
General reserve	38,500	43,500
Retained earnings brought forward	11,306	11,928
Total retained earnings	53,354	59,021
Treasury shares	(3,407)	(3,408)
Total shareholders' equity	58,688	64,355
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,476	4,007
Total valuation and translation adjustments	3,476	4,007
Total net assets	62,164	68,362
Total liabilities and net assets	75,174	93,730

2) Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	45,485	42,560
Cost of sales		
Beginning finished goods	809	786
Cost of products manufactured	31,292	29,808
Purchase of finished goods	2,225	1,601
Total	34,327	32,196
Ending finished goods	786	731
Cost of finished goods sold	33,540	31,465
Gross profit	11,944	11,095
Selling, general and administrative expenses		
Packing and delivery expenses	739	805
Salaries and allowances	1,600	1,629
Provision for bonuses	237	242
Retirement benefit expenses	189	205
Depreciation	40	42
Research and development expenses	3,168	3,163
Other	1,669	1,936
Total selling, general and administrative expenses	7,646	8,024
Operating income	4,298	3,070
Non-operating income		
Interest income	157	250
Interest on capital receivable	137	130
Interest on securities	–	209
Dividend income	1,907	3,299
Rental income	1	7
Commissions on equipment sales	1,483	945
Foreign exchange gains	817	3,100
Technical advisory fee	202	412
Other	68	58
Total non-operating income	4,776	8,414
Non-operating expenses		
Interest expenses	–	26
Rent expenses	0	1
Other	0	0
Total non-operating expenses	0	28
Ordinary income	9,074	11,455
Extraordinary income		
Gain on sales of non-current assets	93	0
Gain on sales of investment securities	294	–
Transfer pricing taxation adjustment	3,001	–
Interest on refund of income taxes and other	181	–
Total extraordinary income	3,571	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	42	154
Impairment loss	–	987
Total extraordinary losses	42	1,141
Income before income taxes	12,603	10,314
Income taxes - current	2,887	2,793
Refund of income taxes	(855)	–
Income taxes - deferred	3	(101)
Total income taxes	2,034	2,692
Net income	10,568	7,622

3) Non-consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	4,175	4,555	10	4,566	1,043	1,600	904	36,500	4,644	44,692
Cumulative effects of changes in accounting policies										–
Restated balance	4,175	4,555	10	4,566	1,043	1,600	904	36,500	4,644	44,692
Changes of items during period										
Reversal of reserve for advanced depreciation of non-current assets							(0)		0	–
Provision of reserve for advanced depreciation of non-current assets										–
Provision of general reserve								2,000	(2,000)	–
Dividends of surplus									(1,907)	(1,907)
Net income									10,568	10,568
Purchase of treasury shares										
Net changes of items other than shareholders' equity										
Total changes of items during period	–	–	–	–	–	–	(0)	2,000	6,661	8,661
Balance at end of current period	4,175	4,555	10	4,566	1,043	1,600	903	38,500	11,306	53,354

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(3,407)	50,027	3,476	3,476	53,503
Cumulative effects of changes in accounting policies		–			–
Restated balance	(3,407)	50,027	3,476	3,476	53,503
Changes of items during period					
Reversal of reserve for advanced depreciation of non-current assets		–			–
Provision of reserve for advanced depreciation of non-current assets		–			–
Provision of general reserve		–			–
Dividends of surplus		(1,907)			(1,907)
Net income		10,568			10,568
Purchase of treasury shares	(0)	(0)			(0)
Net changes of items other than shareholders' equity			(0)	(0)	(0)
Total changes of items during period	(0)	8,660	(0)	(0)	8,660
Balance at end of current period	(3,407)	58,688	3,476	3,476	62,164

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	4,175	4,555	10	4,566	1,043	1,600	903	38,500	11,306	53,354
Cumulative effects of changes in accounting policies									52	52
Restated balance	4,175	4,555	10	4,566	1,043	1,600	903	38,500	11,358	53,406
Changes of items during period										
Reversal of reserve for advanced depreciation of non-current assets							(0)		0	–
Provision of reserve for advanced depreciation of non-current assets							45		(45)	–
Provision of general reserve								5,000	(5,000)	–
Dividends of surplus									(2,007)	(2,007)
Net income									7,622	7,622
Purchase of treasury shares										
Net changes of items other than shareholders' equity										
Total changes of items during period	–	–	–	–	–	–	44	5,000	570	5,614
Balance at end of current period	4,175	4,555	10	4,566	1,043	1,600	948	43,500	11,928	59,021

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(3,407)	58,688	3,476	3,476	62,164
Cumulative effects of changes in accounting policies		52			52
Restated balance	(3,407)	58,740	3,476	3,476	62,216
Changes of items during period					
Reversal of reserve for advanced depreciation of non-current assets		–			–
Provision of reserve for advanced depreciation of non-current assets		–			–
Provision of general reserve		–			–
Dividends of surplus		(2,007)			(2,007)
Net income		7,622			7,622
Purchase of treasury shares	(0)	(0)			(0)
Net changes of items other than shareholders' equity			531	531	531
Total changes of items during period	(0)	5,614	531	531	6,146
Balance at end of current period	(3,408)	64,355	4,007	4,007	68,362

[Notes to non-consolidated financial statements]

Significant accounting policies

1. Valuation basis and methods for assets

(1) Valuation basis and methods for securities

Shares of subsidiaries and associates

Stated at cost determined by the weighted-average method

Available-for-sale securities (securities classified as other securities under Japanese GAAP)

Securities with readily determinable fair value

Stated at fair value based on market price and others as of the fiscal year-end date (unrealized gains and losses, net of applicable taxes, are recognized in a separate component of net assets, and costs of securities sold are determined by the weighted-average method).

Securities without readily determinable fair value

Stated at cost determined by the weighted-average method.

(2) Valuation basis and methods for inventories

Finished goods and work in process

Stated at cost determined by the weighted-average method (the carrying amounts in the non-consolidated balance sheet are calculated by the method in which carrying amounts are written down due to a decline in profitability of assets)

Raw materials and supplies

Stated at cost determined by the first-in, first-out method (the carrying amounts in the non-consolidated balance sheet are calculated by the method in which carrying amounts are written down due to a decline in profitability of assets)

2. Depreciation methods for non-current assets

(1) Property, plant and equipment

The straight-line method is applied.

Major useful lives are as follows:

Buildings	10 to 38 years
Machinery and equipment	9 years

(2) Intangible assets

The straight-line method is applied.

For software for internal use, the straight-line method based on the estimated usable period (five years) in the Company is applied.

3. Recognition of reserves

(1) Allowance for doubtful accounts

To cover losses from bad debts for trade receivables, loans, etc., allowance for doubtful accounts is provided in the amount expected to be uncollectible based on historical experience of bad debts for general receivables and individual collectability for specific receivables such as doubtful receivables.

(2) Provision for bonuses

To prepare for bonus payments to employees, provision for bonuses is provided based on the estimated amount of payments.

(3) Provision for retirement benefits

To prepare for payment of retirement benefits to employees, provision for retirement benefits is provided based on the estimated amounts of retirement benefit obligations and plan assets at the end of the fiscal year under review.

1) Method of attributing expected retirement benefits to periods

In calculation of retirement benefit obligations, the benefit formula basis is applied to attribute expected retirement benefits to periods up to the end of the fiscal year under review.

2) Amortization of actuarial gains or losses and past service cost

Past service cost is amortized on a straight-line basis from the fiscal year in which the cost occurred over a period equal to or less than the average remaining service period of eligible employees (five years) at the time of occurrence.

Actuarial gains or losses are amortized by the declining-balance method from the fiscal year in which the gains or losses occurred over a period equal to or less than the average remaining service period of eligible employees (18 years) at the time of occurrence in each fiscal year.

4. Other significant matters for preparing financial statements

(1) Accounting for retirement benefits

Accounting treatment for unrecognized actuarial gains or losses and unrecognized past service cost for retirement benefits are different from accounting treatment for them in the consolidated financial statements.

4) Supplementary statements

[Detailed schedule of property, plant and equipment and others]

(Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase in the period	Decrease in the period	Depreciation during the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment, buildings	Buildings	3,962	260	22	340	3,860	6,414
	Structures	435	52	1	83	402	1,172
	Machinery and equipment	3,748	1,267	184	908	3,922	17,949
	Vehicles	25	12	0	7	30	136
	Tools, furniture and fixtures	443	448	8	198	685	4,897
	Land	5,327	–	987 [987]	–	4,340	–
	Construction work-in-progress	576	2,629	1,346	–	1,859	–
	Total	14,519	4,670	2,550	1,537	15,101	30,569
Intangible assets	Software	111	43	–	38	115	209
	Software work-in-progress	653	623	6	–	1,269	–
	Other	5	–	–	0	5	2
	Total	769	666	6	39	1,390	212

(Note 1) The figure in brackets in the "Decrease in the period" column, which shows the number included in the figure outside the brackets, represents the amount of impairment loss recorded in the fiscal period.

(Note 2) Principal increases and decreases in the period are as follows:

[Increase]

Buildings	Hamakita Factory	Solar power generating equipment	¥132 million
Machinery and equipment	R&D Division	Testing and measuring instruments	¥397 million
	Suzuka Factory	Manufacturing facilities for clutches	¥238 million
Construction work-in-progress	Hamakita Factory	New establishment of Hamakita Factory	¥1,198 million

[Decrease]

Land	Ryuyo Factory	Impairment loss in accordance with the accounting standard for impairment loss of non-current assets	¥987 million

[Detailed schedule of allowances]

Category	Balance at beginning of period	Increase in the period	Decrease in the period	Balance at end of period
Allowance for doubtful accounts	33	16	4	46
Provision for bonuses	1,149	1,157	1,149	1,157

Opinion of independent auditors

Auditors: Yasumori Audit Corporation
Opinion: unqualified

VI. Overview of operational procedures for shares of the reporting company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares per share unit	100 shares
Purchase of shares less than one unit	
Office for handling business	(Special account) 1-2-1 Yaesu, Chuo-ku, Tokyo Securities Agent Department, Head Office, Mizuho Trust & Banking Co., Ltd.
Shareholder register administrator	(Special account) 1-2-1 Yaesu, Chuo-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Forwarding office	—
Handling charge for purchase	The amount separately stipulated as the amount equivalent to share brokerage fees
Method of public notice	Electronic public notice will be made. However, if it is impossible to publish public notices electronically because of an accident or other unavoidable circumstances, the public notices shall be made by publication in the Nihon Keizai Shimbun. The Company's URL for public notice: http://www.fcc-net.co.jp/
Special benefits for shareholders	• Content of the shareholder special benefit plan Regional goodies worth ¥2,500 are offered to each shareholder holding 200 shares or more who is on the list of shareholders as of March 31 and September 30 every year.

Note: Pursuant to the provision of the Company's Articles of Incorporation, the Company's shareholders may not exercise any right, in relation to their holding shares less than one unit, other than rights set forth in each item of Article 189, paragraph 2 of the Companies Act.