S.T.CORPORATION

Creating Corporate Value Report 2014
Financial Section
Year ended March 31, 2014

Refreshing the Air

Management's Discussion and Analysis

■ Sales Overview

In the fiscal year ended March 31, 2014, the Japanese economy saw a depreciation of the yen and increased stock prices due to government economic and financial policies. Coupled with the increase in demand at the end of the fiscal year before consumption taxes increased, there were signs of recovery in corporate performance and consumer spending. While the U.S. economy is gradually recovering, there are still uncertain factors in the global economy, such as the future of developing economies.

Within these circumstances the S.T. CORPORATION Group followed its theme of “3G (Growth, Global, Group)” and worked to establish a high-yielding system and roll out the “S.T. Reformation” program for management reform.

As a result, net sales increased 0.1% year on year, to ¥46,993 million, due to significant increased demand for moth-repellent before the increase in consumption taxes and favorable growth for the core brand “Shoshu-Riki”, which has popular commercials. Regarding individual segments, in the Mothproofing and Hygiene-Related Products segment, sales in the Cloth Care category increased 4.5%, sales in the Hand Care category increased 2.5%, and sales in the Thermal Care category fell 12.5%. In the Household Environment-Related Products segment, sales in the Air Care category fell 0.1%, sales in the Humidity Care category increased 8.0%, and sales in the Home Care category increased 5.7%.

■ Cost of Sales, SG&A Expenses, and Operating Income

While raw materials costs rose, we made efforts to lower manufacturing costs, and as a result the cost of sales decreased 2.7% year on year, to ¥26,980 million. By making efficient marketing investments and cutting other costs, selling, general and administrative expenses increased 2.7%, to ¥17,881 million. As a result, operating income increased 18.4% to ¥2,131 million.

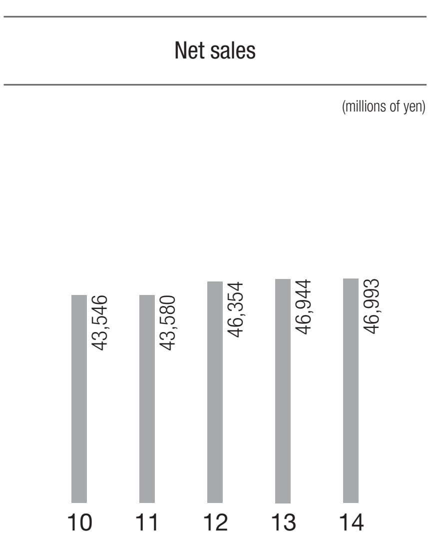
■ Other Income (Expenses), Pretax and Net Income

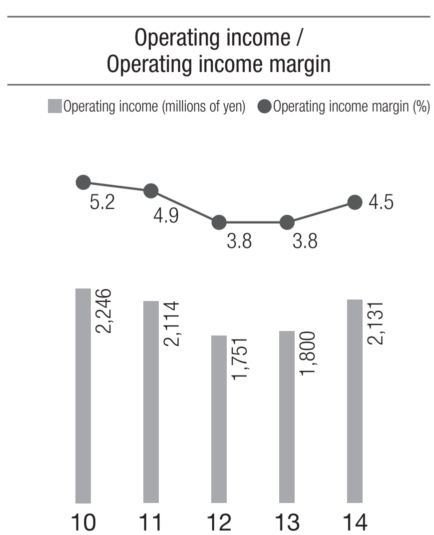
In other income and expenses, due to decreased loss on equity of affiliates and posting gain on sales of investment securities, income before income taxes and minority interests increased 48.1% to ¥1,637 million, and net income increased 118.4% to ¥1,234 million.

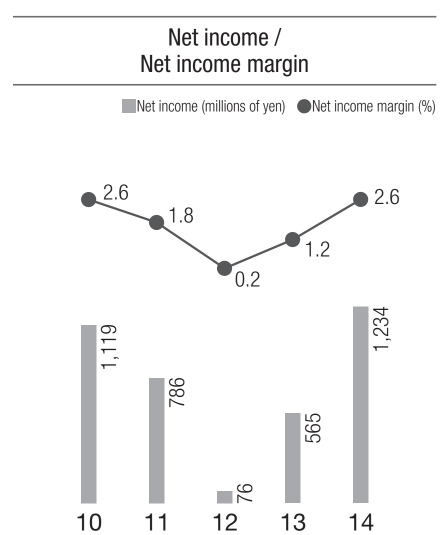
Accordingly, net income per share rose to ¥56.74, a significant increase from the previous fiscal year's ¥26.01. The net income margin increased from 1.2% to 2.6%, and return on equity (ROE) increased from 2.9% to 6.1%.

■ Financial Position

Total assets as of March 31, 2014 stood at ¥32,370 million, up ¥2,294 million compared to the previous year-end. Total current assets increased by ¥3,423 million, to ¥18,956 million, due to an increase in cash and time deposits. On the other hand, non-current assets decreased by ¥1,129 million, to ¥13,414 million, due to a decrease in investment securities.







Total liabilities increased by ¥1,421 million, to ¥11,284 million compared to the previous year-end, largely due to an increase in notes payables and trade payables. On the other hand, total net assets increased by ¥873 million, to ¥21,087 million compared to the previous year-end, primarily due to an increase in retained earnings.

As a result of the above, total net assets per share increased from ¥905.84 to ¥936.06. Equity ratio is a high 63.2%, near the same level as 65.4% of the previous fiscal year, and we continued to maintain a sound financial position.

■ Capital Expenditures and Depreciation and Amortization

Capital expenditures of this fiscal year decreased from the previous fiscal year's ¥2,061 million to ¥942 million. Depreciation and amortization increased from ¥830 million to ¥894 million.

■ Cash Flows

Net cash provided by operating activities was ¥2,110 million, a year on year increase of ¥1,130 million. This was primarily due to an increase in income before income taxes and minority interests and depreciation and amortization. Net cash provided by investing activities was ¥514 million, a year on year increase of ¥2,439 million, primarily attributable to an increase in income from sales of affiliate shares. Net cash used in financing activities was ¥465 million, a year on year decrease of ¥92 million. This was primarily due to an increase in short-term borrowings and income from receiving payments from minority shareholders.

As a result, cash and cash equivalents at the end of year stood at ¥6,728 million, a year on year increase of ¥2,259 million.

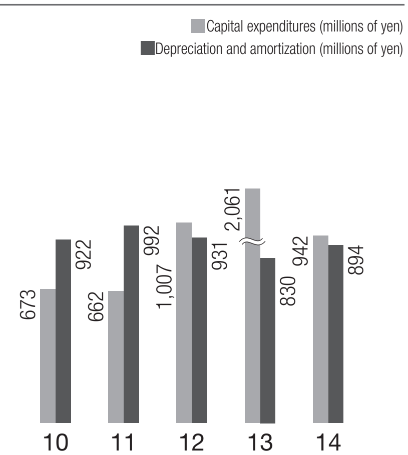
■ Dividends and Return to Shareholders

Taking into consideration such factors as net income and the need to realize shareholder returns, we have decided to distribute a fiscal year-end dividend of ¥11.0 (¥22.0 for the full year, including the interim dividend), on par with the previous fiscal year, making for a consolidated dividend payout ratio of 38.8%. The Company will continue to place importance on returns to shareholders.

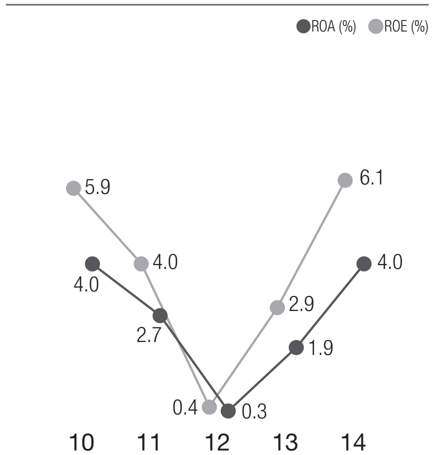
■ Business and Operational Risks

Factors that could possibly impact the Group's operating results, financial position or stock prices include the following: (1) an escalation in raw materials prices; (2) the impact on manufacturing operations from natural disasters and changes in international political or other conditions; (3) sales fluctuations due to unseasonal weather; (4) and the failure of initiatives to raise new businesses. Forward-looking statements in this annual report are based on certain assumptions made by the Group as of the end of this fiscal year.

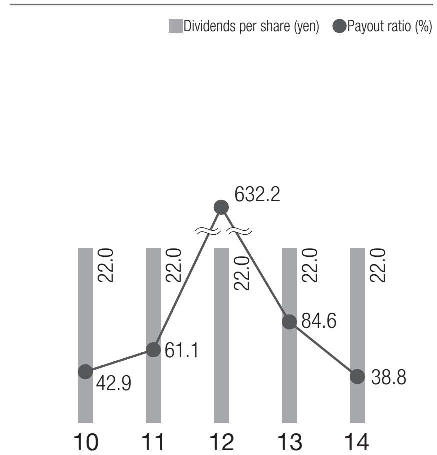
Capital expenditures / Depreciation and amortization



ROA / ROE



Dividends per share / Payout ratio



Consolidated Balance Sheets

S.T.CORPORATION and consolidated subsidiaries
March 31, 2014 and 2013

	millions of yen		thousands of U.S. dollars (Note 2)
Assets	**2014**	2013	**2014**
Current assets:			
Cash and time deposits (Notes 6, 10 and 17)	**¥ 6,765**	¥ 4,693	**$ 65,735**
Marketable securities (Notes 6 and 8)	**—**	85	**—**
Trade notes and accounts receivable (Note 6)	**5,150**	4,792	**50,043**
Merchandise and finished goods	**5,086**	4,632	**49,419**
Work in process	**219**	165	**2,125**
Raw materials and supplies	**648**	396	**6,301**
Deferred tax assets (Note 12)	**386**	363	**3,747**
Other current assets	**717**	423	**6,971**
Less - allowance for doubtful accounts	**(16)**	(15)	**(159)**
Total current assets	**18,956**	15,533	**184,182**
Property, plant and equipment, at cost			
Land (Note 9)	**3,289**	3,254	**31,958**
Buildings and structures	**6,702**	6,737	**65,114**
Machinery, equipment and vehicles	**7,628**	7,630	**74,121**
Tools, furniture and fixtures	**3,557**	3,648	**34,559**
Construction in progress	**14**	90	**136**
Leased assets (Note 18)	**381**	138	**3,698**
Less - accumulated depreciation	**(14,016)**	(13,973)	**(136,182)**
Property, plant and equipment, net	**7,555**	7,524	**73,404**
Intangible assets, net of accumulated amortization	**192**	167	**1,870**
Total intangible assets	**192**	167	**1,870**
Investments and other assets:			
Investments in non-consolidated subsidiaries and affiliates	**751**	3,402	**7,299**
Investment securities (Notes 6 and 8)	**3,008**	1,802	**29,224**
Long-term loans	**38**	49	**374**
Deferred tax assets other than unrealized revaluation loss on land (Note 12)	**412**	132	**3,999**
Other assets	**1,458**	1,468	**14,169**
Total investments and other assets	**5,667**	6,853	**55,065**
Total assets	**¥ 32,370**	¥ 30,076	**$ 314,521**

Liabilities and net assets	millions of yen 2014	millions of yen 2013	thousands of U.S. dollars (Note 2) 2014
Current liabilities:			
Trade payables (Note 6)	¥ 2,050	¥ 4,626	$ 19,921
Electronically recorded obligations-operating	3,384	—	32,882
Short-term loans payable	38	—	373
Lease obligations	75	32	732
Other payables (Note 6)	2,316	2,383	22,503
Accrued expenses	590	506	5,737
Electronically recorded obligations-non-operating	43	—	419
Income taxes payable	196	283	1,901
Consumption taxes payable	88	49	853
Allowance for sales returns	117	106	1,136
Other current liabilities	67	72	654
Total current liabilities	8,966	8,058	87,112
Long-term liabilities:			
Lease obligations	275	80	2,676
Employees' retirement and severance benefits (Notes 1, 3 and 13)	—	1,266	—
Directors' retirement and severance benefits	156	138	1,515
Net defined benefit liability	1,565	—	15,202
Deferred tax liabilities - unrealized revaluation profit on land (Note 9)	321	321	3,121
Other liabilities-not current liabilities	1	—	12
Total long-term liabilities	2,318	1,805	22,526
Contingent liabilities (Note 11)			
Net assets (Note 14):			
Shareholders' equity:			
Common stock:			
Authorized - 96,817,000 shares in 2014 and 2013			
Issued and outstanding - 23,000,000 shares in 2014 and 2013	7,066	7,066	68,650
Capital surplus	7,068	7,068	68,673
Retained earnings	8,837	7,662	85,865
Treasury stock, at cost	(1,652)	(1,787)	(16,048)
Total shareholders' equity	21,319	20,008	207,140
Accumulated other comprehensive loss			
Unrealized holding gain on other securities, net of taxes	145	648	1,411
Unrealized revaluation loss on land, net of taxes (Note 9)	(524)	(524)	(5,093)
Translation adjustments	(335)	(461)	(3,259)
Remeasurements of defined benefit plans	(149)	—	(1,450)
Total accumulated other comprehensive loss	(864)	(337)	(8,391)
Subscription rights	95	109	924
Minority interests in consolidated subsidiaries	536	434	5,210
Total net assets	21,087	20,213	204,883
Total liabilities and net assets	¥ 32,370	¥ 30,076	$ 314,521

See notes to consolidated financial statements.

Consolidated Statements of Income

S.T.CORPORATION and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

	millions of yen		thousands of U.S. dollars (Note 2)
	2014	2013	2014
Net sales	¥ 46,993	¥ 46,944	$ 456,596
Cost of sales (Notes 16 and 21)	26,970	27,740	262,045
Gross profit before reversal of allowance for sales returns	20,023	19,204	194,552
Reversal of allowance for sales returns	(11)	2	(104)
Gross profit	20,013	19,206	194,448
Selling, general and administrative expenses (Note 16)	17,881	17,406	173,741
Operating income	2,131	1,800	20,707
Non-operating income (expenses):			
Interest and dividends received	49	44	474
Interest expense	(1)	(0)	(11)
Purchase discounts	172	186	1,668
Sales discounts	(857)	(872)	(8,328)
Loss on equity of affiliates	(110)	(191)	(1,068)
Other, net	113	176	1,101
Total non-operating income (expenses)	(634)	(658)	(6,165)
Ordinary income	1,497	1,141	14,542
Special gains (losses), net:			
Loss on disposition of property, plant and equipment, net	(25)	(31)	(240)
State subsidy	—	2	—
Gain on reversal of subscription rights to shares	25	—	243
Loss on valuation of investment securities	(5)	—	(52)
Gain on sales of investment securities, net	265	(7)	2,575
Loss on sales of stocks of subsidiaries and affiliates	(29)	—	(278)
Loss on valuation of stocks of subsidiaries and affiliates	(31)	—	(298)
Loss on disaster	(60)	—	(585)
Total special gains (losses), net	140	(36)	1,365
Income before income taxes and minority interests	1,637	1,105	15,907
Income taxes (Note 12):			
Current	370	514	3,596
Deferred	(6)	(4)	(60)
Total income taxes	364	510	3,536
Income before minority interests	1,273	595	12,371
Minority interests	39	30	382
Net income	¥ 1,234	¥ 565	$ 11,989

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

S.T.CORPORATION and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

	millions of yen		thousands of U.S. dollars (Note 2)
	2014	2013	2014
Income before minority interests	¥ 1,273	¥ 595	$ 12,371
Other comprehensive income (loss) (Note 5)			
Unrealized holding gain (loss) on other securities, net of taxes	(399)	203	(3,873)
Translation adjustments	177	118	1,719
Other comprehensive income (loss) on equity method companies	(83)	110	(806)
Total other comprehensive income (loss)	(305)	431	(2,959)
Comprehensive income	¥ 969	¥ 1,026	$ 9,412
Total comprehensive income attributable to:			
Shareholders of S.T. CORPORATION	857	942	8,322
Minority interests in consolidated subsidiaries	112	84	1,089

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

S.T.CORPORATION and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

	Number of shares of common stock (Thousands)	millions of yen				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2013	23,000	¥ 7,066	¥ 7,068	¥ 7,662	¥ (1,787)	¥ 20,008
Cash dividends paid by distribution of retained earnings				(478)		(478)
Net income				1,234		1,234
Purchases of treasury stock					(2)	(2)
Change of scope of consolidation				49		49
Change of scope of equity method				371	138	508
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2014	23,000	¥ 7,066	¥ 7,068	¥ 8,837	¥ (1,652)	¥ 21,319

	millions of yen							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss	Subscription rights	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2013	¥ 648	¥ (524)	¥ (461)	—	¥ (337)	¥ 109	¥ 434	¥ 20,213
Cash dividends paid by distribution of retained earnings								(478)
Net income								1,234
Purchases of treasury stock								(2)
Change of scope of consolidation								49
Change of scope of equity method								508
Net changes in items other than those in shareholders' equity	(503)	—	125	(149)	(527)	(13)	102	(438)
Balance at March 31, 2014	¥ 145	¥ (524)	¥ (335)	¥ (149)	¥ (864)	¥ 95	¥ 536	¥ 21,087

	Number of shares of common stock (Thousands)	millions of yen				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2012	23,000	¥ 7,066	¥ 7,068	¥ 7,552	¥ (1,785)	¥ 19,901
Cash dividends paid by distribution of retained earnings				(478)		(478)
Net income				565		565
Purchases of treasury stock					(2)	(2)
Reversal of unrealized revaluation loss on land, net of taxes				22		22
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2013	23,000	¥ 7,066	¥ 7,068	¥ 7,662	¥ (1,787)	¥ 20,008

	millions of yen							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss	Subscription rights	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2012	¥ 356	¥ (502)	¥ (546)	—	¥ (692)	¥ 99	¥ 394	¥ 19,701
Cash dividends paid by distribution of retained earnings								(478)
Net income								565
Purchases of treasury stock								(2)
Reversal of unrealized revaluation loss on land, net of taxes								22
Net changes in items other than those in shareholders' equity	292	(22)	85		355	10	40	405
Balance at March 31, 2013	¥ 648	¥ (524)	¥ (461)	—	¥ (337)	¥ 109	¥ 434	¥ 20,213

	Number of shares of common stock (Thousands)	thousands of U.S. dollars (Note 2)				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2013	23,000	$ 68,650	$ 68,673	$ 74,443	$ (17,362)	$ 194,405
Cash dividends paid by distribution of retained earnings				(4,642)		(4,642)
Net income				11,989		11,989
Purchases of treasury stock					(23)	(23)
Change of scope of consolidation				472		472
Change of scope of equity method				3,603	1,336	4,940
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2014	23,000	$ 68,650	$ 68,673	$ 85,865	$ (16,048)	$ 207,140

	thousands of U.S. dollars (Note 2)							
	Unrealized holding gain on other securities, net of taxes	Unrealized revaluation loss on land, net of taxes (Note 9)	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss	Subscription rights	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2013	$ 6,294	$ (5,093)	$ (4,475)	—	$ (3,275)	$ 1,054	$ 4,215	$ 196,399
Cash dividends paid by distribution of retained earnings								(4,642)
Net income								11,989
Purchases of treasury stock								(23)
Change of scope of consolidation								472
Change of scope of equity method								4,940
Net changes in items other than those in shareholders' equity	(4,883)	—	1,217	(1,450)	(5,116)	(131)	995	(4,252)
Balance at March 31, 2014	$ 1,411	$ (5,093)	$ (3,259)	$ (1,450)	$ (8,391)	$ 924	$ 5,210	$ 204,883

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

S.T.CORPORATION and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

	millions of yen		thousands of U.S. dollars (Note 2)
	2014	2013	**2014**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 1,637**	¥ 1,105	**$ 15,907**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**894**	830	**8,687**
Gain on reversal of subscription rights to shares	**(25)**	—	**(243)**
Loss on sales of property, plant and equipment	**25**	31	**240**
Loss (gain) on sales and valuation of investment securities	**(260)**	7	**(2,523)**
Loss on sales of stocks of subsidiaries and affiliates	**29**	—	**278**
Loss on valuation of stocks of subsidiaries and affiliates	**31**	—	**298**
Increase (decrease) in allowance for doubtful receivables	**1**	1	**10**
Increase (decrease) in employees' retirement and severance benefits	**(1,270)**	(7)	**(12,336)**
Increase (decrease) in net defined benefit liability	**1,565**	—	**15,202**
Increase (decrease) in directors' retirement and severance benefits	**18**	21	**176**
Increase (decrease) in allowance for sales returns	**11**	(2)	**104**
Interest and dividends received	**(49)**	(44)	**(474)**
Interest expense	**1**	0	**11**
Foreign exchange loss (gain)	**(58)**	(98)	**(567)**
Loss on disaster	**60**	—	**585**
Equity in loss of affiliates	**110**	191	**1,068**
State subsidy	**—**	(2)	**—**
Changes in operating assets and liabilities:			
Receivables	**(260)**	(225)	**(2,528)**
Inventories	**(669)**	265	**(6,500)**
Payables and accrued expenses	**519**	(1,305)	**5,045**
Other, net	**133**	413	**1,293**
Subtotal	**2,443**	1,182	**23,733**
Interest and dividends received	**101**	80	**981**
Interest paid	**(1)**	(0)	**(11)**
Payments for loss on disaster	**(1)**	—	**(9)**
Income taxes paid	**(432)**	(282)	**(4,193)**
Net cash provided by operating activities	**2,110**	980	**20,502**
Cash flows from investing activities:			
Payments into deposits (more than three months)	**(0)**	(0)	**(0)**
Proceeds from withdrawal of time deposits (more than three months)	**220**	—	**2,138**
Purchases of property, plant and equipment	**(903)**	(1,945)	**(8,776)**
Proceeds from sales of property, plant and equipment	**2**	25	**23**
Proceeds from state subsidy	**—**	2	**—**
Purchases of investment securities	**(667)**	(29)	**(6,479)**
Proceeds from sales of investment securities	**465**	48	**4,522**
Purchase of investments in subsidiaries	**(36)**	—	**(352)**
Proceeds from sales of stocks of subsidiaries and affiliates	**1,509**	—	**14,661**
Other investments, net	**(76)**	(26)	**(740)**
Net cash provided by (used in) investing activities	**514**	(1,924)	**4,998**
Cash flows from financing activities:			
Net increase in short-term loans payable	**38**	—	**373**
Proceeds from stock issuance to minority shareholders	**47**	—	**459**
Purchases of treasury stock	**(2)**	(2)	**(23)**
Payments of dividends	**(478)**	(478)	**(4,642)**
Payments of dividends to minority shareholders	**(23)**	(44)	**(226)**
Other finance, net	**(48)**	(33)	**(462)**
Net cash used in financing activities	**(465)**	(557)	**(4,520)**
Effect of exchange rate changes on cash and cash equivalents	**74**	50	**716**
Net increase (decrease) in cash and cash equivalents	**2,233**	(1,452)	**21,695**
Cash and cash equivalents at beginning of year	**4,469**	5,921	**43,423**
Increase in cash and cash equivalents from newly consolidated subsidiary	**26**	—	**251**
Cash and cash equivalents at end of year (Note 17)	**¥ 6,728**	¥ 4,469	**$ 65,369**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

S.T.CORPORATION and Consolidated Subsidiaries
March 31, 2014

1 Summary of Significant Accounting Policies

(a) Basis of presentation

S.T. CORPORATION (the "Company") and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their countries of domicile. Effective April 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, issued by the ASBJ on May 17, 2006). In accordance with PITF No. 18, the accompanying consolidated financial statements for the years ended March 31, 2014 and 2013 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items including those for goodwill, actuarial differences and capitalized development costs.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically for readers outside Japan. The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information. Furthermore, certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method. As of March 31, 2014, the number of consolidated subsidiaries and affiliates accounted for by the equity method were six and three (five and four in 2013), respectively. Since the ownership ratio decreased by the partial sale of the shares of FUMAKILLA LIMITED at the date 30 January 2014, FUMAKILLA LIMITED was excluded from the scope of affiliates accounted for by the equity method. In addition, S.T. KOREA CORPORATION, due to its increased materiality, has been included in the scope of consolidation from the current fiscal year.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

Assets and liabilities of the consolidated subsidiaries acquired before April 1, 1999 were initially valued at cost at the time of acquisition. It is the Company's policy to value assets and liabilities of subsidiaries acquired on or after April 1, 1999 at fair value when the Company obtains control over such subsidiaries; however, the Company has not acquired any subsidiaries since April 1, 1999.

(c) Accounting period

The accounting period of the Company begins on April 1 and ends on March 31 of the following year. The three overseas subsidiaries have fiscal years ending on December 31. The necessary adjustments for significant transactions, if any, during the intervening period are made on consolidation.

(d) Translation of foreign currency transactions and financial statements

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and the accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Foreign exchange gains and losses are credited or charged to income and translation adjustments are included in net assets.

(e) Marketable securities and investment securities

Other securities with determinable market value are carried at market value with any changes in unrealized holding gain or loss, net of the related deferred income tax assets or liabilities, included in net assets. Other securities without determinable market value are stated at cost determined by the moving-average method and the cost of other securities sold is computed based on the moving-average method. During the years ended March 31, 2014 and 2013, the Company and its consolidated subsidiaries did not have any trading securities.

(f) Inventories

Inventories are stated at the lower of cost or net selling value, cost being determined by the average method.

(g) Property, plant and equipment, except for leased assets, and depreciation

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries, except for buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998, is computed by the declining-balance method in conformity with the Corporation Tax Law of Japan. Depreciation of property and equipment of overseas subsidiaries and buildings (excluding structures attached to the buildings) acquired on or after April 1, 1998 of the Company and domestic subsidiaries is computed by the straight-line method.

The estimated useful lives of the major depreciable assets are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 20 years

(h) Intangible assets and long-term prepaid expenses

Intangible assets and long-term prepaid expenses, except for leased assets, are amortized by the straight-line method. Cost of software purchased for internal use is amortized by the straight-line method over a period of five years, the useful life applicable to commercially available software.

(i) Leases

Non-cancelable lease transactions that transfer substantially all the risks and rewards associated with the ownership of the leased assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and related payments are charged to income as incurred.

Finance leases entered into before April 1, 2008 of the Company and its domestic subsidiaries are accounted for as operating leases, except for those which transfer ownership of the leased assets to the lessee.

Leased assets accounted for as finance leases are depreciated on the straight-line method over the lease periods with no residual value.

(j) Allowance for doubtful receivables

The allowance for doubtful receivables is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(k) Allowance for sales returns

The allowance for sales returns is provided for losses on sales returns subsequent to the balance sheet date at an amount equivalent to that calculated based on the actual percentage of returns in prior years.

(l) Employees' retirement and severance benefits

(1) Method of attributing expected benefit payments to the period
In a calculation retirement benefit obligation, a method of attributing expected benefit payments to the period is based on straight-line method.

(2) Method of expenses for actuarial gains/losses and Prior service cost
Prior service cost is amortized as incurred by the straight-line method over a period of a certain number of years (5 years) which is shorter than the average remaining years of service of the employees.
Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period of a certain number of years (5 years) which is shorter than the average remaining years of service of the employees.

(3) Adoption of a simplified method in some consolidated subsidiaries
Some consolidated subsidiaries adopt the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end for the calculation of net defined benefit liability and retirement benefit expenses.

(m) Directors' retirement and severance benefits

The Company has accrued directors' retirement and severance benefits at the amount which would be required to be paid if all directors resigned from their positions and left the Company as of the balance sheet date in accordance with its internal regulations.

(n) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(o) Cash and cash equivalents

Cash and cash equivalents in the accompanying consolidated statements of cash flows consist of cash on hand, demand deposits and liquid short-term investments with a maturity of three months or less from their respective dates of acquisition.

2 Basis of Translation

The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at ¥102.92 = U.S.$1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2014. This translation should not be construed as a representation that all amounts shown could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

3 Change in Accounting Policies

The Company has adopted "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accountings Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) (except for certain provisions described in the main clause of Section 35 of the standard and in the main clause of Section 67 of the guidance) as of the end of current fiscal Year. These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as a liability for retirement benefits.

In addition, unrecognized actuarial differences are recorded as a liability for retirement benefits.

Concerning the application of the accounting standard for retirement benefits, etc., in the fiscal year, in accordance with clause 37 of the accounting standard for retirement benefits, the effects of such changes in the current fiscal year have been recorded in retirement benefits liability adjustments through accumulated other comprehensive income.

As a result, at the end of the current fiscal year, the Company recorded net defined benefit liability of ¥1,565 million (U.S.$15,202 thousand).

In addition, accumulated other comprehensive income will have decreased by ¥149 million (U.S.$1,450 thousand).

Net assets per share have decreased by ¥6.82 (U.S.$0.07).

4 Unapplied Accounting Standards, etc.

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accountings Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

1. Overview

The accounting for unrecognized actuarial difference and unrecognized prior service costs, calculation of the retirement benefit obligation and service costs, the expansion of information disclosures and etc. were revised.

2. Scheduled date for adoption

The Company expects to apply the revision for the calculation method of retirement benefit obligation and services costs from the beginning of the fiscal year ended March 31, 2015.

The revise shall not be applied retroactively for consolidated financial statements of a past period because the new accounting standards and relevant regulations regulate transitional measures.

3. Effects of the adoption of the accounting standard and guidance

Effects of the adoption of the new accounting standards and relevant regulations on consolidated financial statements are currently being assessed.

5 Consolidated Statements of Comprehensive Income

The amount of recycling and amount of income tax effect associated with other comprehensive income for the years ended March 31, 2014 and 2013 were as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	**2014**
Unrealized holding gain on other securities, net of taxes			
Amount recognized in the year	**¥ (354)**	¥ 301	**$ (3,436)**
Reclassification adjustments included in the statement of income	**(260)**	—	**(2,523)**
Before income tax effect adjustment	**(613)**	301	**(5,959)**
Amount of income tax effect	**215**	(98)	**2,086**
Unrealized holding gain on other securities, net of taxes	**(399)**	203	**(3,873)**
Translation adjustments			
Amount recognized in the year	**177**	118	**1,719**
Other comprehensive income on equity method companies			
Amount recognized in the year	**(82)**	107	**(794)**
Reclassification adjustments included in the statement of income	**(1)**	3	**(11)**
Other comprehensive income on equity method	**(83)**	110	**(806)**
Total other comprehensive income	**(305)**	431	**(2,959)**

6 Financial Instruments

(1) Current status of financial instruments

(a) Policy in relation to financial instruments

The Company and its consolidated subsidiaries (collectively, the "Group") raises necessary funds following capital investment plans for undertaking the manufacturing-and-selling businesses. If surplus funds arise, the Group manages only financial assets with high degrees of safety.

(b) Details of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to customers. In addition, receivables denominated in foreign currencies are exposed to foreign currency exchange risk.

Investment securities, most of which are stocks of other companies with which the Group has business relationships, are exposed to market price fluctuation risk.

Substantially all trade payables—notes and accounts payable-trade, electronically recorded obligations-operating and other payables—have payment due dates within one year. In addition, payables denominated in foreign currencies are exposed to foreign currency exchange risk.

(c) Risk management system for financial instruments

(Credit risk management—the risk that customers or counterparties may default)

The Company holds its management policy and put it into effect whereby the Company grasps trust conditions of its customers and monitors due dates and outstanding balances regularly to identify and mitigate risks of bad debts from customers who are having financial difficulties.

The consolidated subsidiaries perform equivalent management with the Company.

(Market risk management—the risk arising from fluctuations in exchange rates and interest rates)
The Company uses forward exchange contract transactions with the aim of avoiding risk related to fluctuation in future foreign exchange.

For investment securities, the Company periodically confirms the market value of such financial instruments and reports to the director in charge. The Company reviews the status of these investments on a continuing basis.

(Liquidity risk management—the risk that the Group may not able to meet its payment obligations on the schedule dates)
The Company manages liquidity risk by means of preparing monthly financial plans.

(d) Supplementary explanation of items relating to the fair value of financial instruments
The fair value of financial instruments is based on their quoted market prices if available. If there are no market prices available, fair value is reasonably estimated. Because estimation of fair values incorporates variable factors, adopting different assumptions can change the value.

(2) Estimated fair value of financial instruments

The carrying value of financial instruments recognized on the consolidated balance sheets as of March 31, 2014 and 2013, the estimated fair value of such items and the differences between them are shown below. Financial instruments for which fair value is extremely difficult to estimate are not included in the following table.

	millions of yen		
Year ended March 31, 2014	Carrying value	Fair value	Difference
a Cash and time deposits	**¥ 6,765**	**¥ 6,765**	**—**
b Trade notes and accounts receivable	**5,150**	**5,150**	**—**
c Investment securities	**2,943**	**2,943**	**—**
Assets	**¥ 14,859**	**¥ 14,859**	**—**
a Trade payables	**¥ 2,050**	**¥ 2,050**	**—**
b Electronically recorded obligations-operating	**3,384**	**3,384**	
c Other payables	**2,316**	**2,316**	**—**
Liabilities	**¥ 7,751**	**¥ 7,751**	**—**

	millions of yen		
Year ended March 31, 2013	Carrying value	Fair value	Difference
a Cash and time deposits	¥ 4,693	¥ 4,693	—
b Trade notes and accounts receivable	4,792	4,792	—
c Marketable securities and investment securities	1,822	1,822	—
Assets	¥ 11,306	¥ 11,306	—
a Trade payables	¥ 4,626	¥ 4,626	—
b Other payables	2,383	2,383	—
Liabilities	¥ 7,009	¥ 7,009	—

	thousands of U.S. dollars		
Year ended March 31, 2014	Carrying value	Fair value	Difference
a Cash and time deposits	**$ 65,735**	**$ 65,735**	**—**
b Trade notes and accounts receivable	**50,043**	**50,043**	**—**
c Investment securities	**28,591**	**28,591**	**—**
Assets	**$ 144,370**	**$ 144,370**	**—**
a Trade payables	**$ 19,921**	**$ 19,921**	**—**
b Electronically recorded obligations-operating	**32,882**	**32,882**	
c Other payables	**22,503**	**22,503**	**—**
Liabilities	**$ 75,307**	**$ 75,307**	**—**

Notes: 1. Method of estimating the fair value of financial instruments and other matters relating to marketable and investment securities

Assets

a. Cash and time deposits and b. Trade notes and accounts receivable
Because these items are settled over short terms, fair value and carrying values are nearly equivalent. Therefore, relevant carrying value is used.

c. Investment securities
Stocks are valued at the exchange trading price. Bonds are valued at the exchange trading price or at the price provided by the financial institutions offering these securities. For information on securities classified by purpose of holding, please refer to the "Marketable Securities and Investment Securities" section of the notes to the financial statements.

Liabilities

a. Trade payables, b. Electronically recorded obligations-operating and c. Other payables
Because these items are settled over short terms, fair value and carrying value is nearly equivalent. Therefore, relevant carrying value is used.

2. Financial instruments for which fair value is extremely difficult to determine

	Carrying value		
	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Unlisted equity securities	¥ 65	¥ 65	$ 633

Because the fair value of these financial instruments is extremely difficult to determine, given that no quoted market price is available, they are not included in the above table.

3. Redemption schedule for receivables and other securities with maturity dates at March 31, 2014 and 2013 are summarized as follows:

	millions of yen			
Year ended March 31, 2014	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	¥ 6,764	¥ —	—	—
Trade notes and accounts receivable	5,150	—	—	—
Investment securities				
Bond	—	100	—	—
Other	—	100	—	—
Total	¥ 11,915	¥ 200	—	—

	millions of yen			
Year ended March 31, 2013	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	¥ 4,691	¥ —	—	—
Trade notes and accounts receivable	4,792	—	—	—
Marketable securities and investment securities				
Bond	—	100	—	—
Other	100	—	—	—
Total	¥ 9,583	¥ 100	—	—

	thousands of U.S. dollars			
Year ended March 31, 2014	One year or less	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Time deposits	$ 65,723	$ —	—	—
Trade notes and accounts receivable	50,043	—	—	—
Investment securities				
Bond	—	972	—	—
Other	—	972	—	—
Total	$ 115,766	$ 1,943	—	—

7 Derivatives

The Company and its consolidated subsidiaries had no derivative instruments outstanding at March 31, 2014 and 2013.

8 Marketable Securities and Investment Securities

(1) Other securities

The acquisition cost and related carrying value of other securities with a determinable market value at March 31, 2014 and 2013 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Acquisition cost	¥ 2,748	¥ 1,014	$ 26,700
Carrying value	2,943	1,822	28,591
Total unrealized gain	709	856	6,889
Total unrealized loss	514	48	4,998

At March 31, 2014 and 2013, unlisted stocks (whose carrying value was ¥65 million (U.S.$633 thousand) and ¥65 million, respectively) are not included in the above table because their fair value is extremely difficult to determine, given that no quoted market price is available.

(2) Sales of other securities

(Year ended March 31, 2014)

	millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	¥ 465	¥ 265	—
(2) Bonds			
1. Government bonds	—	—	—
2. Corporate bonds	—	—	—
3. Others	—	—	—
(3) Other securities	—	—	—
Total	¥ 465	¥ 265	—

	thousands of U.S. dollars		
	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	$ 4,522	$ 2,575	—
(2) Bonds			
1. Government bonds	—	—	—
2. Corporate bonds	—	—	—
3. Others	—	—	—
(3) Other securities	—	—	—
Total	$ 4,522	$ 2,575	—

(Year ended March 31, 2013)
Not applicable.

(3) Change purpose of holding investment securities

Shares of FUMAKILLA LIMITED are changed classification other securities from investment in affiliates because partial shares were sold.

As a result, other securities increased ¥1,030 million (U.S.$10,010 thousand), and unrealized holding gain on other securities, net of tax decreased ¥270 million (U.S.$2,623 thousand).

(4) Impairment of investment securities

The Company recognized impairment loss on investment securities of ¥36 million (U.S.$349 thousand) for the years ended March 31, 2014.

9 Land Revaluation

In accordance with the Land Revaluation Law (Proclamation No. 34 dated March 31, 1998), land used for business activities was revalued at March 31, 2002. The revaluation difference, net of taxes, is stated as “unrealized revaluation loss on land, net of taxes” in net assets. Deferred tax liabilities arising from this revaluation difference are presented separately from deferred tax liabilities for other temporary differences in the accompanying consolidated balance sheets. The market value of the land as of March 31, 2014 and 2013 decreased by ¥579 million (U.S.$5,627 thousand) and ¥610 million, respectively, after the revaluation.

10 Pledged Assets

Pledged assets for the years ended March 31, 2014 and 2013 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Time deposits	¥ 1	¥ 27	$ 12

Time deposits were pledged as collateral mainly for leased office space at March 31, 2014 and 2013.

11 Commitments and Contingent Liabilities

The Company had the following contingent liabilities as of March 31, 2014 and 2013.

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Loan guarantees for:			
Shaldan (Thailand) Co., Ltd.	¥ 2	¥ 0	$ 21

At March 31, 2014 and 2013, trade notes discounted with banks in the ordinary course of business amounted to ¥90 million (U.S.$870 thousand) and ¥104 million, respectively.

12 Income Taxes

At March 31, 2014 and 2013, the tax effect of the temporary differences which gave rise to a significant portion of the deferred tax assets (excluding deferred taxes on unrealized revaluation loss on land) was as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Current assets:			
Accrued employees' bonuses	¥ 154	¥ 147	$ 1,492
Allowance for sales returns	41	40	398
Accrued business taxes	14	33	139
Other	186	143	1,810
Gross current deferred tax assets	395	363	3,838
Valuation allowance	(5)	—	(53)
Total current deferred tax assets	390	363	3,785
Current liabilities:			
Deferred gain on sales of property	(1)	(1)	(5)
Enterprise tax receivable	(3)	—	(34)
Total current deferred tax liabilities	(4)	(1)	(39)
Net current deferred tax assets	¥ 386	¥ 363	$ 3,747
Non-current assets:			
Allowance for employees' retirement and severance benefits	¥ —	¥ 451	$ —
Net defined benefit liability	543	—	5,280
Allowance for directors' retirement and severance benefits	55	48	530
Write-downs of securities	63	61	613
Impairment loss	8	8	80
Other	2	5	15
Gross non-current deferred tax assets	671	573	6,517
Valuation allowance	(126)	(122)	(1,223)
Total non-current deferred tax assets	545	452	5,294
Non-current liabilities:			
Deferred gain on sales of property	(15)	(15)	(142)
Undistributed earnings of controlled foreign companies	(68)	(39)	(661)
Unrealized holding gain on other securities, net of taxes	(51)	(265)	(492)
Total non-current deferred tax liabilities	(133)	(319)	(1,296)
Net non-current deferred tax assets	¥ 412	¥ 132	$ 3,999

A reconciliation of the statutory tax rate to the Company's effective tax rates for the years ended March 31, 2014 and 2013 is summarized as follows:

	2014	2013
Japanese statutory tax rate	38.00%	38.00%
Permanent differences such as entertainment expenses, etc.	2.10	2.94
Permanent differences such as dividend income	(11.97)	(0.50)
Tax credit	(0.29)	(2.57)
Undistributed earnings of controlled foreign companies	1.79	0.01
Equity in loss of affiliates	2.55	6.58
Downward adjustment of deferred tax assets at end of year due to tax rate change	2.24	—
Cancellation of temporary difference related to investments in affiliates accounted for by the equity method	(12.65)	—
Other	0.46	1.70
Effective tax rate	22.23%	46.16%

(Adjustment of deferred tax assets and liabilities pursuant to the change in the corporate tax rates)
Following the promulgation on March 31, 2014 of the "Act for Partial Revision of the Income Tax Act, Etc.," (Act No. 10 of 2014), effective from the fiscal year beginning on or after April 1, 2014, a special temporary recovery tax will not be imposed. In accordance with this reform, the effective statutory tax rate, used to measure deferred tax assets and deferred tax liabilities, will be reduced from 38% to 35% for temporary differences that are expected to be realized in the fiscal year beginning on April 1, 2014.

As a result of this change, deferred tax assets (net of deferred tax liabilities) on March 31, 2014 decreased by ¥37 million (U.S.$357 thousand), and income taxes-deferred for the year then ended increased by ¥37 million (U.S.$357 thousand).

13 Employees' Retirement and Severance Benefits

(Year ended March 31, 2014)
The Company and its consolidated subsidiaries have either funded or unfunded defined benefit plans for payments of employees' retirement.

The Group pays a pension or lump sum based on length of service and salary in the defined benefit corporate pension plan.

In unfunded retirement benefit plans, the Company pays a lump sum based on length of service and salary as a retirement benefit.

Some consolidated subsidiaries adopt the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end for the calculation of net defined benefit liability and retirement benefit expenses.

Defined benefit plans
Adjustments of beginning and ending balance of retirement benefit obligations

	millions of yen	thousands of U.S. dollars
	2014	2014
Beginning balance of retirement benefit obligations	¥ 3,736	$ 36,296
Service cost	185	1,801
Interest cost	30	289
Actuarial loss	74	716
Payment of retirement benefits	(97)	(943)
Other	4	38
Ending balance of retirement benefit obligations	¥ 3,931	$ 38,196

Adjustments of beginning and ending balance of plan assets

	millions of yen	thousands of U.S. dollars
	2014	2014
Beginning balance of plan assets	¥ 2,120	$ 20,594
Expected return on plan assets	42	412
Actuarial loss	120	1,165
Employer's contributions	156	1,519
Payment of retirement benefits	(72)	(696)
Ending balance of plan assets	¥ 2,367	$ 22,994

Adjustments of ending balance of retirement benefit obligations and plan assets, and net defined benefit asset and liability on consolidated balance sheet

	millions of yen	thousands of U.S. dollars
	2014	2014
Funded retirement benefit obligations	¥ 2,784	$ 27,047
Plan assets	(2,367)	(22,994)
	417	4,053
Unfunded retirement benefit obligations	1,147	11,149
Net defined benefit asset and liability on consolidated balance sheet	1,565	15,202
Net defined benefit liability	1,565	15,202
Net defined benefit asset and liability on consolidated balance sheet	¥ 1,565	$ 15,202

The following table summarizes the components of net retirement benefit expenses for the years ended March 31, 2014:

	millions of yen	thousands of U.S. dollars
	2014	2014
Service cost	¥ 185	$ 1,801
Interest cost on benefit obligation	30	289
Expected return on plan assets	(42)	(412)
Amortization of actuarial loss	75	730
Amortization of past service cost	(1)	(6)
Extraordinary additional retirement payments	20	192
Net retirement benefit expenses	¥ 267	$ 2,594

Remeasurements of defined benefit plans

Unrecognized actuarial gain (loss) ¥230 million (U.S.$2,230 thousand)

Plan assets

(1) Plan assets

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 is as follows:

Domestic bonds	14.1%
Domestic equity	15.8
Foreign bonds	6.2
Foreign equity	12.2
General account	49.0
Other	2.7
Total	100.0%

(2) Calculation method of expected long-term rate of return on plan assets

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in the actuarial calculation

Mainly the assumptions used in the actuarial calculation for the year ended March 31, 2014

Discount rate	0.8%
Expected rate of return on plan assets	2.0%

(Year ended March 31, 2013)

The Company and its domestic subsidiaries have defined benefit plans covering substantially all of their employees which are partially funded through a qualified funded pension plan. Under these plans, employees are entitled to lump-sum or pension retirement or severance benefits determined by points accumulated monthly based on the employees' contributions, length of service and the conditions under which termination occurs. In addition, the Company and its domestic subsidiaries pay meritorious service awards to employees in excess of the prescribed formula, which are charged to income as paid as it is not practicable to compute the liability for such future payments since the amounts vary depending on the circumstances.

The following table summarizes the funded status and amounts recognized in the accompanying consolidated balance sheets at March 31, 2013:

	millions of yen
	2013
Retirement and severance benefit obligation	¥ (3,736)
Plan assets	2,120
Unfunded benefit obligation	(1,616)
Unrecognized actuarial loss	351
Unrecognized past service cost	(1)
Accrued benefit obligation	¥ (1,266)

The following table summarizes the components of net retirement benefit expenses for the years ended March 31, 2013:

	millions of yen
	2013
Service cost	¥ 159
Interest cost on benefit obligation	64
Expected return on plan assets	(38)
Amortization of actuarial loss	42
Amortization of past service cost	(1)
Extraordinary additional retirement payments	51
Net retirement benefit expenses	¥ 278

The assumptions used in determining the pension benefit obligation are presented below:

	2013
Method of periodic allocation of estimated retirement benefits	Straight-line method
Discount rate	0.8%
Expected rate of return on plan assets	2.0%

14 Net Assets

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Capital surplus and the legal reserve are not available for the distribution of dividends but may be used to reduce or eliminate a deficit or may be transferred to stated capital. At March 31, 2014, the legal reserve of the Company included in retained earnings amounted to ¥550 million (U.S.$5,342 thousand).

The maximum amount which the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company and in accordance with the Corporation Law of Japan.

15 Amounts per Share

Net assets per share as of March 31, 2014 and 2013 were ¥936.06 (U.S.$9.10) and ¥905.84, respectively. Basic net income per share for the years ended March 31, 2014 and 2013 were ¥56.74 (U.S.$0.55) and ¥26.01, respectively.

Diluted net income per share for the year ended March 31, 2014 was ¥56.73 (U.S.$0.55). Diluted net income per share for the year ended March 31, 2013 is not presented because latent shares with dilutive effect do not exist.

The basis for calculation of basic net income per share and diluted net income per share for the years ended March 31, 2014 and 2013 was as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Basic net income per share:			
Net income	¥ 1,234	¥ 565	$ 11,989
Amount not attributable to shareholders of common stock	—	—	—
Amount attributable to shareholders of common stock	1,234	565	11,989
Weighted-average number of shares outstanding (millions of shares)	22	22	—
Diluted net income per share:			
Adjustments to net income	—	—	—
Increase in number of shares outstanding (millions of shares)	0	—	—
(Subscription rights to shares)	(0)	—	—
Shares resulting in an anti-dilutive effect (millions of shares)	1	1	—

The basis for calculation of total net assets per share as of March 31, 2014 and 2013 was as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Total net assets per share:			
Total net assets	¥ 21,087	¥ 20,213	$ 204,883
Deductions:	631	542	6,133
Subscription rights	95	109	924
Minority interests in consolidated subsidiaries	536	434	5,210
Amounts attributable to shareholders of common stock	20,455	19,671	198,749
Number of shares outstanding at year end (millions of shares)	22	22	—

16 Major Expenses

Major expenses included in selling, general and administrative expenses for the years ended March 31, 2014 and 2013 were as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Sales promotion expenses	¥ 6,133	¥ 5,412	$ 59,586
Advertising costs	2,678	2,917	26,020
Salaries	1,986	1,973	19,294
Shipment and storage expenses	1,284	1,309	12,480
Provision for employees' retirement and severance benefits	219	234	2,131
Provision for directors' retirement and severance benefits	22	21	213

Research and development expenses included in general and administrative expenses and cost of sales for the years ended March 31, 2014 and 2013 amounted to ¥564 million (U.S.$5,479 thousand) and ¥572 million, respectively.

17 Cash and Time Deposits

A reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows to cash and time deposits in the accompanying consolidated balance sheets at March 31, 2014 and 2013 is as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Cash and time deposits	¥ 6,765	¥ 4,693	$ 65,735
Time deposits with a maturity in excess of three months	(38)	(223)	(366)
Cash and cash equivalents	¥ 6,728	¥ 4,469	$ 65,369

18 Leases

(Finance leases)
Leased assets included in property, plant and equipment are tools, furniture and fixtures in the mothproofing and hygiene-related products segment and the household environment-related products segment. Leased assets included in intangible assets are software.

In accordance with the revised accounting standard effective the fiscal year ended March 31, 2009, the Company and its domestic subsidiaries account for finance leases as operating leases for those that were entered into before April 1, 2008 and if ownership of the leased property does not transfer to the lessee. Information in relation to leased assets held under finance leases but accounted for as operating leases is as follows:

(1) A summary of the proforma amounts (inclusive of the related interest) of acquisition cost, accumulated depreciation and net book value at March 31, 2014 and 2013, primarily relating to tools, furniture and fixtures is as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Acquisition cost	¥ —	¥ 36	$ —
Accumulated depreciation	—	35	—
Net book value	¥ —	¥ 1	$ —

(2) Future minimum lease payments, inclusive of the related interest, subsequent to March 31, 2014 and 2013 are summarized as follows:

	millions of yen		thousands of U.S. dollars
	2014	2013	2014
Payable in one year or less	¥ —	¥ 1	$ —
Payable after one year	—	—	—
Total	¥ —	¥ 1	$ —

(3) Lease payments and proforma depreciation charges for the years ended March 31, 2014 and 2013 were ¥1 million (U.S.$9 thousand) and ¥7 million, respectively.

(4) Depreciation is computed by the straight-line method over the respective lease terms assuming a nil residual value.

(Operating leases)
The Company and its consolidated subsidiaries had no significant operating leases at March 31, 2014 and 2013.

19 Segment Information

(1) Summary of Reporting Segments
The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors of the Company to make decisions about resource allocation and to assess their performance.

The Company formulates comprehensive strategies for implementation in Japan and overseas of its head office and conducts business activities. The Company has two reportable segments: Mothproofing and Hygiene-Related Products and Household Environment-Related Products. The business segments are classified according to the nature of the Company's products and their markets.

The Mothproofing and Hygiene-Related Products segment includes the manufacture and sales of Cloth Care products, Hand Care products and Thermal Care products. The Household Environment-Related Products segment includes the manufacture and sales of Air Care products, Humidity Care products and Home Care products.

(2) Calculation method of sales, profits or losses, and other items by reportable segment
The accounting method for the reportable segments is the same as the principles and procedures set forth in Note 1, "Summary of Significant Accounting Policies." The segment income or losses are based on operating income or loss.

(3) Information on the amounts of sales, income, and other items by reportable segments

Year ended March 31, 2014	Mothproofing and Hygiene-Related Products (millions of yen)	Household Environment-Related Products (millions of yen)	Total (millions of yen)
Sales			
Sales to third parties	¥ 20,668	¥ 26,325	¥ 46,993
Intra-group sales and transfers	—	—	—
Net sales	20,668	26,325	46,993
Segment income	¥ 822	¥ 1,309	¥ 2,131
Other items			
Depreciation	¥ 399	¥ 471	¥ 870

Year ended March 31, 2013	Mothproofing and Hygiene-Related Products (millions of yen)	Household Environment-Related Products (millions of yen)	Total (millions of yen)
Sales			
Sales to third parties	¥ 20,971	¥ 25,973	¥ 46,944
Intra-group sales and transfers	—	—	—
Net sales	20,971	25,973	46,944
Segment income	¥ 932	¥ 868	¥ 1,800
Other items			
Depreciation	¥ 354	¥ 457	¥ 810

Year ended March 31, 2014	Mothproofing and Hygiene-Related Products (thousands of U.S. dollars)	Household Environment-Related Products (thousands of U.S. dollars)	Total (thousands of U.S. dollars)
Sales			
Sales to third parties	$ 200,817	$ 255,780	$ 456,596
Intra-group sales and transfers	—	—	—
Net sales	200,817	255,780	456,596
Segment income	$ 7,985	$ 12,722	$ 20,707
Other items			
Depreciation	$ 3,877	$ 4,578	$ 8,455

Notes: 1. The total for segment income is the same as the operating income in the consolidated statements of income.
2. Assets and liabilities by reportable segment have not been described in the above tables because the Board of Directors of the Company does not regularly review them to make decisions about resource allocation and to assess their performance.

(4) Related Information

(a) Information by product and service

Year ended March 31, 2014	Cloth Care (millions of yen)	Thermal Care (millions of yen)	Air Care (millions of yen)	Others (millions of yen)	Total (millions of yen)
Sales to third parties	¥ 10,321	¥ 6,011	¥ 20,469	¥ 10,192	¥ 46,993

Year ended March 31, 2013	Cloth Care (millions of yen)	Thermal Care (millions of yen)	Air Care (millions of yen)	Others (millions of yen)	Total (millions of yen)
Sales to third parties	¥ 9,874	¥ 6,866	¥ 20,482	¥ 9,721	¥ 46,944

Year ended March 31, 2014	Cloth Care (thousands of U.S. dollars)	Thermal Care (thousands of U.S. dollars)	Air Care (thousands of U.S. dollars)	Others (thousands of U.S. dollars)	Total (thousands of U.S. dollars)
Sales to third parties	$ 100,284	$ 58,400	$ 198,880	$ 99,032	$ 456,596

(b) Information by geographical segment

(Sales)

Geographical segment information is not presented as overseas sales were less than 10% of consolidated net sales for the years ended March 31, 2014 and 2013.

(Property, plant and equipment)

Geographical segment information is not presented as the amount of property, plant and equipment in Japan exceeded 90% of the total of property, plant and equipment at March 31, 2014 and 2013.

(c) Information by major customers

Customer's name	Sales: millions of yen 2014	Sales: millions of yen 2013	Sales: thousands of U.S. dollars 2014	Related segment
Paltac Corporation	¥ 15,543	¥ 15,998	$ 151,016	Mothproofing and hygiene-related products Household environment-related products
ARATA CORPORATION	¥ 9,965	¥ 9,615	$ 96,823	Mothproofing and hygiene-related products Household environment-related products

20 Related Party Transactions

(Year ended March 31, 2014)

(1) Dealings with related parties

FUMAKILLA LIMITED carried out a takeover bid. The Company applied the takeover bid and sold stocks of FUMAKILLA LIMITED. The proceeds from sale was ¥1,509 million (U.S.$14,661 thousand), the loss on sales was ¥29 million (U.S.$278 thousand).

(Year ended March 31, 2013)

(1) Dealings with related parties

There are no significant transactions with related parties to be reported.

(2) Notes about a parent company and important affiliated companies

(Financial information on important affiliated companies)

The summary of financial information of FUMAKILLA LIMITED an important affiliated company, as of March 31, 2013, and for the year then ended is as follows:

	millions of yen 2013
Total current assets	¥ 12,125
Total non-current assets	9,981
Total deferred assets	1
Total current liabilities	11,834
Total long-term liabilities	3,101
Total net assets	7,172
Sales	14,965
Income (loss) before income taxes	79
Net income (loss)	22

21 Inventory Valuation Loss Included in Cost of Sales

Inventory valuation loss write-downs below cost to net selling value are included in cost of sales and amounted to ¥394 million (U.S.$3,825 thousand) and ¥807 million for the years ended March 31, 2014 and 2013.

22 Note to Consolidated Statements of Changes in Net Assets

Shares in issue and outstanding and treasury stock at March 31, 2014 and 2013 were as follows:

(Year ended March 31, 2014)

Number of shares in issue and outstanding:

Common stock	23,000 thousand

Number of shares held in treasury:

Common stock	1,147 thousand

Note: Detail of the increase/decrease is as follows:

Increase due to purchase of shares less than standard unit:	2 thousand
Decrease due to changes in treasury stock held by equity method companies:	138 thousand

Subscription rights at March 31, 2014 were as follows:

Subscription rights for stock options ¥95 million (U.S.$924 thousand)

Dividends paid from retained earnings for the year ended March 31, 2014 were as follows:

Resolution	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of directors' meeting held on May 20, 2013	240	11	March 31, 2013	May 31, 2013
Board of directors' meeting held on October 30, 2013	240	11	September 30, 2013	December 6, 2013

Dividends for which the record date was in the year ended March 31, 2014 and the effective date is in the year ending March 31, 2015 were as follows:

Resolution	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of directors' meeting held on May 19, 2014	240	Retained earnings	11	March 31, 2014	June 2, 2014

(Year ended March 31, 2013)

Number of shares in issue and outstanding:

Common stock	23,000 thousand

Number of shares held in treasury:

Common stock	1,284 thousand

Note: Details of the increase are as follows:

Increase due to purchase of shares less than standard unit:	2 thousand

Subscription rights at March 31, 2013 were as follows:

Subscription rights for stock options ¥108 million

Dividends paid from retained earnings for the year ended March 31, 2013 were as follows:

Resolution	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of directors' meeting held on May 21, 2012	240	11	March 31, 2012	June 1, 2012
Board of directors' meeting held on October 30, 2012	240	11	September 30, 2012	December 7, 2012

Dividends for which the record date was in the year ended March 31, 2013 and the effective date was in the year ended March 31, 2014 were as follows:

Resolution	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of directors' meeting held on May 20, 2013	240	Retained earnings	11	March 31, 2013	May 31, 2013

23 Stock Option Plans

At March 31, 2014, the Company had stock option plans, which were approved at the annual general meetings of the shareholders and by the Board of Directors. Details of these stock option plans are summarized as follows:

Date of approval	Number of shares granted	Eligible participants	Exercisable period
June 14, 2006	75,000	3 officers and 4 employees	July 1, 2008 – June 30, 2013
June 15, 2007	140,000	4 officers and 14 employees	Aug 1, 2009 – July 31, 2014
June 18, 2008	95,000	3 officers and 12 employees	Aug 1, 2010 – July 31, 2015
June 18, 2009	20,000	4 employees	Aug 4, 2011 – Aug 3, 2016
June 18, 2010	155,000	4 officers and 17 employees	Aug 3, 2012 – Aug 2, 2017
June 17, 2011	35,000	7 employees	Aug 2, 2013 – Aug 1, 2018
June 15, 2012	130,000	3 officers and 8 employees	Aug 2, 2014 – Aug 1, 2019
June 15, 2013	130,000	2 officers and 10 employees	Aug 2, 2015 – Aug 1, 2020

The option price per share was determined on the date the options were granted based on an established formula for determining option prices. The options are exercisable during the above periods provided that the recipients are still directors, officers or employees of the Company or its subsidiaries.

Cost related to the 2014 stock option plan amounting to ¥12 million (U.S.$112 thousand) were included in selling, general and administrative expenses.

Contents of stock options

	2007	2008	2009	2010	2011	2012	2013	2014
Grantees	3 officers and 4 employees	4 officers and 14 employees	3 officers and 12 employees	4 employees	4 officers and 17 employees	7 employees	3 officers and 8 employees	**2 officers and 10 employees**
Type of stock	Common stock	Common stock	Common stock	Common stock	Common stock	Common stock	Common stock	**Common stock**
Number of stock options granted(*)	75,000	140,000	95,000	20,000	155,000	35,000	130,000	**130,000**
Grant date	August 1, 2006	August 1, 2007	August 1, 2008	August 3, 2009	August 2, 2010	August 1, 2011	August 1, 2012	**August 1, 2013**
Condition for exercise	Working from August 1, 2006 to June 30, 2008	Working from August 1, 2007 to July 31, 2009	Working from August 1, 2008 to July 31, 2010	Working from August 3, 2009 to August 3, 2011	Working from August 2, 2010 to August 2, 2012	Working from August 1, 2011 to August 1, 2013	Working from August 1, 2012 to August 1, 2014	**Working from August 1, 2013 to August 1, 2015**
Working period	August 1, 2006 to June 30, 2008	August 1, 2007 to July 31, 2009	August 1, 2008 to July 31, 2010	August 3, 2009 to August 3, 2011	August 2, 2010 to August 2, 2012	August 1, 2011 to August 1, 2013	August 1, 2012 to August 1, 2014	**August 1, 2013 to August 1, 2015**
Exercisable period	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)	**Within 5 years after the vesting date (those retiring after the vesting date cannot exercise their stock options)**

(*) Number of stock options in the column "Number of stock options granted" has been converted into equivalent numbers of shares.

Stock option activity during the year ended March 31, 2014 was as follows:

Number of shares

	2007	2008	2009	2010	2011	2012	2013	2014
Non-vested Outstanding at beginning of year	—	—	—	—	—	35,000	70,000	**—**
Granted during the year	—	—	—	—	—	—	—	**130,000**
Forfeited during the year	—	—	—	—	—	—	—	**—**
Vested during the year	—	—	—	—	—	35,000	—	**—**
Outstanding at end of year	—	—	—	—	—	—	70,000	**130,000**
Vested Outstanding at beginning of year	75,000	140,000	95,000	20,000	145,000	—	—	**—**
Vested during the year	—	—	—	—	—	35,000	—	**—**
Exercised during the year	—	—	—	—	—	—	—	**—**
Forfeited during the year	75,000	—	10,000	—	5,000	—	—	**—**
Outstanding at end of year	—	140,000	85,000	20,000	140,000	35,000	—	**—**

Price of stock options

	yen								U.S. dollars
	2007	2008	2009	2010	2011	2012	2013	2014	2014
Exercise price	¥ 1,727	¥ 1,517	¥ 1,264	¥ 1,037	¥ 1,049	¥ 976	¥ 946	**¥ 1,066**	**$ 10**
Weighted-average market price	—	—	—	—	—	—	—	**—**	**—**
Fair value per option on grant date	¥ 292	¥ 191	¥ 220	¥ 197	¥ 178	¥ 194	¥ 153	**¥ 117**	**$ 1**

The fair value of each stock option grant was estimated at the grant date using the Black-Scholes option pricing model. The fair value per option for options granted during the year ended March 31, 2014 was estimated based on the following assumptions:

	2014
Volatility	**21.8%**
Option term	**4 years and 6 months**
Expected dividend (per share)	**¥22 (U.S.$0.21)**
Risk-free interest rate	**0.24%**

Volatility was determined based on the actual stock price over the past 4 years and 6 months.

The option term was estimated under the assumption that the options would be exercised in the middle of the exercisable period because of insufficient data.

Expected dividend (per share) was based on the dividend amount applicable to the 2013 fiscal year.

Risk-free interest rate was based on government bonds whose terms corresponded with the terms of the above options.

Method of estimating exercised stock options

The Company estimated the number of exercised stock options based on the actual number of forfeitures because it is difficult to estimate the number of stock options which will be forfeited in the future.

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Building a better working world

Independent Auditor's Report

The Board of Directors
S.T.CORPORATION

We have audited the accompanying consolidated financial statements of S.T.CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

June 17, 2014
Tokyo, Japan

Ernst & Young ShinNihon LLC

A member firm of Ernst & Young Global Limited

Five-Year Financial Summary

S.T. CORPORATION and consolidated subsidiaries
Years ended March 31

	millions of yen (except per share data and ratios)					thousands of U.S. dollars (except per share data and ratios)
	2014	2013	2012	2011	2010	**2014**
For the Year:						
Net sales	**¥ 46,993**	¥ 46,944	¥ 46,354	¥ 43,580	¥ 43,546	**$ 456,596**
Cost of sales	**26,980**	27,738	27,347	25,370	25,151	**262,149**
Selling, general and administrative expenses	**17,881**	17,406	17,256	16,097	16,149	**173,741**
Operating income	**2,131**	1,800	1,751	2,114	2,246	**20,707**
Income before income taxes and minority interests	**1,637**	1,105	596	1,343	1,943	**15,907**
Net income	**1,234**	565	76	786	1,119	**11,989**
Capital expenditures	**942**	2,061	1,007	662	673	**9,156**
Depreciation and amortization	**894**	830	931	992	922	**8,687**
R&D expenses	**564**	572	659	610	612	**5,479**
Cash flows from operating activities	**2,110**	980	1,560	2,704	2,263	**20,502**
Cash flows from investing activities	**514**	(1,924)	(787)	(3,601)	(126)	**4,998**
Free cash flow	**2,624**	(944)	773	(897)	2,137	**25,500**
Cash flows from financing activities	**(465)**	(557)	(549)	(521)	(499)	**(4,520)**
At Year-End:						
Total current assets	**¥ 18,956**	¥ 15,533	¥ 16,941	¥ 16,523	¥ 17,667	**$ 184,182**
Property, plant and equipment, net	**7,555**	7,524	6,295	6,312	6,561	**73,404**
Total assets	**32,370**	30,076	30,287	30,011	29,029	**314,521**
Total current liabilities	**8,966**	8,058	8,778	8,286	7,313	**87,112**
Total long-term liabilities	**2,318**	1,805	1,807	1,753	1,751	**22,526**
Total net assets	**21,087**	20,213	19,701	19,972	19,966	**204,883**
Cash and cash equivalents	**6,728**	4,469	5,921	5,731	7,170	**65,369**
Number of shares issued (thousand shares)	**23,000**	23,000	23,000	23,000	29,500	
Treasury stock (thousand shares)	**1,147**	1,284	1,282	1,214	7,648	
Number of employees	**760**	663	647	630	611	
Per Share (yen and U.S. dollars)**:**						
Net income	**¥ 56.74**	¥ 26.01	¥ 3.48	¥ 36.03	¥ 51.25	**$ 0.55**
Dividends	**22.00**	22.00	22.00	22.00	22.00	**0.21**
Net assets	**936.06**	905.84	884.45	893.74	892.46	**9.10**
Common stock price	**999**	988	1,025	916	1,046	**9.71**
Ratios (%)**:**						
Operating income margin	**4.54**	3.83	3.78	4.85	5.16	
Income before income taxes and minority interests/net sales	**3.48**	2.35	1.29	3.08	4.46	
Net income margin	**2.63**	1.20	0.16	1.80	2.57	
ROA	**3.95**	1.87	0.25	2.66	3.95	
ROE	**6.15**	2.91	0.39	4.03	5.87	
Equity ratio	**63.19**	65.40	63.42	64.88	67.18	

Notes: 1. U.S. dollar amounts are translated from yen for convenience only, at the rate of ¥102.92 = U.S.$1.00, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2014.
2. The common stock prices listed are as of the end of the fiscal year ended in March.
3. ROA = Net income divided by average total assets for the fiscal year.
4. ROE = Net income divided by average total equity (total net assets minus subscription rights less minority interests in consolidated subsidiaries) for the fiscal year.

Investor Information

As of March 31, 2014

■ Corporate Data

Company name	S.T. CORPORATION
Headquarters	4-10, Shimo-ochiai 1-chome, Shinjuku-ku, Tokyo 161-8540, Japan
Establishment	August 31, 1948
Common stock	¥7,065,500,000
Fiscal year-end	March 31
Shares issued and outstanding	23,000,000
Listed stock exchange	Tokyo Stock Exchange, First Section
Shareholders	14,577
Registered transfer agent	Mizuho Trust & Banking Co., Ltd.
Accounting auditors	Ernst & Young ShinNihon LLC
Annual shareholders' meeting	Middle of June each year
Employees	760 (consolidated) 402 (non-consolidated)
Contact	Kouichi Yoshizawa, Public Relations Department
E-mail	ir@st-c.co.jp
Telephone	+81-3-3367-6115
Facsimile	+81-3-3367-6320

■ Group Companies

S.T. TRADING CO., LTD.

S.T. AUTO CO., LTD.

S.T. BUSINESS SUPPORT CO., LTD.

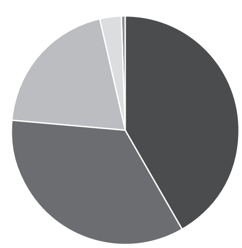
S.T. (THAILAND) CO., LTD.

FAMILY GLOVE CO., LTD. (TAIWAN)

S.T. KOREA CORPORATION (SOUTH KOREA)

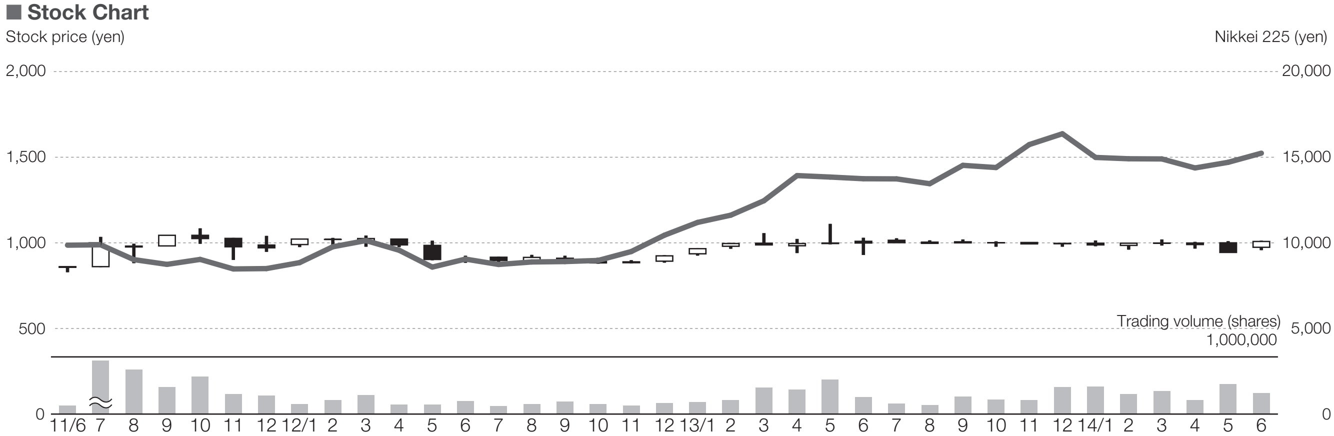
■ Major Shareholders

	Thousands of shares	% of total
Shaldan Co., Ltd.	5,537	24.1
Nippon Life Insurance Company	1,504	6.5
S.T. CORPORATION	1,147	5.0
TCSB (Mizuho Bank)	884	3.8
Takashi Suzuki	682	3.0
FUMAKILLA LIMITED	541	2.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	524	2.3
Kanichi Suzuki	500	2.2
Hiromu Fujii	441	1.9
Suzuki Kanichi Shouten	433	1.9



● Individuals, etc. 41.7%
● Other Japanese corporations 34.9%
● Financial institutions 19.8%
● Non-Japanese institutions 3.2%
● Securities firms 0.4%

■ Stock Chart



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