Nature Sees NO BORDERS,
Fujikura Sees NO LIMITS

Annual Report 2014

Year Ended March 31, 2014

“TSUNAGU” Technology

Fujikura Group Corporate Philosophy

Mission

“The FUJIKURA Group” will contribute to the creation of value for customers and society through “TSUNAGU” technologies.

We will earn the trust of our customers and contribute to society, by providing products and solutions to our customers’ requirements.

Vision

- We aim to be a trusted partner for customers in the field of “TSUNAGU” technologies.
- We will be a leader in the field of “TSUNAGU” technologies through innovation by continuing to develop highly useful products and solutions.
- Each individual will take a “leading role” to build a professional team in the global market.

Core Values

Customer Satisfaction
“Are you working for customer satisfaction?”

Change
“Are you willing to take up challenges to drive progress?”

Collaboration
“Are you collaborating with others to fully realize capabilities and potential?”

Code of Behavior

- Place the highest priority on actions for customers.
- Constantly decide what to keep and what to discard.
- Clear and share identified goals.
- Conduct study ceaselessly to keep ourselves ahead of the pack.
- Take quick action based on facts.

“TSUNAGU” means connecting, integrating and linking customers, technologies, organizations, and people to one another.

Electronics Business Company

More than 30 years as a valued global partner,

responding to customer needs through high-quality and on-time delivery.

That's the Fujikura record of success in delivering more compact, functional electronic components for the mobile device and digital camera markets through advanced technologies we developed in Japan.

Fujikura is also pioneering new technologies

in eco-friendly car applications that attract more attention to reducing environmental impact, as well as advancements in the medical equipment field, where demands call for more digitized features in a smaller footprint.

Automotive Products Company

A preferred supplier by the world's leading auto manufacturers

Fujikura delivers high-quality products consistently and on time to customers who do business on a global scale.

Fujikura won Customer's Best Supplier in 2009 and 2012

in recognition of the high level of our QCDS performance.

Further, we are developing components and materials of wire harnesses necessary for computerization, electrical control, higher voltage and weight reduction combined with our electronics and fiber optic technologies for their next-generation models.

Our strengths in such new products and wire harnesses will differentiate Fujikura from the other peers and lead Fujikura to another growing stage.

Power & Telecommunication Systems Company

Top Global Supplier

More than 40% of the global fiber fusion splicer market, vital for Fiber to the Home (FTTH) construction.

World Top 3

Fujikura's optical fiber connects the world's homes to high-speed optical communications networks.

Our Optical Fiber Composite Overhead Ground Wire (OPGW) is used in the electric power network systems of countries around the world.

Fujikura is the industry leader in advanced electric power and telecommunications technology infrastructure.

And, we continue to develop wavelength-selective switch (WSS), silicon photonics, and other advanced technologies that keep data moving around the world—more quickly and in greater volume.

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Financial Highlight

	FY2009	FY2010	FY2011	FY2012	FY2013 (Millions of yen)	FY2013 (Thousands of U.S. dollars)
For the Year						
Net Sales	¥503,527	¥521,832	¥509,081	¥491,118	¥590,980	$5,744,362
Operating Income	17,934	16,891	13,383	6,499	20,345	197,755
Net Income (Loss)	2,567	9,383	(6,232)	3,049	3,328	32,348
Capital Expenditures	34,598	21,255	30,980	54,594	25,463	247,502
R&D Expenditures	13,491	13,924	14,585	14,917	14,654	142,438
At Year-End						
Total Assets	489,749	482,427	489,479	528,900	537,281	5,222,405
Total Net Assets	193,386	192,750	184,235	204,771	207,242	2,014,405
Number of Employees	50,639	53,289	50,463	52,409	53,409	
Per Share Data						
Net Income (Loss)—Primary	¥7.12	¥26.02	¥ (17.28)	¥8.65	¥9.99	$0.10
Net Income—Fully Diluted	–	–	–	–	–	–
Cash Dividends	5.00	6.00	5.00	5.00	6.00	0.06

External Environment

While the global economy has been slow due to the financial crisis in Europe, we saw a recovery during the second half of the fiscal year owing to the weaker Euro and quantitative easing in the United States. Japan's economy also showed signs of recovery in the wake of anti-deflationary policies, a correction in the overly high valuation of the yen, and higher share prices in the stock market. However, maturation in the Fiber-to-the-Home market and a much more conservative environment for capital investment resulted from the nuclear plant shutdowns have led to ongoing challenges in the power and telecommunications infrastructure markets. We have also experienced an unwelcome shadow over growth in the smartphone, digital home appliance, and other products in the electronics market, making for tougher competition and price declines.

NET SALES

Net sales came in JPY100.0 billion higher than FY2012. This result was due to several factors. For one, the Japanese government and Bank of Japan introduced financial policies that corrected the overly high valuation of the yen. At the same time, our Automotive Products business experienced growth in line with the growth of the global automotive markets, while our Electronics business enjoyed continued recovery.

+99.8bn

OPERATING INCOME

Operating income experienced a year-on-year increase of JPY14.0 billion, mainly due to the correction in the overly high valuation of the yen and higher margins due to expansion of the Electronics business. Further, the company saw the benefit of lower fixed costs due to business restructuring.

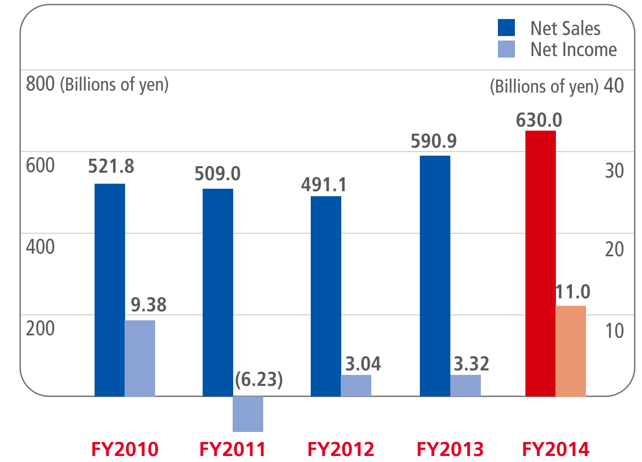
+¥13.8bn

NET INCOME

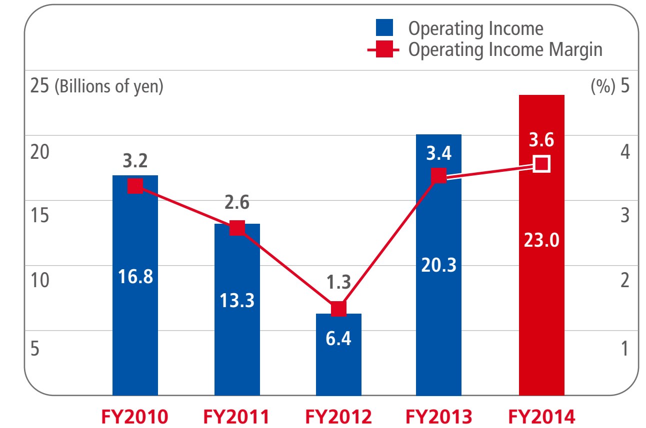
Net income grew only by a marginal amount compared to the prior fiscal year. This result was mainly due to a total of JPY7.7 billion in extraordinary profit including JPY4.7 billion in gain on the sale of a rental building and a total of JPY8.6 billion in extraordinary losses, including JPY6.4 billion in business restructuring costs.

+9.2%

Net Sales and Net Income (Loss)



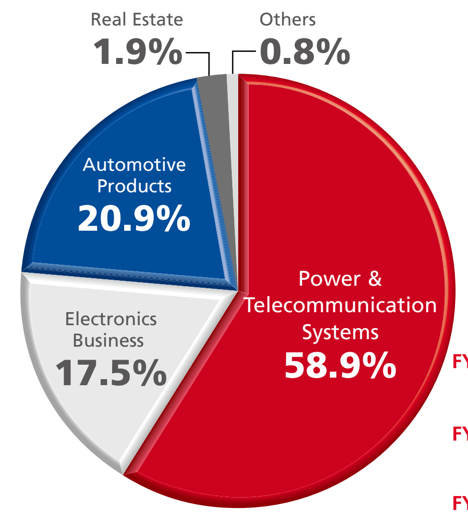
Operating Income, Operating Income Margin



Total Amount of Repurchasing Own Stock

¥6.0 bn

Net Sales by Segment



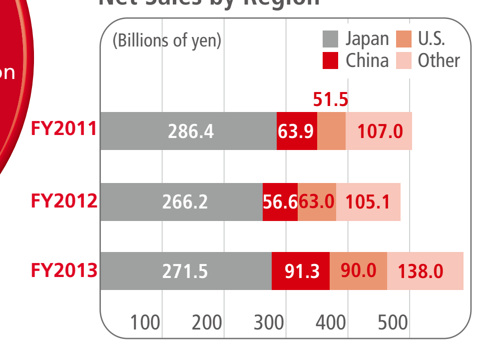
Overseas Sales Ratio

54%

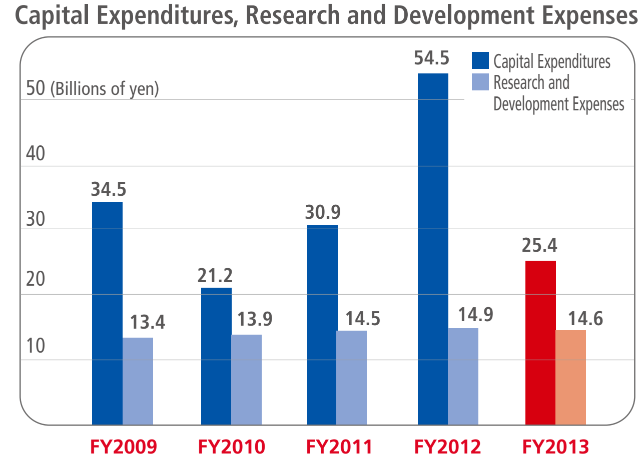
Reduction in Fixed Expenses Earned Through the Structural Reforms

¥2.0 bn

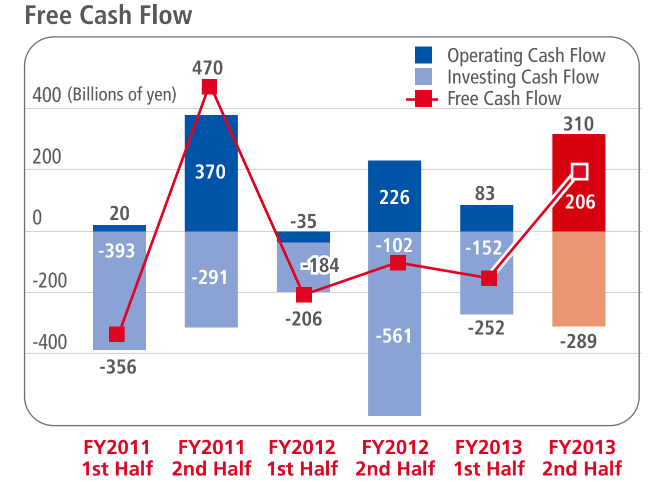
Net Sales by Region



Capital Expenditures, Research and Development Expenses



Free Cash Flow



President's Message

Fujikura aims to be a corporate group that is appreciated by customers and highly evaluated by society and whose employees work in vigor. Our entire group is working as one to continue achieving even higher goals.

Earnings Report

Net Sales:	JPY590.9 Billion
Operating Income:	JPY20.3 Billion
Ordinary Income:	JPY13.8 Billion
Net Income:	JPY3.3 Billion

Main Factors

1. Business restructuring
2. Electronics business recovery
3. Automotive Products business growth
4. Correction in overly high yen valuation

FY2013 Policies

For Fujikura, FY2013 was a crucial one as we looked back on our Mid-term Business Plan to achieve our 2015 mid-term goal through growth strategies and additional measures to deal with environmental changes.

Breakthroughs during FY2013

1. Response to environmental changes in the Japanese infrastructure market.
   Progress in organizational restructuring and business restructuring.
2. Restoration in the Electronics business
   We saw a true recovery in our Electronics business, having improved our product supply system and once again earned the trust of our most important customers.

Fujikura's related results and accomplishments

1. Business restructuring led to an expected reduction in fixed costs of JPY2.0 billion per year.
2. The Electronics Company improved from JPY76.5 billion (FY2012) to JPY103.2 billion (FY2013) in annual net sales as a whole. We improved JPY5.8 billion of operating loss to JPY3.9 billion. We are looking to break even for FY2014.

Financial Strategy and Shareholder Returns

Our target is a total return ratio of over 30% and a JPY6 per share period-end dividend in line with our policy of continued stable dividends. We will, however, keep in mind overall period earnings in our final decision.

As part of our shareholder returns policy, we repurchased 14,696,000 shares (approximately JPY6.0 billion) of stock between last April and December.

We plan to deliver a cumulative dividend payout ratio of 33% between FY2012 and FY2014 (forecast), with a cumulative total return ratio of 105%.

The Fujikura Vision

FY2014 is a final approach toward achieving our 2015 mid-term goal. We believe the following initiatives will help us respond to the change in market environment, as well as facilitate a quicker corporate metabolism on our path toward steady, healthy growth.

FY2014 Forecast

Consolidated Net Sales	JPY630.0 billion (7% year-on-year increase)
Operating Income	JPY23.0 billion (13% year-on-year increase)
Ordinary Income	JPY19.0 billion (137% year-on-year increase)
Net Income	JPY11.0 billion (333% year-on-year increase)

Important Measures

1. Improve Japanese Infrastructure business profit resulted via successful completion of structural reforms
2. Recover/Restore the Electronics business
3. Business "Focus & Deep"
   Begin to consolidate our businesses with an eye toward future prospects, reflecting a standard ROIC of 8.5%. Reinvest the recovered management resources into growth markets.
4. Growth strategy

   Accelerate business growth overseas
   Prepare to launch manufacturing operations in Indonesia and Brazil; expand business in Myanmar

   Automotive Products business
   Strengthen our local entities around the global and develop an integrated suite of products for electronics components and other components

   New business area
   We intend to invest heavily in four new businesses: high-temperature superconductor wire, fiber lasers, cloud communications, and medical technologies, working to bring products and services to market quickly.

In Conclusion

Through "Monozukuri (Manufacturing)," we aim to be a corporate group that is appreciated by customers and highly evaluated by society and whose employees work in vigor. Our entire group is working as one to continue achieving even higher goals.

The Thailand floods have been a concern for everyone these past two years. However, we intend to hold to our 2015 Mid-term Business Plan, targeting an operating income margin of 6.3% or better, backed by the focused efforts of every individual in the Fujikura Group. We thank you and ask for your continued support.

May 12, 2014

長浜洋一

Yoichi Nagahama
President and CEO

Mid-term Business Plan

Fujikura continues to restructure. Working toward our goals and pursuing a dream as a TEAM through "Make Changes and Change Ourselves!" toward 2015 Mid-term Business Plan.

Gap Against 2015 Mid-term Goal

The Fujikura FY2014 consolidated business plan calls for JPY630.0 billion in net sales and JPY23.0 billion in operating income. Looking forward in our 2015 Mid-term Business Plan, we expect net sales to be nearly in line with projections; however, there is a significant gap between plan and projections for operating income margin. That gap is mainly due to circumstances in our Power & Telecommunication Systems business and Electronics business.

While our operating income margin forecast for the Optical Fiber business within our Power & Telecommunication Systems business is essentially in line with plan, maturity and contraction in Japan's power and telecommunications markets, as well as the significant environmental changes due to the nuclear plant shutdowns, have led us to conclude that there will be major discrepancies between plan and results for our Infrastructure business.

The Electronics business is still recovering in the wake of the Thailand floods. While business with our main customers is picking up, we are seeing greater competition in the market, which leads us to project 2014 operating income that is just break even. This development presents a significant gap to the 6.0% figure called for in our FY2015 targets.

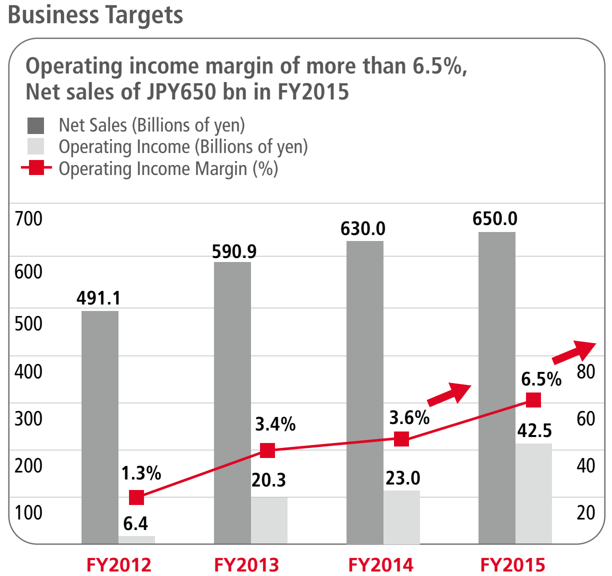
In addition to the various measures we are emphasizing to resolve the issues in our Infrastructure business and Electronics business, we plan to reallocate management resources that should become available through our current business restructuring and the program of "Focus & Deep" planned for FY2014. We believe this helps us secure the necessary resources to invest in strategic plans for faster global growth, bring new businesses to the market, and lead to achieving our 2015 mid-term goal.

New Organization Structure

Fujikura Headquarters

- **Power & Telecommunication Systems Company** (former Telecommunications Business Unit and Metal Cable & Systems Business Unit)
- **Electronics Business Company** (former electronics section of Electronics & Auto Business Unit)
- **Automotive Products Company** (former automotive products section of Electronics & Auto Business Unit)
- **Real Estate Company** (former Real Estate Business Unit)

Business Targets



Two Major Issues and Related Solutions

Infrastructure Business

The Fujikura Infrastructure business will continue to restructure, including the reorganization of our Japanese Group companies, consolidation of domestic and global production sites, and a thorough review of our sales and logistics structure. Our goal is to accomplish this restructuring by the end of fiscal 2014 as we continue to reduce our fixed costs. Overseas, we are building production sites in emerging countries including Indonesia and Brazil, working with local business partners to expand our presence. Through these and other measures we intend to improve profitability.

Electronics Business

- Flexible printed circuits represent one major pillar of our Electronics business. Here, we have seen a post-flood recovery in our business with existing customers, mainly in the mobile devices and digital home appliance fields. While the recovery has taken some time, we expect FY2014 to bring Fujikura the necessary order volume representative of a key supplier as our main customers come back to the fold. After a year of almost no activity after the flooding, we are now returning to proper production efficiencies and operator proficiency. We have also introduced greater automation in our processes, resulting in improved manufacturing productivity and stronger prospects for reaching our mid-term targets. Further, we are turning our attention to building a stronger foundation for future growth for our businesses in the automotive and medical markets.
- In terms of connectors, you will see Fujikura secures the business focusing on the profits neither than volume of the business in the intensifying competition in mobile device market in addition to expanding our businesses for industrial equipment and base stations. More "Focus & Deep" in this business should allow us to shift our resources to building high-value-added automotive products and services in our transition to higher-profit business models.

Toward New Growth Paths

Accelerating globalization is one of our growth strategies. During 2013, we established PT. Fujikura Indonesia to manufacture and sell Fiber-to-the-Home products and services in that country, as well as an overhead transmission line manufacturing company in Brazil. During FY2014, we will be working to get these businesses into full operation as quickly as possible. In January 2014, we set up an office in Myanmar, a market in which we expect rapid growth. Here, we are already working to locate local business partners for joint projects. Our Automotive business is enjoying rapid growth, as it is well regarded by our main customers. In connection with this growth, we recorded quite an increase in prepaid expenses during FY2014, which prevented us from reaching our profitability targets. However, we believe we will hit FY2015 mid-term targets as we digest the run-up in activity and strengthen the operating structure of our global three regional headquarters. These moves should reduce the risks associated with rapid business growth, while keeping costs to a minimum.

- Another of our growth strategies involves paving the way into new business areas. Here, we have plans to focus investment into resources for fiber lasers, yttrium-based high-temperature superconductor wires, cloud communications, and medical technologies. We are moving forward in building structures capable of handling increasing demand and allowing us to take businesses to the market in the shortest time possible.

Messages from Co. President & COO

Power & Telecommunication Systems Company

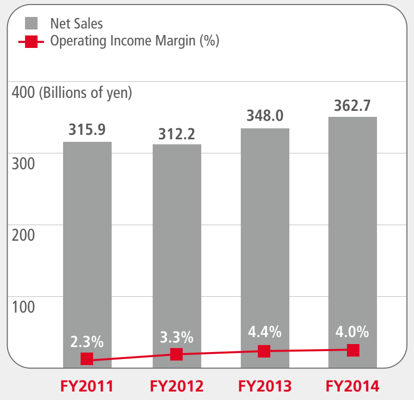
Yoichi Nagahama, President and CEO, Fujikura Ltd.

Complete Restructuring and Organizational Reforms to Accomplish 2015 Mid-term Goals

The markets in Japan for power and telecommunications are maturing and contracting, causing more intense competition and other related challenges. In response, we reevaluate our structure. This reevaluation allows us to free up management resources that we invest in overseas businesses and new product lines.

In Japan, we plan to complete our business restructuring by the end of FY2014. At the same time, we are identifying core technologies and businesses to narrow our focus. Overseas, we will engage more closely with local partners in emerging countries to build our Infrastructure businesses. Two major overseas bases are Indonesia and Brazil, where we will continue to invest time and resources. As well, we intend to introduce new products and features in wavelength selective switches, fiber lasers, and fusion splicers to draw a clearer distinction between ourselves and the competition. We believe that these measures will help us achieve our 2015 mid-term goals.

Net Sales and Operating Income Margin



Automotive Products Company

Masato Sugo, Co. President & COO

We Aim at 2015 Mid-term Goals with Stronger Coalition of Global Three Regions and Headquarters than Ever.

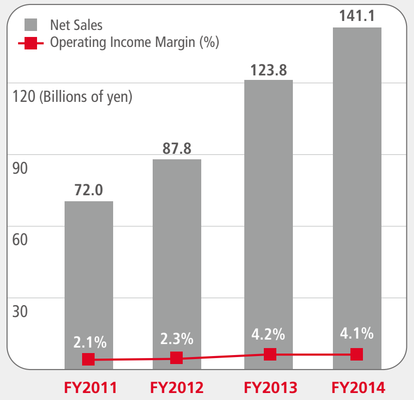
We are pleased to report you that we outperformed the plan for FY2013 profits. We believe that our quick response to customer needs helped us achieve the results.

So that we could attain our 2015 mid-term goals hereafter, we should timely react to the changes of the market and the customers' requirements with our global network and communication and we need to have the maximum efficiency and results.

For that purpose, we will beef up our Global Three Region framework built in FY2013 and keep enhancing the customer support system regionally by setting up customer service centers and quality management system. Further, we will build our flexible global supply chain management system to address certain risks.

In addition to coordination between Company HQ and Regions and of inter-Regions we plan to expand the variety of products and services to the automotive platform pursuing cooperative internal ventures with the other companies in Fujikura organization (Electronics, Power & Telecommunication Systems).

Net Sales and Operating Income Margin



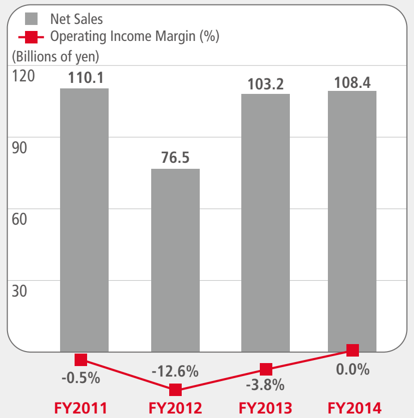
Electronics Business Company

Takashi Sato, Co. President & COO

New Products, Produced with an Obsession for Quality

Already two-and-a-half years have passed since the tragic Thai floods in FY2011. Net losses in FY2013 mean that this company will have to continue rebuilding throughout FY2014, all the while dealing with challenging market conditions. But, we believe we will win in the main battleground that is the mobile device market, where growth continues to be significant and ongoing. In parallel, we plan to develop new product lines that support our business, particularly in the automotive and medical device markets that are becoming increasingly digital and more tightly integrated with products and services representing a range of industries. At the same time, we plan to make bold moves in the industrial equipment market. Quality is the number one factor for us to record a profit and reach our FY2014 goals. Now, as we are in a phase of true restoration, is the time for us to recommit fully to quality as the highest priority of our business. We must be able to launch new products and transition to full production smoothly, putting all of our focus and effort into making FY2014 a year of recovery in the Electronics business.

Net Sales & Operating Income Margin



TOPICS

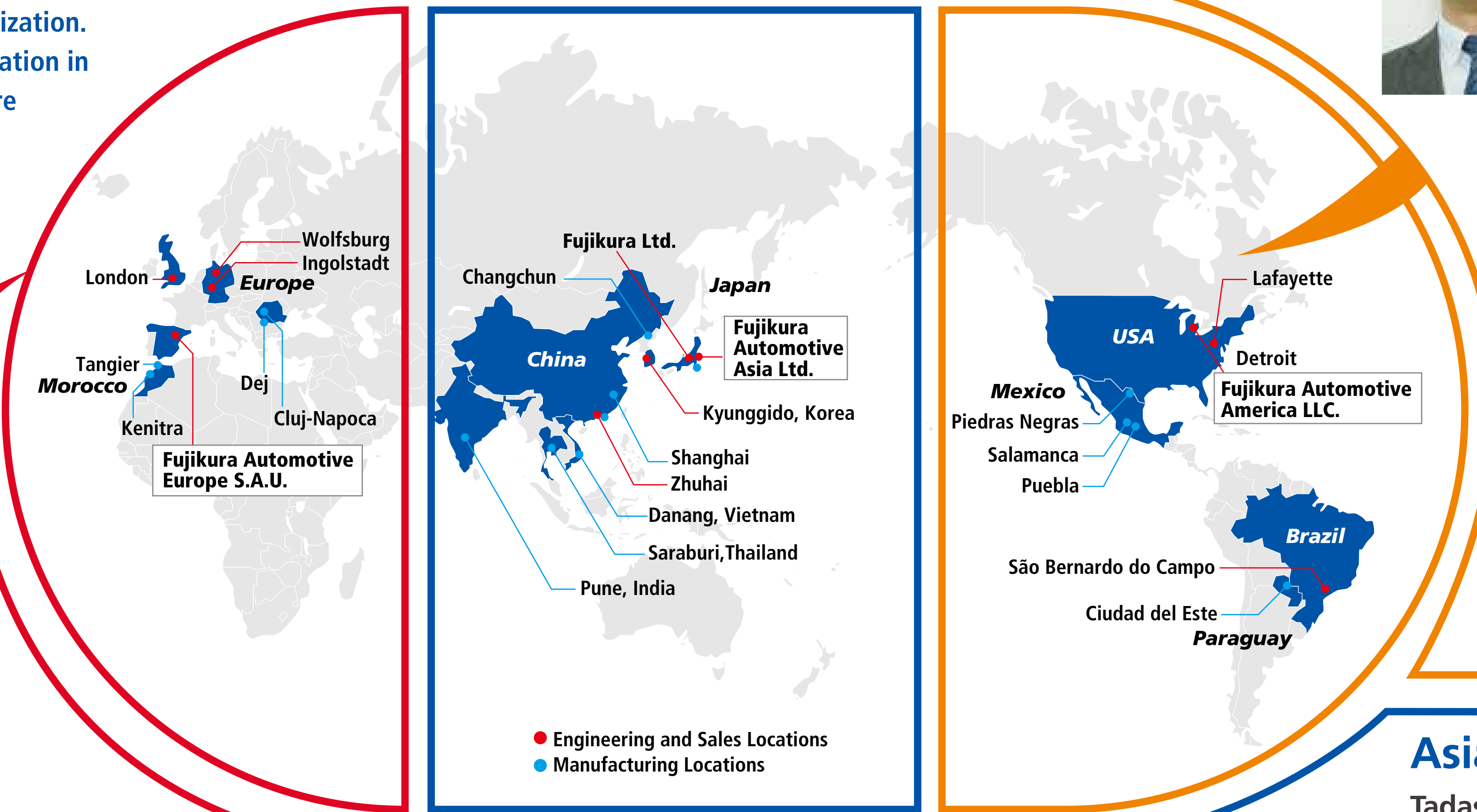
Fujikura was awarded the top prize at the FESTO Supplier Elite Awards 2013 by Festo AG & Co. KG, a major manufacturer of pneumatic equipment that uses Fujikura pressure sensors. This award—presented to only three companies out of more than 500 suppliers in FY2013—recognizes quality, delivery, and technology superiority. At Fujikura, we intend to continue to improve quality, service, and develop new products as we grow together with our customers.

(Photo: Mr. Hashimoto, Sensor Department, Mr. Shiwa, Senior Vice President & Member of the Board)

Accelerate Globalization in Automotive Business

Fujikura's Global Three Regional Headquarters Structure

Fujikura has two growth strategies: New Business Development and Accelerating Globalization. Here, we discuss accelerating globalization in our automotive business, where we are seeing particularly strong growth. Each regional headquarters manager reports on the progress of our automotive globalization strategies.



European Region

Ichiro Kamada,
CEO of Fujikura Automotive Europe S.A.U.

"Winning Steadily the Trust of Our European Customers Means Our Success!"

Fujikura Automotive Europe S.A.U. with seven factories in the region in charge and nine business offices and service centers in Europe, employs 8,000 people totally.

FY2013 resulted in the increase in both sales and profit by launching several new products with the larger orders than our original plan. As we have received orders for our new vehicle models by the major customers, FY2014 will outperform the last year in sales. We believe such new orders resulted from customer satisfaction that has been brought about by our consultative approach to the customers in the ways of continuing new technology proposals and meeting pricing and delivery requirements, not mentioning the level of quality we provide.

To earn even higher levels of customer credit to our business management we will continue to serve our customers as a strategic partner, meeting their needs by increasing customer service centers, enhancing R&D Center and upgrading production facilities.

Fujikura Automotive Morocco Kenitra, S.A

Americas Region

Kenichiro Takahashi, President of Fujikura Automotive America LLC.

Uninterrupted New Volume Productions to Reach 2015 Mid-term Goals

Fujikura Automotive America LLC. oversees our Automotive Products companies in North, Central, and South America. We have seven factories across Mexico, Brazil and Paraguay with 13 offices and more than 7,300 employees in the region. During FY2013, the economic recovery in the North American market and new vehicle model launch in South America helped us attain earnings higher than planned.

Since we have already won several new high-volume orders for FY2014 and 2015 production, we will see higher sales and profits. To hit our 2015 mid-term goals, we need to ensure that each of these projects runs as smoothly as possible. To ensure it without fail, we will make our products with craftsmanship adding a more team-based approach, focusing on quality and appropriate risk management, based on very sound planning. Our Paraguay plant has been in operation for two years, enjoying steady production and sales growth. We will make the Paraguay plant deeply involved in our Global coordination and will achieve 2015 mid-term goals altogether.

Fujikura Automotive Paraguay S.A.

Asian Region

Tadashi Sato, President of Fujikura Automotive Asia Ltd.

We will Reinforce Regional Structure and Co-Creation to achieve 2015 Mid-term Goals

Fujikura Automotive Asia Ltd. serves as the overall Automotive Products management company covering the Asian region. This organization oversees Japan, China, Vietnam, Thailand, and India, representing 15 factories and more than 12,000 employees.

During FY2013, we achieved our plan in sales and profits, due in part to the launch of new vehicle models in China. We expect to see further growth during FY2014, adding two new plants and emphasizing collaboration in our team throughout Asian Region. We intend to focus on innovations in our manufacturing processes as well as employee training as a core business strategy.

We are building two new plants to diversify risk and reduce costs, one in Vietnam for expansion and the other in Thailand for new production to meet the needs of our Japanese customers. We intend to start mass-production during the second half of FY2014 at the plant we built in India last year, not only to achieve our FY2014 goals but also to build the groundwork for reaching our 2015 mid-term goals.

Fujikura Automotive (Thailand) Ltd.

New Business Development

Pave the Way into New Business Areas

New Business: High-temperature Superconductors, Fiber Lasers, Cloud Communications, Medical

We believe Environment and Energy, Cloud Communications, and Medical/Nursing/ Health Care are prime targets for new business.
We plan to invest resources saved from restructuring into developing products for these markets to launch each business at the earliest possible time.

Environment and Energy

4 kW Fiber Laser

World's First 4 kW Reflection-Resistant Fiber Laser

Fujikura began sales of the world's first 4 kW multimode fiber laser with a high tolerance for the back reflection light. Fiber lasers use optical fiber as a light source, and high-power fiber lasers have demonstrated the processing ability to work on materials not especially suited for CO_2 lasers. However, current fiber laser products on the market tend to stop or malfunction due to the back reflection light from the object being processed. Fujikura solved this issue by introducing a proprietary optical fiber and optical component technologies to improve processing stability through resistance to reflection.

Expanding Yttrium High-temperature Superconducting Wire Business

For many years, Fujikura has developed long-length and volume production technology with an eye toward expanding our business in superconducting wires. In August 2013, Tohoku University ordered a total 20 km of Fujikura superconducting wire for use in a high-magnetic field superconducting magnet system. Use of Fujikura superconducting wire in this type of application represents a first in the industry. Japan's government started a national project for developing base technologies for high-temperature superconductivity in FY2013, which raises expectations for future growth in the medical and other markets.

Yttrium High-Temperature Superconducting Wire

Expanding Yttrium High-Temperature Superconducting Wire Business

Cloud Communications

Active Optical Cable Supports High-Volume Data Transfer in Data Centers

Fujikura now sells 56 G bit/s QSFP Active Optical Cable to facilitate high-capacity data transfer between servers and between CPUs in data centers. This type of high capacity transfer is what makes cloud computing possible. In the past, server-to-server data transfer has required heavier and broader metal cables to match required speed and capacity. The optical transceiver technologies incorporated in our product allow for high-capacity transfers up to 100 m—something not possible using current copper wires. At the same time, we have narrowed the cable diameter and significantly reduced the weight while we offer better power efficiency.

Active Optical Cable

Concentrate Medical Device Technology to Expand Business

Beyond image fiber and CMOS sensors, Fujikura offers a variety of products used in medical devices. In April 2013, we formed our Medical Business Development Division to leverage these products into more business.

Medical/Nursing/Health Care

CMOS Sensors for Endoscopes

In the medical field, minimum invasive device developments are more and more critical to reduce patients' burden and improve quality of life. Last decade, endoscope diameter such as laparoscope, cystoscope, and arthroscope, has been downsized and its trend will continue. Fujikura's 1.2 mm diameter CMOS module helps reducing endoscope diameter even less and it makes possible to access many areas in the body where could not be seen with real time and color image. Fujikura has been contributing over 20 years to supply fiber optics to endoscope manufactures and now CMOS technology is also available to enhance patients safety.

CMOS Sensor

Research Topics for Future Growth

R&D Investment of JPY80 Billion over Five Years

Technologies to Protect the Earth

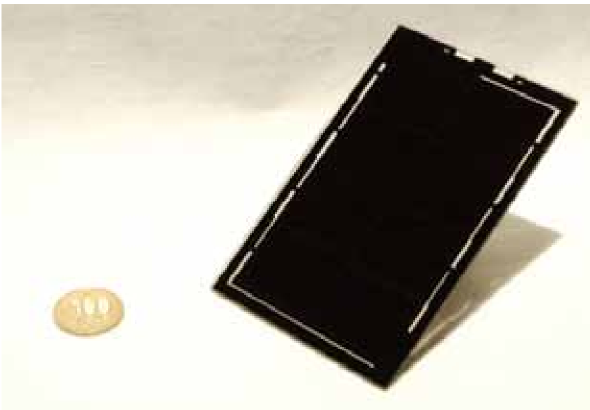
Direct Methanol Fuel Cells

Fujikura has created the highest power as direct methanol fuel cell (1 kW). It is based on highest power efficiency of cell (134 mW/cm^2) and optimization of the system such as fuel delivering and thermal management. We will be commercializing 1 kW class fuel cells for use in aviation as supplemental power and emergency power supply for industrial equipment.

1 kw Direct Methanol Fuel Cells

High-Power Dye-Sensitized Solar Cell Modules for Indoor Use

Fujikura has developed a dye-sensitized solar cell module capable of twice generation performance under indoor lighting conditions as current amorphous Si solar cells. This product offers efficient power output in environments ranging from a 100 lux warehouses to a 1000 lux showroom. Rightly, this product is gaining notice as the optimal solar cell for use in the energy harvesting field where sensors and other equipment can be run without wiring or changing batteries.

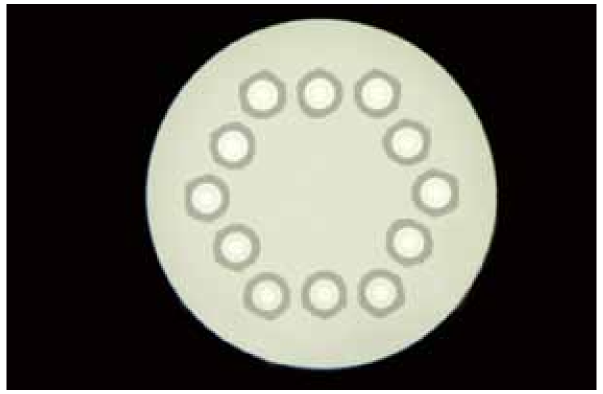


Business-card- size 4 Series Module

Technologies Connecting the World

Few-Mode Multi-Core Fiber

Multi-core fibers and few mode fibers have been developed to overcome the capacity limit of conventional single-mode fiber. Fujikura, NTT, Hokkaido University, and Technical University of Denmark have jointly developed ultimate dense transmission with the highest spectral efficiency of 247.9 b/s/Hz over a few-mode multi-core fiber (FM-MCF), which has 12 cores with two-LP modes. The mode count in each core has been extended from two (LP01, LP11) to three (LP01, LP11a, LP11b) thank to digital signal processing technology. Accordingly, the FM-MCF has realized the record of 36 transmission path (three modes x 12 cores) in a cladding.

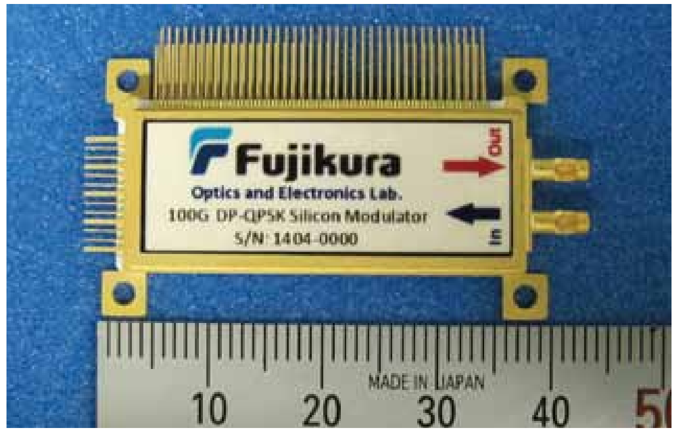


12-Core (Light Paths) Optical Fibers

Technologies Creating the Future

High-speed Optical Modulators

High-speed optical modulators are key components in data transmission over optical-fiber networks at bit rates of 100 Gbit/s and beyond. Footprint reduction of the optical modulators are crucial for emerging applications to compact form factor optical transceivers in advanced optical-fiber networks. We have successfully reduced modulator footprint down to one tenth of those with current optical modulators. This has been achieved on the basis of the cutting-edge technologies for design of silicon optical waveguides (ultrafine structures of light paths on silicon chip) and CMOS-compatible device fabrication. We will provide advances in optical devices to meet the demands for more speed and capacity in communication networks.



Compact metal package accommodating 128-Gbit/s silicon optical modulator chip with driver ICs.

Order for Special Large-Diameter Fiber for the Subaru Telescope

Fujikura received an order for 200 km of large-diameter fiber from the University of Tokyo. The fiber will be used in the Subaru Telescope, housed in the National Astronomical Observatory of Japan at the top of Mauna Kea on the island of Hawaii. The Subaru Telescope must send faintly lit astronomical images from its primary mirror to a spectroscope located tens of meters away at low loss. By optimizing the fiber structure, Fujikura has been able to significantly limit the structural defects in quartz glass that cause absorption loss in the ultraviolet region. This development provides low loss across a broad wavelength range.

Subaru Telescope (National Astronomical Observatory of Japan)

Large-Diameter Fiber for the Subaru Telescope

Corporate Social Responsibility

Fujikura Group CSR Basic Policies

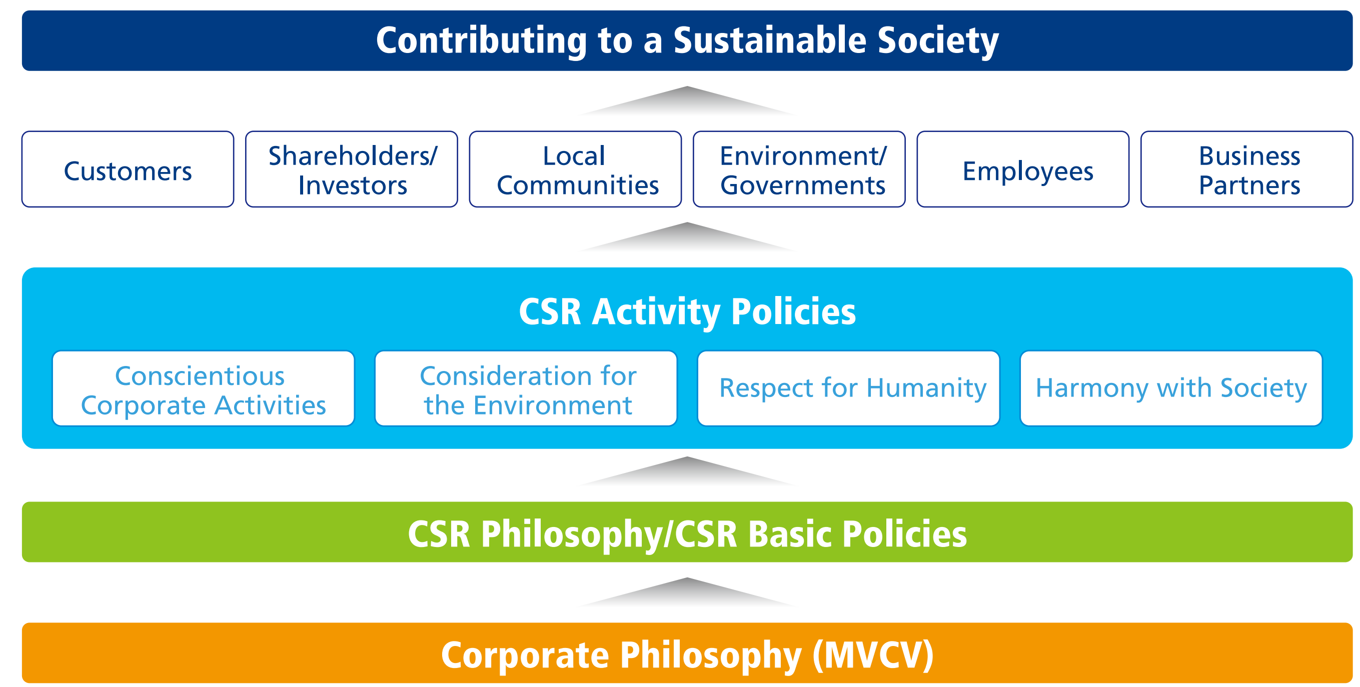
The Fujikura Group leverages "TSUNAGU" (Connecting) Technologies to bridge the space between people, society, and a bright future for the global environment. In this way, we serve as a company that society wishes to see grow, prosper, and deliver new products and services. We established four major commitments under which we accomplish our social responsibilities through our corporate activities. We obey the letter and the spirit of national laws, regional laws, and international rules, acting in keeping with the social good, while at the same time helping our employees understand their role in society.

Four Major Commitments

1. Conscientious Corporate Activities
2. Consideration for the Environment
3. Respect for Humanity
4. Harmony with Society

The Fujikura Group corporate philosophy (MVCV) calls for contributing to a sustainable society.

The Fujikura Group leverages "TSUNAGU" (Connecting) Technologies to bridge the space between people, society, and a bright future for the global environment. We established four major commitments under which we accomplish our social responsibilities through our corporate activities. Our employees put these aspirations into practice on a daily basis. We support sustainable societies while maintaining good relationships with our stakeholders, whom we describe under six different definitions.



United Nations Global Compact

Fujikura expressed our support of and active participation in the United Nations Global Compact in September 2013.

The United Nations Global Compact was proposed in 1999 by then-Secretary-General Kofi Annan and officially launched in 2000. Under the Compact, businesses are encouraged to take the initiative to embrace ten principles in the areas of human rights, labor, the environment, and anti-corruption in practicing international business for ethical globalization and a sustainable society. Today, more than 10,000 corporations and organizations actively support the Compact. Fujikura became a member of the Japanese organization Global Compact Japan, being active in a variety of related campaigns, including the *Future of CSR and Management: Beyond 2015* symposium held in November 2013.

President Nagahama signing the Global Compact

Human Rights

The Fujikura Group is committed to ethical, safe, and environmentally conscious business, in line with the principles of our Code of Conduct.

Our commitment includes respect for human rights and opposition to any discrimination with respect to or among our global family of employees. We practice fair and impartial management under the standards of the International Labour Organization, being careful to comply with labor laws, industrial safety and health laws and regulations, and social norms.

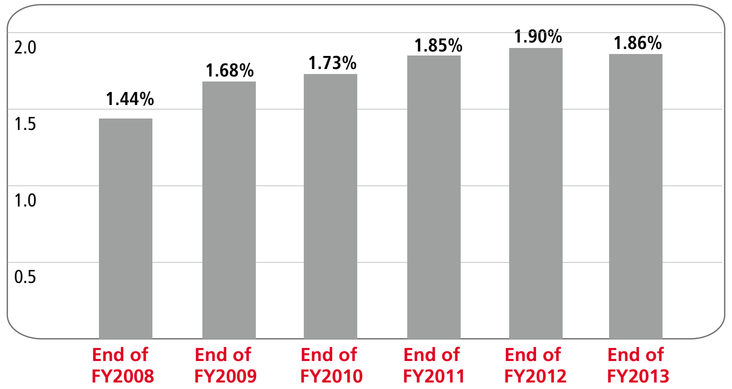
Safety and Health, and Ethical Standards

1. Prohibition against child labor and limits on youth labor
2. Prohibition against forced labor
3. Prohibition against discrimination
4. Prohibition against physical punishment, maltreatment, and harassment
5. Appropriate work hours
6. Promote a safe, hygienic workplace and proper healthcare
7. Pay a fair wage
8. Respect labor rights

Diversity Initiatives

Employing the Persons with Disabilities

As part of our social responsibility and support for normalization, Fujikura is active in hiring the persons with physical disabilities and providing a workplace in which they can succeed. As of March 2014, we have 40 persons with physical disabilities at our headquarters and other locations (non-consolidated).



Reduction of Environmental Burden

Development of Environment-Conscious Products

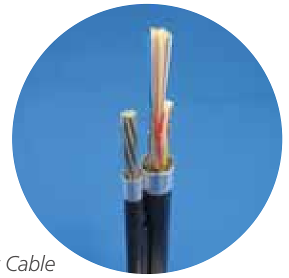
Fujikura has set a goal to develop more than 60 Green Products (Environment-Conscious Products) per year in the FY2015 Mid-term Business Plan. Green Products enhance the environmental performance including resource saving and energy saving by environment assessment on products at the stage of planning, development and design. Since FY2010, we have been manufacturing earth-friendly products and have registered 289 Green Mind Products.

* Green Mind Products are the products that have the better environmental performance than before through environmental assessment.

Examples of Green Mind Products

Thin & Light Optical Fiber Cables

The new optical fiber cables that are assembled in higher density by applying slotless structure brought reduction in cable cross-sectional area by 40% and in weight per unit-length by 30%, compared to the conventional 200 cores optical fiber cable.



High-Density Optical Fiber Cable

Fujikura Kiba Millennium Woods

The Fujikura Kiba Millennium Woods, Bio-garden, is a natural space we dedicated to the Kiba community, offering both biotope and garden features established in November 2010. As our contribution to protecting biological diversity, we named this space the Fujikura Kiba Millennium Woods, expressing our desire that this space remains alive and vibrant for 1,000 years and more. Our original idea came from the requests of nearby schools and the community for more green areas. The Millennium Woods covers 2,200 m^2, and includes two ponds, a creek, floating masses, and a walking path, recreating the woods of the Musashino Terrace as it was several hundred years ago. Every year since its opening, we have conducted a biodiversity survey within the grounds, recording the grass, trees, birds, insects, fish, and other life. As of May 2013, the Millennium Woods is home to more than 243 types of life.
URL: http://www.forest1000.fujikura.com

Fujikura Kiba Millennium Woods

Employee Health

The Fujikura Healthcare Initiative
Employee Health is an Important Corporate Asset

In December 2013, the Fujikura Group declared its intent to provide an active, fulfilling environment for employees, publishing the Fujikura Group Health Management Declaration.

Fujikura Group Health Management Declaration

The Fujikura Group believes that employee health is one of our most important management resources. We support individuals in taking care of their own health, while we also promote organizational activities for healthcare as part of our goal to be a corporate group that is appreciated by customers, highly evaluated by society and whose employees work in vigor.

Employee health and disease prevention were first identified as an important issue for Fujikura Group management in 2010. As part of our 2015 Mid-term Business Plan process, we included initiatives to reflect the fact that good employee health is the basis for corporate competitiveness. At that time, we changed our focus from responding to employee sickness to actively promoting employee health and disease prevention. We introduced a variety of programs to help employees manage their own health data and effectively engage in their own health-promotion activities. These initiatives have been recognized as leading examples of what a company—even one not directly involved in the healthcare industry—can do for the benefit of its employees. We were honored to receive the prize of excellence of the Ministry of Health, Labour and Welfare's Smart Life Project Award (Let's extend healthy life expectancy!) in November 2013.

Board of Directors, Auditors and Officers

From left to right: Akira Wada, Yoshikazu Nomura, Masato Sugo, Takashi Sato, Yoichi Nagahama, Hideo Naruse, Akio Miyagi, Hideo Shiwa, Kenichiro Abe

Members of the Board

President & CEO & Representative Director

Yoichi Nagahama

Senior Executive Vice President & Representative Director

Takashi Sato

Senior Vice Presidents & Members of the Board

Hideo Naruse
Masato Sugo
Akio Miyagi
Yoshikazu Nomura
Hideo Shiwa
Akira Wada

Independent Board Member

Kenichiro Abe

Corporate Auditors

Standing Corporate Auditors

Takashi Kunimoto
Masato Koike

Outside Corporate Auditors

Soichiro Sekiuchi
Masaaki Shimojima

Executive Officers

Managing Executive Officer

Nobumasa Misaki
Izumi Ishikawa
Tadatoshi Kuge
Jody Gallagher
Toru Aizawa
Akira Sasagawa
Masahiko Ito
Takeaki Kitajima
Takashi Takizawa
Hideyuki Hosoya

Executive Officer

Yasuo Ichikawa
Masahiro Ikegami
Kiminori Sato
Morio Suzuki
Yasuyuki Oda
Kazuharu Tomano
Ichiro Kamada

Corporate Governance

(1) Summary of our governance structure and reasons for adopting the system

Fujikura and its respective businesses are constantly exposed to intense competition. To ensure that business activities are consistent from start to finish and executed in a timely manner companywide, it is crucial that the decisions made by management quickly cascade down through the organization and reach all employees. The Management Committee, comprised mainly of board members and other senior executives, convenes weekly to make key decisions for Fujikura and its Group companies, and also implements management controls for overall operations. The Board of Directors, which convenes almost every month, makes decisions on important issues in accordance with Board Regulations, and also monitors the execution of duties by individual members of the Board. The Executive Committee reports and exchanges information on the dissemination and implementation of decisions on matters the Management Committee has authorized.

The Company believes that an efficient approach to supervising and monitoring these activities is to recognize, incorporate, and manage legal compliance and fairness in business practices that extend from decision-making to the daily business activities at its divisions.

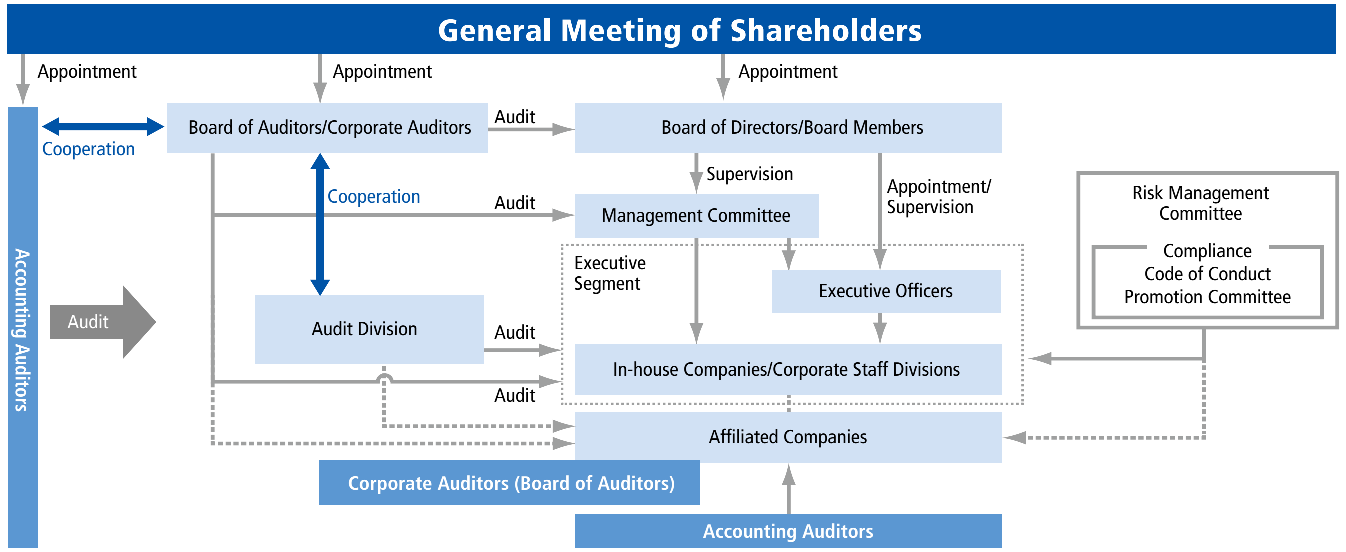
Fujikura introduced the executive officer system as a part of its commitment to improve accountability and also adopted the corporate auditor system to serve as a watchdog to supervise and monitor the decision-making process. Moreover, the Internal Audit Division, the administrative departments at headquarters and at each in-house company constantly oversee the legal compliance and fairness of daily operations. The storage and management of important management information is handled in accordance with rules for managing documents and electronic data. Moreover, the Risk Management Committee and the Code of Conduct Promotion Committee have been set up to examine companywide risks, strengthen the compliance system, and to operate an internal hotline system.

We note that pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company has entered into liability limitation agreements with its independent board members and outside corporate auditors which state that compensation shall be limited to the minimum amount as stipulated in Article 425, Paragraph 1 of the Company Law, provided that the party performs their duties in good faith and without gross negligence with respect to the liabilities set out in Article 423, Paragraph 1 of the Company Law.

(2) Internal audits and corporate auditor's audits

Fujikura has two standing and two outside corporate auditors. These auditors are commissioned to assess the operations carried out by board members, to ensure legal compliance and fairness, by conducting on-site inspections of in-house companies and Group companies, reviewing important documents, and participating in key meetings. The auditors hold a monthly Board of Auditors meeting to report on and discuss their findings. Also, under Fujikura's system, standing corporate auditors can attend and voice their opinions at key meetings, such as the Management Committee meeting, where decisions on business operations are discussed. Auditors' duties are not limited to legal compliance activities as they are also guaranteed participation in management activities, such as Board of Director meetings. In addition, regular meetings are held with executive officers to exchange opinions and opportunities are provided for auditors to request information.

The Audit Division was set up as a dedicated internal audit entity. In FY2013, the division conducted audits of 10 divisions (mainly sales divisions) and 10 Group companies. The Audit



Division also routinely exchanges audit information with the corporate auditors. Also, when necessary, audit operations at the Audit Division are carried out under the guidance and direction of the corporate auditors and audit results are reported on a regular basis to the corporate auditors.

At the start of every fiscal year, accounting auditors provide an explanation of their audit plans to corporate auditors. The accounting auditors report the results of their quarterly and fiscal year-end audits, versus the plan at the start of the year, to the corporate auditors. Moreover, to facilitate an adequate exchange of opinions, corporate auditors hold discussions several times a year with accounting auditors to confer on details, the audit system, and other issues.

Lastly, Mr. Masaaki Shimojima was appointed as an outside corporate auditor. He held a key position at a major city bank for many years and is well-versed in finance and accounting.

(3) Independent board member and outside corporate auditors

As of the release of this report, Fujikura has one independent board member, Mr. Kenichiro Abe, and two outside corporate auditors, Mr. Soichiro Sekiuchi and Mr. Masaaki Shimojima.

Mr. Kenichiro Abe, an independent board member, is a certified public accountant. Owing to his highly specialized expertise, he is qualified to serve as an independent board member, which requires he maintain an independent status. He is capable of effectively carrying out the duties of a board member, given his ample knowledge of corporate management gleaned from many years working as an accounting auditor for numerous companies. Mr. Abe also serves as a corporate auditor for Givaudan Japan K.K. However, Fujikura has no vested interest in Givaudan Japan and is independent of the governance and management of Givaudan Japan. We note that he was previously a Representative Partner at PricewaterhouseCoopers Aarata, which is our accounting firm, but left the company as of June 2012. He was not an audit partner for Fujikura while at PricewaterhouseCoopers Aarata.

Mr. Soichiro Sekiuchi, an outside corporate auditor, publicly certified attorney. Given his highly specialized skills, he is qualified to serve as an outside auditor, which requires he maintain an independent status. He is capable of effectively carrying out the duties of an auditor, given that he is widely knowledgeable in corporate management, owing to his long career handling corporate legal matters. He has no vested interest in the Company and is independent from the management of Fujikura.

Mr. Masaaki Shimojima has considerable knowledge in finance and accounting, as discussed above in (2) Internal audits and corporate auditor's audits. He is also well-versed and has great insight into corporate management, and is capable of objectively carrying out an audit of our managements, deemed able to assess the qualifications of management. Mr. Shimojima previously was an executive officer at Sumitomo Mitsui Banking Corporation, which is one of Fujikura's main banks, but retired in June 2003. The Fujikura Group's borrowings from Sumitomo Mitsui Banking Corporation stood at ¥25,870 million as of March 31, 2014. This is marginal compared with our total outstanding borrowings. There is no risk of a conflict of interest with Fujikura's general shareholders. It should be noted that Mr. Shimojima has no vested interest in the Fujikura.

Fujikura does not have its own independent status criteria or policy for appointing independent board members or outside corporate auditors. The Company references the following assessment standards concerning the independence of independent board members as stipulated by the Tokyo Stock Exchange, when appointing independent board members and outside corporate auditors.

(Summary of criteria for determining the independence of independent board members stipulated by the Tokyo Stock Exchange)
Comprehensively examine the situation in the event that any one of the following (a. to e.) applies.
a. A person who executes business for the company's parent company or a fellow subsidiary
b. A person or board member/executive officer of a company with which said company is a major business partner or a major business partner or board member/executive officer of a major business partner of the said company
c. A consultant, accounting professional or legal professional receiving a large amount of money and other assets, other than board member/auditor compensation, from the company
d. A person who met any of the above criteria recently
e. Close relatives of a person to whom any of the following (a) to (c) applies:
(a) A person mentioned in a. to d. above
(b) A person who executes business for the company or a subsidiary of the company
(c) A person who met the criteria in (b) recently

As outside corporate auditors, Mr. Sekiuchi and Mr. Shimojima are responsible for assessing the legal compliance and fairness of business operations executed by board members by conducting on-site inspections of divisions and Group companies, reviewing important documents, and participating in Board of Director meetings. They also work together with the standing corporate auditors by reporting and discussing their findings at monthly Board of Auditors meetings. The outside corporate auditors also receive materials in advance related to meetings of the Board of Directors and Board of Auditors.

The Audit Division, which is a dedicated internal audit entity, provides adequate support to outside corporate auditors, mainly by appropriately conveying information on internal audits.

Business and Other Risks

Risks that could potentially have an adverse impact to the business performance, share price, and financial health of the Fujikura Group are discussed below. It should be noted that the risks involved with the forward-looking statements herein are those identified by the Fujikura Group in its securities report filed with the Ministry of Finance (submitted on June 27, 2014).

(1) Demand trends

Given that our products are mainly used in infrastructures or are components used in finished consumer goods, our business performance is, almost without fail, impacted by economic cycles. In addition, capital expenditure trends in various markets and changes in consumer purchasing policies are also factors that impact our performance.

(2) Fluctuations in foreign exchange rates

We carry out currency hedging strategies within the scope of actual demand to minimize, to the best of our ability, the negative impact that currency rate fluctuations have on foreign-currency denominated sales. There is possibility of an adverse impact to earnings due to exchange rate fluctuations, as we cannot always fully avert exchange rate risks. Moreover, Group operations include the manufacturing and sales of products overseas, primarily in Asia. Accordingly, the earnings, expenses, assets, and other items denominated in local currencies, are translated into yen when we create our consolidated financial statements. Depending on the foreign exchange rates at the time, although these accounting items retain their value in local currencies, there is a possibility value will be eroded after conversion into yen.

(3) Fluctuations in materials costs

Copper is the main material used in Group products. Copper prices fluctuate mainly depending on shifts in international supply-demand trends. A sharp change in copper price cannot always be readily reflected in product prices. Consequently, there is a possibility that a pronounced upshot in copper prices could impact the Group's business performance.

(4) Product defects

The Fujikura Group carries out the manufacturing of various products in accordance with strict product quality control standards. Nonetheless, there is no guarantee that we will never experience a product defect or that quality complaints will not arise further out. We have product liability insurance but there is no assurance that this policy will cover all of our liability costs in the end. Serious complaints and product defects that lead to product liability cases trigger considerable costs and have a grave impact on how society evaluates the Group. The adverse impact connected with this, includes the possibility of a decline in sales.

(5) Regulations

The regulations in the markets in which we operate apply to our business activities. There are a number of regulations, including government approval and authorization for businesses and investments, regulations and taxes on business transactions and trade, regulations controlling financial transactions, and environmental restrictions. The Fujikura Group carries out its business activities in compliance with these regulations. Going forward, the business activities of our Group could potentially be limited, should it become difficult to comply with laws and ordinances after key revisions have been made or if tougher restrictions are put in place. We anticipate a rise in costs to remain in compliance with these regulations. This will potentially have an adverse impact on Group earnings.

(6) Lawsuits, legal action by regulatory authorities, and other legal procedures

In performing our business activities, the Fujikura Group is at risk of lawsuits, legal action by regulatory authorities, and other legal issues. Potential risks include damage complaints stemming from lawsuits, legal action by regulatory authorities, other legal issues, fines being imposed by regulatory authorities, and restrictions placed on business operations. Lawsuits, legal action by regulatory authorities, and other legal procedures pose a potential risk to the Group's businesses, earnings, and financial health.

(7) Political and economic trends

We conduct our Power & Telecommunication Systems Company, Electronics Business Company and Automotive Products Company at home and abroad. Consequently, political unrest and other conditions, mainly in the countries in which we operate, could possibly have a negative impact on our business performance.

(8) Interest rate fluctuations

Our financing takes into account a balance between the demand for capital, the climate in financial markets, and procurement methods. A rise in interest rates translates into a rise in interest payments. Accordingly, we view the rise in interest rates as a potential risk to our business performance.

(9) Intellectual properties

We protect our proprietary technologies with patents and other intellectual property rights. At the same time, we are very cautious not to infringe on the intellectual property rights of a third party. However, during the diversification of product structure and manufacturing technologies, and the expansion of our business operations overseas, there is a possibility that our products could inadvertently breach the intellectual property rights of rival products. In this case, we would inevitably have to halt sales and implement corrective measures, such as changing our product design. Also, a third party could infringe upon our intellectual property rights but due to the differences in laws in other countries, there is a possibility our rights would not be adequately protected. In light of this, we view this as another potential risk to our business activities and performance.

(10) Information leak

The Group possesses a substantial amount of private individual and sensitive information related to its business activities. We are doing our utmost to maintain the confidentiality of this information. However, we cannot rule out the possibility of this information being leaked externally due to some unexpected incident. This type of information leak would potentially damage our image and result in compensation for damages, which in turn would have a negative impact on Group earnings and financial health.

(11) Disaster risk

The Fujikura Group has a number of factories in Japan and overseas. In the event our production facilities are destroyed due to a natural disaster at one of our factory locations, including wind and water damage due to a large-scale earthquake or typhoon, it is likely that our capacity utilization would decline due to suspended operations and expenses would increase due to reflecting facilities repairs. Natural disaster would potentially have a negative impact on the Fujikura Group's production system, its financial health, and earnings.

Financial Section

Management Discussion & Analysis

Q. **How do you plan to bridge the gap between the FY2014 operating income margin of 3.6% and the target of 6.3% under the 2015 Mid-term Business Plan?**

A. We believe that we can reach at least 6% overall if we can improve profit in our Domestic Infrastructure and Electronics businesses, which are areas of concern for us.

In domestic infrastructure, we are struggling with structural factors that include the limited investment on the part of the power companies and the end of the growth phase of Fiber-to-the-Home.

Accordingly, in order to reevaluate our structure, we conducted a business restructuring during FY2013. We plan to continue restructuring throughout FY2014 in order to reduce our fixed costs.

While the FPC equipment activity improved, we are still only part-way through a business recovery. FY2014 will see us regain our position as a major supplier with our main customers, and we expect to break even as indicated in our plan. However, we will still be doing everything we can to quickly recover our profits.

While the competition for connectors is severe, we plan to focus on building profitable operations for the mobile device market. In addition, we will also improve profits by expanding our business for mobile base stations and industrial equipment.

Q. **Where is your focus for profits this upcoming fiscal year? The Optical Fiber business and Automotive Products business?**

A. The Optical Fiber business has become one of cost competition. Demand remains strong overseas, particularly in China and Asia, but the competition is fierce, causing downward price pressure year on year. We plan to reduce costs in order to maintain our profits in this business.

The Automotive Products business is experiencing a continued string of new manufacturing lines. While sales are growing, profits have yet to catch up. We will be training between 500 and 1,000 employees to handle new car models, and at the same time we need to hire more design engineers. This requires up-front costs for training. By the following year, when our employees are sufficiently trained, we will have put into place a structure on which to build stronger profits.

During FY2014, new facility start-ups and extensions will have been largely settled, so we expect to hit a target range of 5.0% for FY2015.

Q. **For FY2013, overseas sales accounted for 54% of total sales. Do you expect to reach the 60% level called for in your 2015 Mid-term Business Plan?**

A. While business is slow in Japan, we see growth in Automotive Products, Optical Fiber, and Electronics businesses overseas. For this reason, we are certain that we will be able to reach that goal.

Q. **We understand the Fujikura still owes quite a lot of interest-bearing debt. How far do you plan to reduce debt moving forward?**

A. JPY190.0 billion of interest-bearing debt is high, in my opinion. The floods in Thailand, certain extraordinary losses, and up-front investment overseas combined to increase our interest-bearing debt over the past few years. However, we are seeing improved operating cash flows. This year as well, capital investment will be within the scope of depreciation, which should help improve the situation further.

Q. **Will you be making any more share repurchases?**

A. We don’t have any specific plans at present. Our intent behind business restructuring is to recover investment capital. Using that recovered capital, and then returning it into the market is what we are executing as our basic approach, however, we will make our decisions based on the timing. Our target for total return ratio is at least 30%, which is a policy we will continue to pursue for shareholder returns.

Q. **What are the prospects of delivering a return on equity of 10% in line with your Mid-term Business Plan?**

A. It depends on whether profitability for our Electronics and Infrastructure businesses improves. And, while 10% for FY2015 may be a bit of a challenge, I believe it is important for us to create a profit structure capable of producing a 10% return on equity, rather than to focus solely on chasing target numbers.

Financial Review

Consolidated Balance Sheets

Fujikura Ltd. and its Consolidated Subsidiaries
At March 31, 2013 and 2014

Assets	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars (Note 3) 2014
Current assets:			
Cash and deposits	¥43,178	¥39,902	$387,850
Notes and accounts receivable, trade	122,459	140,260	1,363,336
Finished goods (Note 10)	22,792	23,479	228,217
Goods in process (Note 10)	16,857	16,885	164,123
Raw materials and supplies (Note 10)	20,750	24,505	238,190
Deferred tax assets (Note 20)	4,607	4,388	42,652
Other	17,337	18,938	184,079
Allowance for doubtful accounts	(720)	(906)	(8,806)
Total current assets	247,262	267,453	2,599,660
Non-current assets (Notes 6 and 18):			
Tangible fixed assets			
Buildings and structures, net	86,907	87,330	848,853
Machinery, equipment and vehicles, net	39,866	52,424	509,565
Land	19,082	18,013	175,087
Lease assets, net	4,609	3,688	35,848
Construction in progress	20,362	8,668	84,253
Other, net	11,514	9,731	94,586
Total tangible fixed assets	182,343	179,858	1,748,231
Intangible assets			
Goodwill	6,934	7,451	72,424
Other	7,157	8,467	82,300
Total intangible assets	14,091	15,919	154,734
Investments and other assets			
Investment securities (Note 5)	48,776	48,837	474,699
Prepaid pension costs (Note 9)	21,944	-	-
Net defined benefit asset (Note 9)	-	7,786	75,680
Deferred tax assets (Note 20)	4,856	6,409	62,296
Other (Note 5)	12,342	13,705	133,213
Allowance for doubtful accounts	(1,888)	(1,772)	(17,224)
Allowance for investment loss	(829)	(915)	(8,894)
Total investments and other assets	85,202	74,050	719,771
Total non-current assets	281,637	269,827	2,622,735
Total assets	¥528,900	¥537,281	$5,222,405

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

Liabilities	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars (Note 3) 2014
Current liabilities:			
Notes and accounts payable, trade	¥67,581	¥77,740	$755,638
Short-term borrowings (Note 6)	65,360	56,844	552,527
Income taxes payable (Note 20)	1,172	1,815	17,642
Provision for antitrust	-	1,166	11,334
Other	41,180	35,708	347,084
Total current liabilities	175,295	173,274	1,684,234
Non-current liabilities:			
Bonds (Note 6)	50,000	50,000	486,003
Long-term borrowings (Note 6)	74,054	85,583	831,872
Deferred tax liabilities (Note 20)	518	690	6,707
Provision for retirement benefits	7,336	-	-
Provision for directors' retirement benefits	61	55	535
Provision for repairs	45	35	340
Net defined benefit liability	-	7,714	74,981
Other (Note 6 and 7)	16,816	12,684	123,289
Total non-current liabilities	148,833	156,763	1,523,746
Total liabilities	324,128	330,038	3,207,990

Contingent liabilities (Note 21)

Net assets	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars (Note 3) 2014
Shareholders' equity:			
Common stock	53,075	53,075	515,892
Additional paid-in capital	54,957	55,035	534,944
Retained earnings	85,914	88,298	858,262
Treasury stock	(5,107)	(11,002)	(106,940)
Total shareholders' equity (Note 23)	188,840	185,406	1,802,158
Accumulated other comprehensive income (loss):			
Unrealized gains on investment securities, net of taxes	4,361	6,582	63,977
Deferred gain (loss) on hedges, net of taxes	59	(87)	(846)
Foreign currency translation adjustments	(2,637)	5,831	56,678
Remeasurements of defined benefit plans	-	(4,636)	(45,062)
Total accumulated other comprehensive income	1,783	7,689	74,738
Non-controlling interests	14,147	14,147	137,510
Total net assets	204,771	207,242	2,014,405
Total liabilities and net assets	¥528,900	¥537,281	$5,222,405

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

Consolidated Statements of Income

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2014	2014
Net sales	¥491,118	¥590,980	$5,744,362
Cost of sales (Notes 8, 9 and 10)	415,082	493,056	4,792,535
Gross profit	76,036	97,923	951,818
Selling, general and administrative expenses (Notes 8 and 9):			
Packing and transportation	15,006	15,057	146,355
Salaries and benefits	28,855	31,926	310,323
Other	25,674	30,594	297,376
Total selling, general and administrative expenses	69,536	77,578	754,063
Income from operations	6,499	20,345	197,755
Non-operating income:			
Interest income	147	108	1,050
Dividend income	1,142	1,168	11,353
Foreign exchange gains	884	849	8,252
Other	1,128	853	8,291
Total non-operating income	3,303	2,980	28,966
Non-operating expenses:			
Interest expenses	3,077	3,281	31,892
Equity in losses of affiliates	735	2,100	20,412
Loss on disposal of property, plant and equipment	1,089	506	4,918
Other	3,620	3,597	34,963
Total non-operating expenses	8,523	9,486	92,205
Ordinary income	1,279	13,839	134,516
Extraordinary gains:			
Gain on sales of fixed assets (Note 11)	1	5,295	51,468
Insurance reimbursement income (Note 12)	19,892	1,753	17,039
Other	1,293	698	6,785
Total extraordinary gains	21,186	7,747	75,301
Extraordinary losses:			
Impairment losses (Note 18)	805	2,383	23,163
Loss on valuation of investments in capital of subsidiaries and affiliates	3	2,265	22,016
Business restructuring charges (Note 13)	2,894	1,902	18,488
Provision for allowance for antitrust law-related loss (Note 14)	-	1,166	11,334
Loss on disaster (Note 15)	9,326	370	3,596
Compensation for damages (Note 16)	1,823	-	-
Other	1,704	565	5,492
Total extraordinary losses	16,557	8,653	84,108
Income before income taxes	5,908	12,933	125,710
Income taxes (Note 20):			
Current	5,028	7,686	74,708
Deferred	(2,486)	1,337	12,996
Total income taxes	2,541	9,023	87,704
Income before non-controlling interests	3,367	3,909	37,996
Non-controlling interests in income	317	580	5,638
Net income	¥3,049	¥3,328	$32,348

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

Consolidated Statements of Comprehensive Income

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2014	2014
Income before non-controlling interests	¥3,367	¥3,909	$37,996
Other comprehensive income			
Unrealized gains on investment securities, net of taxes	3,878	2,147	20,869
Deferred gain on hedges, net of taxes	243	9	87
Foreign currency translation adjustments	18,302	8,164	79,355
Share of other comprehensive income of associates accounted for using equity method	314	867	8,427
Other comprehensive income (Note 17)	22,738	11,189	108,758
Comprehensive income	26,105	15,098	146,753
(Notes)			
Comprehensive income attributable to shares of the parent	25,014	14,001	136,091
Comprehensive income attributable to non-controlling interests	1,090	1,097	10,663

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

Consolidated Statements of Changes in Net Assets

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2013 and 2014

		Millions of yen				
		Shareholders' equity				
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2012	360,863,421	¥53,075	¥54,957	¥84,680	(¥157)	¥192,556
Net income		-	-	3,049	-	3,049
Dividends paid		-	-	(1,778)	-	(1,778)
Purchase of treasury stock		-	-	-	(4,950)	(4,950)
Disposal of treasury stock		-	-	(0)	0	0
Change of scope of consolidation		-	-	(37)	-	(37)
Net changes of items other than shareholders' equity		-	-	-	-	-
Balance at March 31, 2013	360,863,421	53,075	54,957	85,914	(5,107)	188,840
Net income		-	-	3,328	-	3,328
Dividends paid		-	-	(1,864)	-	(1,864)
Purchase of treasury stock		-	-	-	(6,070)	(6,070)
Disposal of treasury stock		-	0	-	0	0
Increase by share exchanges		-	77	-	170	247
Change of scope of equity method		-	-	919	-	919
Change in equity in affiliates accounted for by equity method-treasury stock		-	-	-	4	4
Net changes of items other than shareholders' equity		-	-	-	-	-
Balance at March 31, 2014	360,863,421	¥53,075	¥55,035	¥88,298	(¥11,002)	¥185,406

	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gains on investment securities, net of taxes	Deferred gain (loss) on hedges, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2012	¥463	(¥262)	(¥20,403)	-	(¥20,202)	¥11,881	¥184,235
Net income	-	-	-	-	-	-	3,049
Dividends paid	-	-	-	-	-	-	(1,778)
Purchase of treasury stock	-	-	-	-	-	-	(4,950)
Disposal of treasury stock	-	-	-	-	-	-	0
Change of scope of consolidation	-	-	-	-	-	-	(37)
Net changes of items other than shareholders' equity	3,897	321	17,766	-	21,986	2,266	24,252
Balance at March 31, 2013	4,361	59	(2,637)	-	1,783	14,147	204,771
Net income	-	-	-	-	-	-	3,328
Dividends paid	-	-	-	-	-	-	(1,864)
Purchase of treasury stock	-	-	-	-	-	-	(6,070)
Disposal of treasury stock	-	-	-	-	-	-	0
Increase by share exchanges	-	-	-	-	-	-	247
Change of scope of equity method	-	-	-	-	-	-	919
Change in equity in affiliates accounted for by equity method-treasury stock	-	-	-	-	-	-	4
Net changes of items other than shareholders' equity	2,220	(147)	8,468	(4,636)	5,905	(0)	5,904
Balance at March 31, 2014	¥6,582	(¥87)	¥5,831	(¥4,636)	¥7,689	¥14,147	¥207,242

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

	Number of shares issued	Thousands of U.S. dollars (Note 3) — Shareholders' equity: Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2013	360,863,421	515,892	$534,185	$835,089	($49,640)	$1,835,537
Net income		-	-	32,348	-	32,348
Dividends paid		-	-	(18,118)	-	(18,118)
Purchase of treasury stock		-	-	-	(59,001)	(59,001)
Disposal of treasury stock		-	0	-	0	0
Increase by share exchanges		-	748	-	1,652	2,401
Change of scope of equity method		-	-	8,933	-	8,933
Change in equity in affiliates accounted for by equity method-treasury stock		-	-	-	39	39
Net changes of items other than shareholders' equity		-	-	-	-	-
Balance at March 31, 2014	360,863,421	$515,892	$534,944	$858,262	($106,940)	$1,802,158

	Thousands of U.S. dollars (Note 3) — Accumulated other comprehensive income: Unrealized gains on investment securities, net of taxes	Deferred gain (loss) on hedges, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2013	42,389	$573	($25,632)	-	$17,331	$137,510	$1,990,387
Net income	-	-	-	-	-	-	32,348
Dividends paid	-	-	-	-	-	-	(18,118)
Purchase of treasury stock	-	-	-	-	-	-	(59,001)
Disposal of treasury stock	-	-	-	-	-	-	0
Increase by share exchanges	-	-	-	-	-	-	2,401
Change of scope of equity method	-	-	-	-	-	-	8,933
Change in equity in affiliates accounted for by equity method-treasury stock	-	-	-	-	-	-	39
Net changes of items other than shareholders' equity	21,579	(1,429)	82,309	(45,062)	57,397	(0)	57,387
Balance at March 31, 2014	$63,977	($846)	$56,678	($45,062)	$74,738	$137,510	$2,014,405

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

Consolidated Statements of Cash Flows

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2013 and 2014

	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars (Note 3) 2014
Cash flows from operating activities:			
Income before income taxes	¥5,908	¥12,933	$125,710
Depreciation and amortization	24,646	25,721	250,010
Loss on valuation of investments in capital of subsidiaries and affiliates	3	2,265	22,016
Impairment losses	805	2,383	23,163
Amortization of goodwill	1,249	1,937	18,828
Increase (decrease) in provisions	(608)	1,262	12,267
Insurance reimbursement income	(19,892)	(1,753)	(17,039)
Interest and dividend income	(1,290)	(1,276)	(12,403)
Interest expense	3,077	3,281	31,892
Equity in earnings (losses) of affiliates	735	2,100	20,412
Loss (gain) on valuation of investment securities	1,437	2	19
Loss (gain) on sales of property, plant and equipment and intangible assets	(1)	(5,295)	(51,468)
Compensation for damages	1,823	-	-
Changes in assets and liabilities:			
Notes and accounts receivable, trade	4,927	(11,391)	(110,721)
Inventories	(3,487)	(1,409)	(13,696)
Notes and accounts payable, trade	(16,936)	5,894	57,290
Increase (decrease) in other non-current liabilities	4,088	(4,349)	(42,273)
Decrease (increase) in prepaid pension costs	1,802	-	-
Decrease (increase) in net defined benefit asset	-	7,169	69,683
Increase (decrease) in provision for retirement benefits	(161)	-	-
Increase (decrease) in net defined benefit liability	-	191	1,857
Other, net	4,679	(1,240)	(12,053)
Sub-total	12,807	38,427	373,513
Interest and dividend income received	1,505	1,657	16,106
Interest paid	(2,722)	(3,344)	(32,504)
Proceeds from insurance reimbursement income	19,892	1,753	17,039
Payment for loss related to antitrust lawsuit	(1,680)	-	-
Payment for surcharge	(1,180)	-	-
Payment for compensation for damages	(1,823)	-	-
Income taxes (paid) refund	(4,245)	(7,473)	(72,638)
Net cash provided by operating activities	22,554	31,020	301,516
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment and other assets	(52,343)	(33,571)	(326,312)
Proceeds from sales of property, plant and equipment and other assets	1,603	8,716	84,720
Proceeds from sales of investment securities	2,121	1,366	13,278
Payments of loans receivable	(1,883)	(1,964)	(19,090)
Proceeds from collection of loans	3,316	2,747	26,701
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(7,077)	(3,116)	(30,288)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	917	-	-
Payments for investments in capital of subsidiaries and affiliates	(1,566)	(1,797)	(17,467)
Other, net	(1,164)	(1,260)	(12,247)
Net cash used in investing activities	(56,077)	(28,881)	(280,725)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	7,927	8,212	79,821
Proceeds from long-term loans payable	38,150	15,917	154,714
Repayment of long-term loans payable	(17,994)	(22,595)	(219,625)
Redemption of bonds	(10,000)	-	-
Cash dividends paid	(1,778)	(1,864)	(18,118)
Purchase of treasury stock	(5,023)	(6,070)	(59,001)
Other, net	923	(432)	(4,199)
Net cash provided by (used in) financing activities	12,204	(6,833)	(66,417)
Effect of exchange rate change on cash and cash equivalents	4,531	1,780	17,302
Net increase (decrease) in cash and cash equivalents	(16,787)	(2,913)	(28,315)
Cash and cash equivalents at beginning of period	59,083	42,250	410,673
Increase in cash and cash equivalents from newly consolidated subsidiary	233	-	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(280)	-	-
Cash and cash equivalents at end of year (Note19)	¥42,250	¥39,336	$382,348

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

Notes to the Consolidated Financial Statements

Fujikura Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2013 and 2014

1. Basis of Presentation

Accounting principles

The accompanying Consolidated Financial Statements of Fujikura Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects, application and disclosure requirements, from International Financial Reporting Standards, and are prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standard Board of Japan ("ASBJ") PITF No. 18, Feb 19, 2010) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, March 10, 2008) and made necessary adjustments for the preparation of the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, certain reclassification and presentation adjustments have been made to the Consolidated Financial Statements filed with the Director of the Kanto Local Finance Bureau in Japan in order to present these Consolidated Financial Statements in a form which is more familiar to readers of these Consolidated Financial Statements outside Japan.

2. Summary of Significant Accounting Policies

(a) Consolidation and investments in affiliates

The Consolidated Financial Statements include the accounts of the Company and all significant subsidiaries (84 subsidiaries at March 31, 2013 and 94 subsidiaries at March 31, 2014). All significant intercompany transactions, accounts and unrealized intercompany profits are eliminated in consolidation.

The difference between the cost and the underlying net equity of the investment in consolidated subsidiaries at the time of acquisition is deferred and amortized over a five-year period. Investments of 50% or less in companies over which the parent company does not have control but has the ability to exercise significant influence, and investments in unconsolidated subsidiaries are generally accounted for by the equity method (8 companies at March 31, 2013 and 9 companies at March 31, 2014) and included in Investment securities in the Consolidated Balance Sheets. When the accounts of subsidiaries and affiliates are not significant in relation to the Consolidated Financial Statements, they are carried at cost. The excess of the cost over the underlying net equity of investments in unconsolidated subsidiaries and affiliates accounted for on an equity basis is deferred and amortized over a five-year period. Consolidated net income includes the Company's Equity in earnings of affiliates after elimination of unrealized intercompany profits.

(b) Translation of foreign currency transactions and accounts

Foreign currency transactions are translated using the foreign exchange rates prevailing at the transaction dates. Receivables and payables denominated in foreign currencies are translated at the balance sheet date using current exchange rates. All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at current exchange rates at the respective balance sheet dates and all income and expense accounts of those subsidiaries are translated at the average exchange rate for the respective fiscal year then ended.

Foreign currency financial statement translation differences are reported as a separate component of Net Assets in the Consolidated Balance Sheets.

(c) Consolidated Statement of Cash Flows

For the purpose of reporting cash flows, cash and cash equivalents include all highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present only an insignificant risk of change in value because of changes in interest rates.

(d) Valuation of Investment securities

Securities held by the Companies have been classified into the following categories depending on the purpose for which they are held:

Held-to-maturity debt securities:

These securities are carried at amortized cost. Any premium or discount arising on acquisition is amortized and recognized as an adjustment to interest income/expense.

Other securities:

These securities are investment securities expected to be held in the long term. Securities for which fair values are readily determinable are carried at fair value with unrealized gains and losses, net of applicable income taxes, being recorded in net assets. Securities for which fair values are not readily determinable are recorded using the moving average cost.

(e) Inventories

Inventories are valued at the lower of cost or market, cost being determined mainly using the weighted average method.

(f) Property, plant and equipment

Depreciation of property, plant and equipment is generally computed using the declining-balance method, except for buildings acquired on and after April 1, 1998, and Intangible fixed assets which are depreciated using the straight-line method, over estimated useful lives.

The estimated useful lives are as follows:

Buildings: mainly 50 years
Machinery and equipment: mainly 7 years
Intangible fixed assets: mainly 5 years

(g) Lease assets

Finance leases are depreciated using the straight-line method over their respective lease terms with no residual values.

(h) Allowance for doubtful accounts

Allowance for doubtful accounts provides for estimated uncollectible accounts at amounts either specifically assessed or an amount computed based on historical loss experience.

(i) Accounting method for retirement benefits

a. Period corresponding method for the estimated amount of retirement benefits

In calculating retirement benefits obligations, the method to match the estimated amount of retirement benefits to a period until the end of the consolidated fiscal year under review is based on the fixed amount standard.

b. Accounting methods for actuarial differences and prior service cost

Prior service cost is accounted for according to the straight-line method as they are incurred for a certain number of years (principally fifteen years) within the average remaining years of service of employees at the time of incurring.

Actuarial differences are charged to expenses from the next fiscal year using a straight-line method mainly based on determined years (principally fifteen years) within the average remaining years of service of employees when incurred.

(j) Provision for directors' retirement benefits

The consolidated subsidiaries which have retirement benefit plans accrue the liabilities for their retirement benefits for directors and corporate auditors based upon the amounts required by the subsidiaries internal regulations.

(k) Provision for repairs

Provision for repairs is recognized for future expected repair expenses related to melting furnaces based on annual production volumes.

(l) Allowance for investment loss

Allowance for investment loss provides for anticipated losses due to the decline of values of investments in unconsolidated subsidiaries and affiliates, considering financial conditions, etc.

(m) Provision for loss from antitrust lawsuit

Provision for loss from antitrust lawsuit is recorded at the expected loss resulting from the payment required as a result of penalty from Commission of the European Communities related to an antitrust matter.

(n) Accounting for long-term construction-type contracts

The percentage-of-completion method of accounting is applied for the construction contracts which fulfill the conditions that the outcome of the construction activity is reasonably estimated during the course of the activity. Otherwise, the completed-contract method is applied.

The cost-to-cost method is applied for estimating the percentage of completion.

(o) Hedge accounting

The Companies apply hedge accounting for certain derivative financial instruments, which include foreign currency forward exchange contracts and interest rate swap agreements used as parts of the Companies' risk management of foreign currency and interest rate exposures within the normal course of the Companies' operations.

Foreign currency exchange forward contracts:

The Companies enter into foreign currency forward exchange contracts to limit exposure to changes in foreign currency exchange rates on accounts receivable and payable and cash flows generated from anticipated transactions denominated in foreign currencies.

For foreign currency forward exchange contracts, which are designated as hedges, the Company has adopted the accounting method where by foreign currency denominated assets and liabilities are measured at the contract rate of the respective foreign currency forward exchange contract. With respect to such contracts for anticipated transactions, the contracts are marked-to-market and the unrealized gains/losses are deferred and recorded in the income statement when the exchange gains/losses on the hedged items or transactions are recognized.

Interest rate swap agreements:

The Companies enter into interest rate swap agreements in order to limit the Companies' exposure with respect of adverse fluctuations in interest rates underlying the debt instruments.

The related interest differentials paid or received under the interest rate swap agreements are recognized in interest expense over the term of the agreements.

(p) Income taxes

Income taxes are computed using the asset and liability approach. Under this approach, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that the tax benefits will not be realized.

The Company files its tax return under the consolidated tax filing system for notional taxes.

(q) Appropriations of retained earnings

Appropriations of retained earnings reflected in the accompanying Consolidated Financial Statements are recorded upon approval by the shareholders.

(r) Other basis for presentation of Consolidated Financial Statements

Amounts less than ¥1 million have been omitted. As a result, the total shown in the Consolidated Financial Statements and notes thereto do not necessarily agree with the sum of the individual account balances.

(s) Reclassification

Certain accounts in the Consolidated Financial Statements for the year ended March 31, 2013 have been reclassified to conform to the 2014 presentation.

(New Accounting Pronouncements and accounting change)

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

Major changes are as follows:

(1) Treatment in the balance sheets

Under the current requirements, actuarial gains and losses, past service costs and transitional obligation that are yet to be recognized in profit or loss are not recognized in the balance sheets, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset. Under the revised accounting standard, actuarial gains and losses, past service costs and transitional obligation that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) Treatment in the Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

The revised accounting standard does not change how to recognize actuarial gains and losses, past service costs and transitional obligation in profit or loss. Those amounts would be recognized in profit or loss over a certain period. However, actuarial gains and losses, past service costs and transitional obligation that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income, and actuarial gains and losses, past service costs and transitional obligation that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(3) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

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

This accounting standard and the guidance for (1) and (2) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (3) above are effective for the fiscal year beginning on or after April 1, 2014.

The Group has applied the revised accounting standard for (1) and (2) above from the fiscal year ended March 31, 2014, and the effects of applying the standard was appropriated in accumulated other comprehensive income as a remeasurement of the defined benefit plans.
As a result, as of the end of the consolidated fiscal year ended March 31, 2014, the company recorded a net defined benefit asset of 7,786 million yen (US$ 75,680 thousand) and a net defined benefit liability of 7,714 million yen (US$ 74,981 thousand). In addition, accumulated other comprehensive income decreased 4,636 million yen (US$ 45,062 thousand). Net asset per share decreased 14.16 yen (US$ 438).

The Group expects to apply the revised accounting standard for (3) above from the beginning of the fiscal year beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

3. United States Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of exchange on March 31, 2014 (¥102.88=US$1.00), has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese Yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4.Financial instruments

(a) Information on financial instruments

Policies

The Companies enter into financing arrangements (primarily through bank loans or corporate bonds) based on the planned capital expenditures of its businesses. The Companies invest in low risk financial assets using available cash, finance their short-term working capital needs through bank loans. The Companies use derivative transactions within predetermined transaction volumes to limit the risk of significant fluctuations in foreign currency exchange rates, interest rates, and copper prices.

The Companies do not enter into derivative transactions for speculative purposes.

Details of financial instruments and related risks

Trade notes and accounts receivable are exposed to customer credit risk. Also, trade receivables denominated in foreign currencies, which are derived from the Company's global business expansion, are exposed to fluctuations in foreign currency exchange rates, however, the exposure is mitigated by entering into foreign exchange forward contracts.

Investment securities consist mainly of equity securities, which are exposed to market price fluctuation risks.

Trade notes and accounts payable have payment terms within one year. Also, within these accounts there are foreign currency denominated balances generated from the import of raw materials and therefore the balances are exposed to fluctuations in foreign currency exchange rates. However, such balances are typically offset by accounts receivable balances denominated in the same currencies.
Borrowings and Corporate Bonds are used primarily for capital expenditures and have maturity dates within mainly five years subsequent to the balance sheet date. Certain borrowing contracts are based on variable, or floating, interest rates, which are exposed to fluctuation risk and are hedged via interest rate swap agreements.

Derivative transactions are comprised primarily of foreign exchange forward contracts hedging foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies, of interest rate swap agreements hedging interest rate fluctuation risk in bank loans, and commodity forward contracts hedging the risk of copper price fluctuation.

Risk management over financial instruments

(1)Credit risk management (risk of customers' default risk, etc.)

The Company periodically monitors major customers' financial conditions and performs customer specific aging analyses. In addition, the Company monitors doubtful accounts due to the current economic difficulties in accordance with the credit management policy. The consolidated subsidiaries and affiliates are also required to conform with the credit management policy of the Company.

In order to mitigate credit risks to the greatest extent possible with regards to derivative transactions, the Companies' counterparties are financial institutions that maintain high credit ratings.

The financial assets exposed to credit risks recorded in the Consolidated Balance Sheets represent the maximum exposure to credit risk as of March 31, 2013 and March 31, 2014.

(2)Market risk management (risk of fluctuations in foreign currency rates, interest rates, etc.)

The Company and certain consolidated subsidiaries generally use foreign exchange forward contracts to limit foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies. Depending on the foreign currency market condition, the Companies use foreign exchange forward contracts for trade receivables denominated in foreign currencies generated from highly probable forecasted export transactions. Also, the Company and certain consolidated subsidiaries use interest rate swap agreements to limit interest rate fluctuation risk associated with bank loans.

In relation to investment securities, the Companies continuously monitor the related market values and financial condition of the issuers while also taking into consideration their business relationships with the issuers.

In executing and managing the daily operations of derivative transactions, the Companies regularly monitor transaction balances/volumes and profit/loss status. Such information is periodically reported to the responsible management team and is audited by certain administration divisions. Prior approval by an Executive Officer of the Company is generally required to enter into significant transactions, transaction modifications or applications for the use of new financial instruments.

(3)Liquidity risk management for financing activities (risk of inability to repay on due date)

The Company manages liquidity risk by preparing cash flow forecasts, led by the finance division, based on relevant information reported from the respective divisions.

Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based on market values as well as reasonably determined values in situations where the market fair value is unavailable. The determination of such values is based on certain assumptions, which may result in different outcomes if other assumptions are applied.

(b) Fair values of Financial Instruments

The book value of financial instruments in the Consolidated Financial Statements, their fair value and net difference at March 31, 2013 and 2014, respectively, are shown below.

	Millions of yen		
2013	Consolidated amount	Fair value	Difference
Cash and deposits	¥43,178	¥43,178	-
Notes and accounts receivable, trade	122,459		
Less: Allowance for doubtful accounts	(700)		
Total	121,758	121,758	-
Investment securities	30,389	27,876	(2,512)
Notes and accounts payable, trade	67,581	67,581	-
Short-term borrowings (*1)	40,892	40,892	-
Income taxes payable	1,172	1,172	-
Bonds	50,000	51,245	1,245
Long-term borrowings (*1)	98,522	99,754	1,231
Derivative Instruments (*2)			
Non-hedge derivative instruments	(3)	(3)	-
Designated hedge instruments	(102)	(102)	-

(*1) ¥24,468 million of the Long-term borrowings which mature within 1 year and are recorded in current portion of "Short-term borrowings" in the consolidated balance sheets are included in "Long-term borrowings" above.

(*2) Net receivables and (liabilities) related to the derivative transactions are presented net.

	Millions of yen			Thousands of U.S. dollars		
2014	Consolidated amount	Fair value	Difference	Consolidated amount	Fair value	Difference
Cash and deposits	¥39,902	¥39,902	-	$387,850	$387,850	-
Notes and accounts receivable, trade	140,260			1,363,336		
Less: Allowance for doubtful accounts	(870)			(8,456)		
Total	139,389	139,389	-	1,354,870	1,354,870	-
Investment securities	32,902	34,898	1,996	319,809	339,211	19,401
Notes and accounts payable, trade	77,740	77,740	-	755,638	755,638	-
Short-term borrowings (*1)	50,385	50,385	-	489,745	489,745	-
Income taxes payable	1,815	1,815	-	17,642	17,642	-
Bonds	50,000	51,033	1,033	486,003	496,044	10,041
Long-term borrowings (*1)	92,042	92,670	628	894,654	900,758	6,104
Derivative Instruments (*2)						
Non-hedge derivative instruments	(18)	(18)	-	(175)	(175)	-
Designated hedge instruments	(87)	(87)	-	(846)	(846)	-

(*1) ¥6,458 million (US$62,779 thousand) of the Long-term borrowings which mature within 1 year and are recorded in current portion of "Short-term borrowings" in the consolidated balance sheets are included in "Long-term borrowings" above.

(*2) Net receivables and (liabilities) related to the derivative transactions are presented net.

Note 1: Method used to determine fair value of financial instruments, securities and derivative transactions:

(1) Cash and deposits

The cost of cash and deposits approximate fair value due to their short term maturities.

(2) Notes and accounts receivable, trade

The cost of Notes and accounts receivable, trade approximate fair value because of their short term maturities. For certain accounts receivables, the Companies enter into foreign exchange forward contracts for which a simplified method of determining fair value is applied and allowable under JGAAP. The fair values of such receivables are determined on an aggregate basis with the related foreign exchange forward contract.

(3) Investment securities

The fair value of equity securities are determined using quoted market prices for those securities. The fair value of debt securities are determined using quoted market prices or the prices provided by the counterparty financial institutions.

(4) Notes and accounts payable, trade, (5) Short-term borrowings and (6) Income taxes payable

The cost of these items approximate fair value due to their short term maturities.

(7) Bonds

The fair value of bonds issued by the Company is determined using quoted market prices.

(8) Long-term borrowings

The fair value of these items are determined based on the present value of the principal and interest discounted at the current interest rate charged for a similar borrowing. For long-term debt with a floating interest rate, the Companies enter into interest swaps for which a simplified method is applied and allowable under JGAAP. Such long-term borrowings are combined with the related interest swaps and their fair values are determined based on the present value of the principal and interest after the swap is discounted at the current interest rate charged for a similar borrowing.

(9) Derivative instruments

The Companies use a forward exchange rate for foreign exchange forward contracts. Commodity forward contracts are calculated based on LME (London Metal Exchange) official prices and current exchange rates. Foreign exchange forward contracts are combined with the accounts receivable designated as hedged items and are treated as one unit. Their fair values are included with the related accounts receivable.

Interest swaps for which a simplified method allowed under JGAAP is applied are combined with the long-term debts designated as hedged item and are treated as one unit. Their fair values are included in long-term debt.

Note 2: Financial instruments for which estimation of fair value is extremely difficult

2013 Description	Millions of yen Amount recorded in consolidated balance sheets
Non-public companies	¥18,386

2014 Description	Millions of yen Amount recorded in consolidated balance sheets	Thousands of U.S. dollars Amount recorded in consolidated balance sheets
Non-public companies	¥15,934	$154,879

These items are not included in "(3) Investment securities" because it is extremely difficult to determine their fair value as

Note 3: The aggregate annual maturities of Cash and deposits, receivables, and held-to-maturity investment at March 31, 2013 and 2014 are as follows:

	Millions of yen			
At March 31, 2013	1year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	43,178	-	-	-
Notes and accounts receivable, trade	122,157	302	-	-
Securities and investment securities				
Held-to-maturity investment securities	-	53	-	-
Total	¥165,335	¥355	-	-

	Millions of yen			
At March 31, 2014	1year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	39,902	-	-	-
Notes and accounts receivable, trade	139,923	337	-	-
Securities and investment securities				
Held-to-maturity investment securities	-	62	-	-
Total	¥179,826	¥399	-	-

	Thousands of U.S. dollars			
At March 31, 2014	1year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	387,850	-	-	-
Notes and accounts receivable, trade	1,360,060	3,276	-	-
Securities and investment securities				
Held-to-maturity investment securities	-	603	-	-
Total	$1,747,920	$3,878	-	-

Note 4: The annual maturities of Bonds and Long-term borrowings during the five years ending March 31, 2019 and 2020 are as follows:

At March 31, 2013

Bonds

	Millions of yen
2015	¥ -
2016	-
2017	20,000
2018	10,000
2019	¥20,000

Long-term borrowings

	Millions of yen
2015	¥6,399
2016	19,357
2017	10,047
2018	15,043
2019	¥23,206

At March 31, 2014

Bonds

	Millions of yen	Thousands of U.S. dollars
2016	¥ -	$ -
2017	20,000	194,401
2018	10,000	97,201
2019	20,000	194,401
2020	¥ -	$ -

Long-term borrowings

	Millions of yen	Thousands of U.S. dollars
2016	¥20,402	$198,309
2017	12,422	120,743
2018	16,528	160,653
2019	2,226	21,637
2020	¥34,003	$330,511

5. Investment Securities

The aggregate cost, gross unrealized gains, gross unrealized losses and fair values of Held-to-maturity investment securities at March 31, 2013 and 2014 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Cost	¥53	¥62	$603
Gross unrealized gains	3	5	49
Gross unrealized losses	-	-	-
Fair value	¥56	¥67	$651

The aggregate cost, gross unrealized gains, gross unrealized losses and fair values of Available-for-sale investment securities at March 31, 2013 and 2014 consisting primarily of equity securities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Cost	¥17,552	¥17,003	$165,270
Gross unrealized gains	6,445	8,800	85,537
Gross unrealized losses	(558)	(251)	(2,440)
Fair value	¥23,439	¥25,551	$248,357

Available-for-sale investment securities sold during the year ended March 31, 2013 and 2014 are immaterial.

Investments in unconsolidated subsidiaries and affiliates at March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Investments securities	¥22,411	¥20,322	$197,531
Investments and other assets, other	7,546	8,657	84,147
	¥29,957	¥28,979	$281,678

6. Short-term Borrowings, Long-term Debt

Short-term borrowings at March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Loans, principally from banks, with weighted-average interest rates of 1.9% per year at March 31, 2013 and 2014	¥40,892	¥50,385	$489,745
	¥40,892	¥50,385	$489,745

Long-term debt at March 31, 2013 and 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Secured loans from banks and other financial institutions with maturity dates from 2014 to 2028 with weighted-average interest rates of 1.8% and 1.4% at March 31, 2013 and 2014, respectively	¥98,522	¥92,042	$894,654
Lease obligation	3,873	1,339	13,015
Unsecured straight bonds issued from January 31, 2008 to September 7, 2011 with interest rates ranging from 0.5% to 1.8%, maturity dates September 7, 2016 to September 7, 2018	50,000	50,000	486,003
	152,396	143,382	1,393,682
Less: current portion due within one year			
Long term borrowings	(24,468)	(6,458)	(62,772)
Bonds	-	-	-
Lease obligation	(1,720)	(1,026)	(9,973)
Total	(26,189)	(7,485)	(72,755)
	¥126,207	¥135,897	$1,320,927

The Companies' assets pledged as collateral for short-term borrowings and other interest-bearing debts at March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Carrying values of property, plant and equipment:			
Land	¥992	¥992	$9,642

The annual maturities of long-term debts are as follows:

Long term borrowings	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2016	¥20,402	$198,309
2017	12,422	120,743
2018	16,528	160,653
2019	2,226	21,637

Lease obligation	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2016	¥256	$2,488
2017	30	292
2018	18	175
2019	8	78

Bonds	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2016	¥ -	$ -
2017	20,000	194,401
2018	10,000	97,201
2019	20,000	194,401

7. Other Long-term Liabilities

Other than the loans and debts included in note 6, interest-bearing debts, which consisted of guarantee money received amounting to ¥3,847 million (US$37,393 thousand), were recorded as a part of other long-term liabilities in the Consolidated Balance Sheets as of March 31, 2014.

8. Research and Development Costs

Research and development costs included in Selling, general and administrative expenses and Cost of sales, in aggregate, for the years ended March 31, 2013 and 2014, amounted to ¥14,917 million and ¥14,654 million (US$142,438 thousand), respectively.

9. Severance indemnities and Pension Plans

Previous consolidated fiscal year (April 1, 2012 - March 31, 2013)

(a) Outline of retirement and severance benefits plans adapted by the companies.

The Company and its domestic consolidated subsidiaries sponsor various defined benefit plans such as corporate pension plans, employees' pension plans and lump sum retirement plans for their employees. Certain consolidated subsidiaries also sponsor defined contribution plans.

(b) Benefit obligations, funded status and prepaid pension cost/provision for retirement benefits.

	Millions of yen
	2013
Benefit obligations	(¥61,935)
Fair value of plan assets	44,682
Unfunded status	(17,252)
Unrecognized actuarial loss, net	13,236
Unrecognized prior service costs, net	(2,086)
Trust funds for severance plans	20,711
Net amount recognized	14,608
Prepaid pension costs included in the Consolidated Balance Sheet	21,944
Provision for retirement benefit reported in the Consolidated Balance Sheet	(¥7,336)

(c) The components of net period pension costs for employees.

	Millions of yen
	2013
Service costs	¥2,090
Interest costs	1,176
Expected return on plan assets	(351)
Amortization of unrecognized prior service costs	(254)
Amortization of unrecognized actuarial losses	2,735
Net periodic pension costs	¥5,396

In addition to the net periodic pension costs mentioned in the table above, extra retirement bonuses of ¥2,894 million have been recorded in "Business restructuring charges".

(d) Assumptions used in the calculation of the above net periodic pension costs as of March 31 2013.

	2013
Method of attributing the projected benefits to periods of service	Term straight-line basis
Discount rates	Mainly 1.9%
Rates of expected return on plan assets	Mainly 0.9%
Amortization period for unrecognized prior service costs	Mainly 15 years
Amortization period for unrecognized actuarial differences	Mainly 15 years

Consolidated fiscal year (April 1, 2013 - March 31, 2014)

(a) Outline of retirement and severance benefits plans adopted by the companies

The Company and its domestic consolidated subsidiaries sponsor various defined benefit plans such as corporate pension plans, employees' pension plans and lump sum retirement plans for their employees. Certain consolidated subsidiaries also sponsor defined contribution plans.

(b) Defined benefit plan

The following tables present summaries of the benefit obligation for defined pension plans, plan assets and the associated funded status recorded in the Consolidated Balance Sheets.

(1) Benefit obligations at the beginning of the period and the end of period (excluding those plans that adopt the simplified method)

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit obligations at the beginning of the period	¥58,420	$567,846
Service cost	1,754	17,049
Interest cost	1,108	10,770
Actuarial gains / losses	(123)	(1,196)
Retirement benefits paid	(5,099)	(49,563)
Other	(86)	(836)
Retirement benefit obligations at the end of the period	¥55,974	$544,071

(2) Plan assets at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method)

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Plan assets at the beginning of the period	¥64,113	$623,182
Expected return on plan assets	907	8,816
Actuarial gains / losses	1,653	16,067
Employer's contributions	560	5,443
Retirement benefits paid	(4,346)	(42,243)
Partial withdrawal of assets from employee retirement benefits trusts	(5,000)	(48,600)
Other	229	2,226
Plan assets at the end of the period	¥58,117	$564,901

(3) Defined benefit liability at the beginning of the period and the end of the period for consolidated subsidiaries adopting the simplified method

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Net defined benefit liability at the beginning of the period	¥2,234	$21,715
Retirement benefit cost	225	2,187
Retirement benefit paid	(523)	(5,084)
Other	135	1,312
Net defined benefit liability at the end of the period	¥2,071	$20,130

(4) The reconciliation of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefits recognized in the consolidated balance sheets as of March 31, 2014, is as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Retirement benefit obligations of the savings plan	¥56,732	$551,439
Pension assets	(43,686)	(424,631)
Assets of contribution of securities to retirement benefit trust	(16,003)	(155,550)
	(2,957)	(28,742)
Retirement benefit obligations of the non-savings plan	2,885	28,042
Net liabilities and assets recorded on the consolidated balance sheets	(72)	(700)
Net defined benefit liability	7,714	74,981
Net defined benefit asset	(7,786)	(75,680)
Net liabilities and assets recorded on the consolidated balance sheets	(¥72)	($700)

(5) The components of net periodic benefits costs for the year ended March 31, 2014, are as follows.

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Service cost	¥1,754	$17,049
Interest cost	1,108	10,770
Expected return on plan assets	(907)	(8,816)
Recognized actuarial gain or loss	2,323	22,580
Amortization of prior service cost	(253)	(2,459)
Net retirement benefit costs of consolidated subsidiaries adopting the simplified method	225	2,187
Retirement benefit costs related to the defined benefit plan	¥4,250	$41,310

Note. Extra retirement payments in the amount of ¥1,158 million (US$ 11,256 thousands) is accounted for as "Business restructuring charges" .

(6) The breakdown of items in other comprehensive income is as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Unrecognized prior service cost	(¥1,814)	($17,632)
Unrecognized actuarial gain/loss	8,987	87,354
Total	¥7,173	$69,722

(7) The breakdown of pension assets by major category as of March 31, 2014, is as follows.

Bonds	41	%
Shares	19	
General accounts	6	
Others	34	
Total	100	%

(8) Method to establish a long-term expected return on assets

To determine the long-term expected return on assets of pension assets, the present and expected allocation of pension assets and the present and expected future return from a variety of assets that constitute pension assets have been taken into account.

(9) The actuarial assumptions used as of March 31, 2014, are as follows:

	2014
Discount rates	Mainly 1.9%
Expected long-term expected return on plan assets	Mainly 2.2%
Lump sum election rate	Mainly 59.5%
Re-evaluation rate	Mainly 1.5%

(c) Defined contribution plan

Total annual contribution to the defined contribution plan is ¥388 million (US$ 3,771 thousands) .

10. Inventories

Inventories are valued at the lower of cost or market and the associated losses on inventory devaluation have been included in "Cost of sales" for the years ended March 31, 2013 and 2014 in the amounts of ¥522 million and ¥736 million (US$7,154 thousand), respectively.

11.Gain on sales of fixed assets

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Buildings	¥—	¥5,384	$52,333
Land	1	(89)	(865)
Total	¥1	¥5,295	$51,468

12.Insurance reimbursement income

Insurance reimbursement income is attributed to partial insurance reimbursements received for a portion of the inventories and fixed assets damaged as a result of the floods in the Kingdom of Thailand in October 2011, the amounts of which are considered to be fixed.

13. Business restructuring charges

Business restructuring charges recorded as a component of extraordinary losses are expenses resulting from the severance payments and recruiting support costs involved in our early retirement program implemented in the Company and certain domestic subsidiaries for the year ended March 31, 2013, and restructuring and extra payment for the early retirement benefit program in the Company and certain consolidated subsidiaries for the year ended March 31, 2014.

14. Provision for allowance for antitrust law-related loss

This is provision of reserve for the loss related to the European Union competition law on the consolidated profit-and-loss statement, which relates to the penalty from the Commission of the European Communities on April 2, 2014 regarding European competition law violation.

15. Loss on disaster

The loss relates to the repair of fixed assets damaged and fixed costs attributed to the suspense of production activities as a result of the floods in the Kingdom of Thailand.

16. Compensation for damage

The compensation we paid to our suppliers due to an administrative penalty we received on May 21, 2010 for violation of the Antimonopoly Law.

17. Consolidated Statements of Comprehensive Income

For the Year Ended March 31, 2013 and 2014

Amount of reclassification and tax effect related to other comprehensive income are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Unrealized gains on investment securities, net of taxes	2013	2014	2014
Amount arising during the year	¥4,499	¥3,127	$30,395
Reclassification adjustment	937	(249)	(2,420)
Before tax effect adjustment	5,437	2,877	27,965
Tax effect	(1,558)	(729)	(7,086)
Unrealized gains on investment securities, net of taxes	3,878	2,147	20,869
Deferred gains or losses on hedges			
Amount arising during the year	329	15	146
Before tax effect adjustment	329	15	146
Tax effect	(86)	(5)	(49)
Deferred gains or losses on hedges	243	9	87
Foreign currency translation adjustments			
Amount arising during the year	18,302	8,164	79,355
Share of other comprehensive income of associates accounted for using equity method			
Amount arising during the year	334	1,026	9,973
Reclassification adjustment	(19)	(159)	(1,545)
Share of other comprehensive income of associates accounted for using equity method	314	867	8,427
Other comprehensive income	¥22,738	¥11,189	$108,758

18. Impairment of Fixed Assets

Grouping method:

The Companies grouped long-lived assets into asset groups by merchandise category.

Idle assets are grouped on an individual asset basis.

For the year ended March 31, 2013, the Company recorded impairment losses against the following asset groups:

(1) Location: DDK (Thailand) Ltd. (Kingdom of Thailand)

Use: Idle assets

Type: Machinery

Amount of impairment losses: ¥534 million

Background leading to the recognition of impairment losses: These assets are no longer in use and their market value had fallen substantially below book values.

Recoverable amount: Net selling price

Calculation method for recoverable amount: Set at zero yen due to difficulty of conversion or sale.

For the year ended March 31, 2014, the Company has recorded impairment losses against the following asset groups:

(1) Location: Fujikura Electronics (Thailand) Ltd. (Kingdom of Thailand)

Use: Idle assets

Type: Machinery

Amount of impairment losses: ¥1,143 million (US$11,110 thousand)

Background leading to the recognition of impairment losses: These assets are no longer in use and their market value had fallen substantially below book values.

Recoverable amount: Net selling price

Calculation method for recoverable amount: Set at zero yen due to difficulty of conversion or sale.

(2) Location: Fuji Materials Ltd.（Japan）

Use: Idle assets

Type: Land

Amount of impairment losses: ¥319 million (US$3,100 thousand)

Background leading to the recognition of impairment losses: These assets are no longer in use and their market value had fallen substantially below book values.

Recoverable amount: Net selling price

Calculation method for recoverable amount: sale value to a third party.

(3) Location: DDK Ltd.（Japan）

Use: Idle assets

Type: Machinery

Amount of impairment losses: ¥319 million (US$3,100 thousand)

Background leading to the recognition of impairment losses: These assets are no longer in use and their market value had fallen substantially below book values.

Recoverable amount: Net selling price

Calculation method for recoverable amount: Set at zero yen due to difficulty of conversion or sale.

19. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the Consolidated Statement of Cash Flows and account balances in the Consolidated Balance Sheets at March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Cash and deposits	¥43,178	¥39,902	$387,850
Deposits with maturity of over three months	(928)	(566)	(5,502)
Cash and cash equivalents	¥42,250	¥39,336	$382,348

20. Income Taxes

The Company and its domestic subsidiaries are subject to a number of different income taxes which, in aggregate, indicate a nominal statutory tax rate in Japan of approximately 37.5% for the years ended March 31, 2013 and 2014.
A reconciliation between the nominal statutory income tax rate and the effective income tax rate in the accompanying Consolidated Statements of Income for the years ended March 31, 2013 and 2014 are as follows:

	2013	2014
Nominal statutory tax rate	37.5 %	37.5 %
Effect on tax rate resulting from permanent differences	(0.5)	1.2
Provision for antitrust payment	-	3.4
Foreign tax credit and payment	31.2	1.7
Elimination of intercompany dividends	1.4	1.3
Equity earnings	4.7	6.1
Tax exemption in foreign tax jurisdiction	(28.2)	(1.9)
Valuation allowance	3.1	10.8
Effect of lower tax rates at overseas subsidiaries	(18.7)	(1.1)
Depreciation of Goodwill	7.9	5.3
Other	4.7	5.6
Effective income tax rate	43.1 %	69.8 %

The significant components of deferred tax assets and liabilities at March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Deferred tax assets:			
Inventory revaluation	¥849	¥955	$9,283
Bonus accrual	2,070	2,474	24,047
Provision for retirement benefits	733	-	-
Net defined benefit liability	-	4,580	44,518
Elimination of intercompany profits on inventories	169	201	1,954
Enterprise taxes	164	122	1,186
Net operating losses carried forward	17,445	17,961	174,582
Loss on valuation of investment securities	3,560	2,793	27,148
Depreciation	1,968	2,763	26,857
Allowance for doubtful accounts	821	976	9,487
Loss on disposal of fixed assets	862	799	7,766
Impairment losses	1,665	1,765	17,156
Elimination of intercompany profits on fixed assets	814	814	7,912
Foreign tax credit carried forward	1,336	1,734	16,855
Other	3,695	4,633	45,033
Gross deferred tax assets	36,158	42,576	413,841
Less: valuation allowance	(24,022)	(28,063)	(272,774)
Total deferred tax assets	12,135	14,512	141,058
Deferred tax liabilities:			
Special tax-purpose reserve for deferred gain on sale of property	894	882	8,573
Unrealized gains on investment securities	1,466	2,195	21,336
Other	1,010	1,336	12,986
Total deferred tax liabilities	3,371	4,414	42,904
Net deferred tax assets	¥8,764	¥10,098	$98,153

Net deferred tax assets (liabilities) included in the Consolidated Balance Sheets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Current assets - Deferred tax assets	¥4,607	¥4,388	$42,652
Non-current assets - Deferred tax assets	4,856	6,409	62,296
Current liabilities - Other	(181)	(8)	(78)
Non-current liabilities - Deferred tax liabilities	(518)	(690)	(6,707)
Net deferred tax assets	¥8,764	¥10,098	$98,153

21. Contingent Liabilities

(a) Guarantees of liabilities	Millions of yen		Thousands of U.S. dollars
Guarantees for loans borrowed / notes issued by:	2013	2014	2014
Employees	¥482	¥397	$3,859
VISCAS corporation, affiliated company	5,760	9,180	89,230
Other unconsolidated subsidiaries and affiliates	2,142	3,031	29,462
	¥8,385	¥12,609	$122,560

(b) Other

Fujikura Electronics (Thailand) Ltd. (FETL), a consolidated subsidiary in Thailand, received (1) tax assessments in the amount of 883 million baht from the Revenue Department of Thailand on May 21, 2013 and received (2) tax assessments in the amount of 29 million baht from the Revenue Department of Thailand on May 28, 2014.

Management does not agree with the assessments of the Revenue Department believing them to be unjust and without legal grounds. For (1), FETL filed a petition to appeal the tax assessments with the Administrative Appeal Committee of the Revenue Department on June 18, 2013. For (2), FETL filed a petition to appeal the tax assessments with the Administrative Appeal Committee of the Revenue Department on June 19, 2014.

If the Committee issues an unfavorable ruling, FETL intends to continue contesting the legitimacy of its position with the tax court.

FETL provided bank guarantees to the Revenue Department in place of provisional payments on the same day.

22. Derivative Instruments

(a)Derivative not designated for hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2013

	Millions of yen			
2013	Notional amount	Nominal amount to be settled in more than one year	Fair value	Gain (loss)
Sell				
USD	3,241	-	(7)	(7)
SGD	435	-	3	3
Others	425	-	(13)	(13)
Buy				
USD	3,301	-	27	27
EUR	199	-	0	0
Others	116	-	(0)	(0)
Currency Swaps				
Pay THB / Rec USD	679	-	(34)	(34)
Pay MYR / Rec USD	879	-	5	5
Total	¥9,279	-	(¥18)	(¥18)

At March 31, 2014

	Millions of yen				Thousands of U.S. dollars			
2014	Notional amount	Nominal amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Nominal amount to be settled in more than one year	Fair value	Gain (loss)
Sell								
USD	4,406	-	1	1	42,827	-	10	10
SGD	594	-	(0)	(0)	5,774	-	(0)	(0)
EUR	558	-	(2)	(2)	5,424	-	(19)	(19)
Others	704	-	(0)	(0)	6,843	-	(0)	(0)
Buy								
USD	9,766	-	15	15	94,926	-	146	146
YEN	60	-	(0)	(0)	583	-	(0)	(0)
Others	19	-	0	0	185	-	0	0
Currency Swaps								
Pay MYR / Rec USD	907	-	4	4	8,816	-	39	39
Total	¥17,017	-	¥16	¥16	$165,406	-	$156	$156

(2) Interest Rate Swaps

At March 31, 2013
There were no interest rate swaps.

At March 31, 2014
There were no interest rate swaps.

(3) Commodity Forward Contracts

At March 31, 2013

	Millions of yen			
2013	Notional amount	Nominal amount to be settled in more than one year	Fair value	Gain (loss)
Sell	1,414	-	21	21
Buy	1,285	-	(6)	(6)
Total	¥2,699	-	¥15	¥15

At March 31, 2014

	Millions of yen				Thousands of U.S. dollars			
2014	Notional amount	Nominal amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Nominal amount to be settled in more than one year	Fair value	Gain (loss)
Sell	956	-	(35)	(35)	9,292	-	(340)	(340)
Total	¥956	-	(¥35)	(¥35)	¥9,292	-	(¥340)	(¥340)

(b)Designated instrument hedges

(1) Foreign forward exchange contracts

At March 31, 2013

	Millions of yen		
2013	Notional amount	Nominal amount to be settled in more than one year	Fair value
Transfer process of foreign forward exchange contracts			
Accounts receivable, trade			
Sell			
USD	12,277	-	-
EUR	730	-	-
Processing method in principle			
Accounts receivable, trade			
Sell			
USD	4,214	-	(33)
EUR	162	-	0
Expected transaction			
Buy			
USD	335	-	2
Total	¥17,721	-	(¥30)

At March 31, 2014 2014	Millions of yen: Notional amount	Millions of yen: More than one year of Notional amount	Millions of yen: Fair value	Thousands of U.S. dollars: Notional amount	Thousands of U.S. dollars: More than one year of Notional amount	Thousands of U.S. dollars: Fair value
Transfer process of foreign forward exchange contracts						
Accounts receivable, trade						
Sell						
USD	15,155	-	-	147,308	-	-
EUR	1,608	-	-	15,630	-	-
Processing method in principle						
Accounts receivable, trade						
Sell						
USD	6,162	-	(22)	59,895	-	(214)
EUR	500	-	(1)	4,860	-	(10)
Total	¥23,427	-	(¥24)	$227,712	-	($233)

(2) Interest Rate Swaps
At March 31, 2013

2013	Millions of yen: Notional amount	Millions of yen: More than one year of Notional amount	Millions of yen: Fair value
Special treatment of interest rate swaps			
Interest Rate Swaps			
Long-term debt			
Pay Fixed interest / Rec. Floating interest	71,650	56,650	-
Processing method in principle			
Interest Rate Swaps			
Long-term debt			
Pay Fixed interest / Rec. Floating interest	6,850	6,850	(71)
Total	¥78,500	¥63,500	(¥71)

At March 31, 2014 2014	Millions of yen: Notional amount	Millions of yen: More than one year of Notional amount	Millions of yen: Fair value	Thousands of U.S. dollars: Notional amount	Thousands of U.S. dollars: More than one year of Notional amount	Thousands of U.S. dollars: Fair value
Special treatment of interest rate swaps						
Interest Rate Swaps						
Long-term debt						
Pay Fixed interest / Rec. Floating interest	68,800	68,800	-	668,740	668,740	-
Processing method in principle						
Interest Rate Swaps						
Long-term debt						
Pay Fixed interest / Rec. Floating interest	4,000	4,000	(63)	38,880	38,880	(612)
Total	¥72,800	¥72,800	(¥63)	$707,621	$707,621	($612)

23. Supplementary Information for the Consolidated Statements of Net Assets
For the Year Ended March 31, 2013
(a) Type and number of outstanding shares

Type of shares	Year ended March 31, 2013 / Thousands of shares: Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	360,863	-	-	360,863
Total	360,863	-	-	360,863
Treasury stock:				
Common stock (*1, 2)	342	19,031	1	19,371
Total	342	19,031	1	19,371

(*1) Treasury stock increased due to the repurchase of 19,031,000 shares.
(*2) Treasury stock decreased due to the sale of 1,000 shares.

(b) Dividends
(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 28, 2012	Annual general meeting of shareholders	Common stock	901	2.5	March 31, 2012	June 29, 2012
October 29, 2012	Board of directors	Common stock	876	2.5	September 30, 2012	November 27, 2012

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Paid from	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 27, 2013	Annual general meeting of shareholders	Common stock	853	Retained earnings	2.5	March 31, 2013	June 28, 2013

For the Year Ended March 31, 2014
(a) Type and number of outstanding shares

Type of shares	Year ended March 31, 2014 / Thousands of shares: Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	360,863	-	-	360,863
Total	360,863	-	-	360,863
Treasury stock:				
Common stock (*1, 2)	19,371	14,732	628	33,471
Total	19,371	14,732	628	33,471

(*1) Treasury stock increased due to the repurchase of 14,732,000 shares.
(*2) Treasury stock decreased by share exchanges of 628,000 shares.

(b) Dividends
(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
June 27, 2013	Annual general meeting of shareholders	Common stock	853	$8,291	2.5	$0.02	March 31, 2013	June 28, 2013
October 28, 2013	Board of directors	Common stock	1,010	$9,817	3.0	$0.03	September 30, 2013	December 3, 2013

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Paid from	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
June 27, 2014	Annual general meeting of shareholders	Common stock	982	$9,545	Retained earnings	3.0	$0.03	March 31, 2014	June 30, 2014

24. Investment and Rental Property
The Companies own office buildings including land for rent in Tokyo and other districts. Profits generated from these investments and rental properties were ¥4,894 million and ¥5,311 million (US$51,623 thousand) for the fiscal years ended March 31, 2013 and 2014, respectively.
The majority of rental revenues were recorded in Net Sales and majority of rental costs were recorded in Cost of sales in the Consolidated Statements of Income.
The investment and rental property at March 31, 2013 and 2014, included in the Consolidated Balance Sheets and respective increases and decreases fair value are as follows;

For the Year Ended March 31, 2013

Millions of yen: Amounts in the consolidated balance sheet (*1): Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥42,615	¥1,985	¥44,601	¥108,298

(*1) Amounts in the consolidated balance sheet were computed based on acquisition costs after deducting accumulated depreciation and impairment charges.
(*2) The primary increase in property during the year includes the acquisition of office buildings for rent ¥2,838 million.
(*3) Fair value at end of year was primarily based on a Real Estate Appraisal Report given from an outside real estate appraiser.

For the Year Ended March 31, 2014

Millions of yen: Amounts in the consolidated balance sheet (*1): Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥44,601	(¥1,528)	¥43,073	¥103,794

Thousands of U.S. dollars: Amounts in the consolidated balance sheet (*1): Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
$433,524	($14,852.26)	$418,672	$1,008,884

(*1) Amounts in the consolidated balance sheet were computed based on acquisition costs after deducting accumulated depreciation and impairment charges.
(*2) The primary decrease in property during the year includes the sale of office buildings for rent ¥2,129 million (US$20,694 thousand) .
(*3) Fair value at end of year was primarily based on "Real Estate Appraisal Standards".

25. Segment Information
(Segment Information)
(a)Summary of reporting segments

The Group's reporting segments are components of the Group for which separate financial statements are available that are regularly evaluated by the management in deciding how to allocate resources and in assessing performance.
The Group classifies our businesses into 4 segments, which are "Power & Telecommunication Systems Company", "Electronics Business Company", "Automotive Products Company", "Real Estate Company", considering similarity in the production methods, production process, applications and sales methods.

Definitions of the four segments for the year ended March 31, 2014 are as follows:
The Power & Telecommunication Systems Company deals with power cables, telecommunication cables, aluminum wires, enameled wires, optical fibers, optical fiber cables, telecommunication components, optical components, fiber optic equipment, network equipment, installation, etc.
The Electronics Business Company deals with flexible printed circuits, electronic wiring, HDD components, various kinds of connectors, etc.
The Automotive Products Company deals with automotive wire harnesses, accessories & installation, etc.
The Real Estate Company deals with real estate, etc.

(b)Basis of calculation for sales, profits or losses, assets, liabilities and other items by reporting segments

"Notes to the Consolidated Financial Statements."
Profits by reporting segment are based on operating income.
Inter-segment sales/transfers are based on actual market prices.

(c)Information on sales, profit or loss, assets, liabilities, and other items by reporting segment

For the year ended March 31, 2013

Reporting segments	Power & Telecommunication Systems Company	Electronics Business Company	Automotive Products Company	Real Estate Company	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
	Millions of yen							
Sales to outside customers	¥312,263	¥76,595	¥87,827	¥10,882	¥3,550	¥491,118		¥491,118
Inter-segment sales	1,092	141	59	2	1	1,297	(1,297)	-
Total sales	313,356	76,736	87,887	10,884	3,551	492,416	(1,297)	491,118
Segment profit (loss)	10,376	(9,762)	2,021	4,949	(1,085)	6,499	-	6,499
Segment total assets	202,672	107,686	57,597	46,152	3,512	417,621	111,278	528,900
Depreciation and amortization	7,711	9,588	2,489	2,271	298	22,359	2,287	24,646
Impairment losses	226	542	-	36	-	805	-	805
Capital expenditures	¥12,184	¥28,698	¥5,820	¥4,703	¥485	¥51,892	¥2,701	¥54,594

Notes:
(*1) "Others" includes new businesses to launch and others which are excluded from the aforementioned 4 segments.
(*2) Adjustment of ¥111,278 million in "Segment total assets" represents common assets not allocated to each reporting segment ¥156,785 million and elimination of inter-segment transactions ¥(47,507) million.
Common assets mainly consisted of assets related to investment securities, research and development and administrative divisions of Company.
(*3) Adjustment of ¥2,287 million to "Depreciation and amortization" represents depreciation and amortization associated with common assets not allocated to each reporting segment.
(*4) Adjustment of ¥2,701 million to "Capital expenditures" represents an increase in common assets not allocated to each reporting segment.

For the year ended March 31, 2014

Reporting segments	Power & Telecommunication Systems Company	Electronics Business Company	Automotive Products Company	Real Estate Company	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
	Millions of yen							
Sales to outside customers	¥348,028	¥103,180	¥123,814	¥11,199	¥4,756	¥590,980		¥590,980
Inter-segment sales	585	187	76	-	8	858	(858)	-
Total sales	348,614	103,368	123,890	11,199	4,764	591,838	(858)	590,980
Segment profit (loss)	15,306	(3,951)	5,254	5,420	(1,684)	20,345	-	20,345
Segment total assets	217,568	98,939	75,700	38,929	4,597	435,735	101,545	537,281
Depreciation and amortization	8,359	9,540	3,054	2,144	367	23,466	2,255	25,721
Impairment losses	594	1,788	-	-	-	2,383	-	2,383
Capital expenditures	¥7,463	¥8,585	¥5,234	¥278	¥1,000	¥22,562	¥2,900	¥25,463

Business segments	Power & Telecommunication Systems Company	Electronics Business Company	Automotive Products Company	Real Estate Company	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
	Thousands of U.S. dollars							
Sales to outside customers	$3,382,854	$1,002,916	$1,203,480	$108,855	$46,229	$5,744,362		$5,744,362
Inter-segment sales	5,686	1,818	739	-	78	8,340	(8,340)	-
Total sales	3,388,550	1,004,743	1,204,219	108,855	46,306	5,752,702	(8,340)	5,744,362
Segment profit (loss)	148,775	(38,404)	51,069	52,683	(16,369)	197,755	-	197,755
Segment total assets	2,114,774	961,693	735,809	378,392	44,683	4,235,371	987,024	5,222,405
Depreciation and amortization	81,250	92,729	29,685	20,840	3,567	228,091	21,919	250,010
Impairment losses	5,774	17,379	-	-	-	23,163	-	23,163
Capital expenditures	$72,541	$83,447	$50,875	$2,702	$9,720	$219,304	$28,188	$247,502

Notes:
(*1) "Others" includes new businesses to launch and others which are excluded from the aforementioned 4 segments.
(*2) Adjustment of ¥101,545 million (US$987,024 thousand) in "Segment total assets" represents common assets not allocated to each reporting segment ¥121,818 million (US$1,184,079 thousand) and elimination of inter-segment transactions ¥(20,272) million (US$(197,045) thousand).
Common assets mainly consisted of assets related to investment securities, research and development and administrative divisions of Company.
(*3) Adjustment of ¥2,255 million (US$21,919 thousand) to "Depreciation and amortization" represents depreciation and amortization associated with common assets not allocated to each reporting segment.
(*4) Adjustment of ¥2,900 million (US$28,188 thousand) to "Capital expenditures" represents an increase in common assets not allocated to each reporting segment.

(Related information)
(a)Geographical segment information

Sales

2013	Japan	U.S.	China	Others	Total
	Millions of yen				
Sales to external customers	¥266,244	¥63,080	¥56,601	¥105,192	¥491,118

Tangible fixed assets

2013	Japan	Thailand	China	Others	Total
	Millions of yen				
Tangible fixed assets	¥99,724	¥43,267	¥21,570	¥17,781	¥182,343

Sales

2014	Japan	U.S.	China	Others	Total	Japan	U.S.	China	Others	Total
	Millions of yen					Thousands of U.S. dollars				
Sales to external customers	¥271,517	¥90,074	¥91,329	¥138,059	¥590,980	$2,639,162	$875,525	$887,724	$1,341,942	$5,744,362

Tangible fixed assets

2014	Japan	Thailand	China	Others	Total	Japan	Thailand	China	Others	Total
	Millions of yen					Thousands of U.S. dollars				
Tangible fixed assets	¥93,401	¥41,330	¥23,262	¥21,865	¥179,858	$907,864	$401,730	$226,108	$212,529	$1,748,231

(b)Major customer information
This information has been omitted as there were no customers to whom the Group individually recorded external sales representing 10% or more of consolidated net sales for the years ended March 31, 2013 and 2014.

(c)Goodwill information

For the year ended March 31, 2013

Reporting segments	Power & Telecommunication Systems Company	Electronics Business Company	Automotive Products Company	Real Estate Company	Total
	Millions of yen				
Amortization	¥1,249	¥0	-	-	¥1,249
Unamortized goodwill	6,915	18	-	-	6,934

For the year ended March 31, 2014

Reporting segments	Power & Telecommunication Systems Company	Electronics Business Company	Automotive Products Company	Real Estate Company	Total
	Millions of yen				
Amortization	¥1,935	¥2	-	-	¥1,937
Unamortized goodwill	7,435	16	-	-	7,451

Reporting segments	Power & Telecommunication Systems Company	Electronics Business Company	Automotive Products Company	Real Estate Company	Total
	Thousands of U.S. dollars				
Amortization	$18,808	$19	-	-	$18,828
Unamortized goodwill	72,269	156	-	-	72,424

26. Related Party Information

(Related party transactions)

The tables below summarize the related party transactions with unconsolidated affiliated companies and affiliated companies accounted for using the equity method for the year ended March 31:

2013 (Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital or Advance	Description of business	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount of transactions (Note 4)	Financial statement line-item	Amount outstanding at end of year (Note 4)
Affiliated company	VISCAS Corporation	Shinagawa, Tokyo	12,100	Power & Telecommunication Systems Company	Directly owned (50%)	Supply of raw materials from the Company and sales of products to the Company	Supply of raw materials for value (Note 1)	8,070	Other current assets	4,001
							Purchase of raw materials (Note 2)	9,735	Accounts payable, trade	3,024
							Guarantees (Note 3)	5,760	-	-
Affiliated company	Unimac Ltd.	Inabe, Mie	480	Power & Telecommunication Systems Company	Directly owned (45%)	Supply of raw materials from the Company and sales of products to the Company	Supply of raw materials (Note 2)	6,764	Accounts receivable, trade	3,827

2014 (Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital or Advance	Description of business	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount of transactions (Note 4)	Financial statement line-item	Amount outstanding at end of year (Note 4)
Affiliated company	VISCAS Corporation	Shinagawa, Tokyo	12,100	Power & Telecommunication Systems Company	Directly owned (50%)	Supply of raw materials from the Company and sales of products to the Company	Supply of raw materials for value (Note 1)	8,053	Other current assets	4,264
							Purchase of raw materials (Note 2)	7,783	Accounts payable, trade	3,451
							Guarantees (Note 3)	9,180	-	-
Affiliated company	Unimac Ltd.	Inabe, Mie	480	Power & Telecommunication Systems Company	Directly owned (45%)	Supply of raw materials from the Company and sales of products to the Company	Supply of raw materials (Note 2)	7,599	Accounts receivable, trade	4,301

2014 (Thousands of U.S. dollars)

Relationship	Name of company	Location	Paid-in-Capital or Advance	Description of business	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount of transactions (Note 4)	Financial statement line-item	Amount outstanding at end of year (Note 4)
Affiliated company	VISCAS Corporation	Shinagawa, Tokyo	117,613	Power & Telecommunication Systems Company	Directly owned (50%)	Supply of raw materials from the Company and sales of products to the Company	Supply of raw materials for value (Note 1)	78,276	Other current assets	41,446
							Purchase of raw materials (Note 2)	75,651	Accounts payable, trade	33,544
							Guarantees (Note 3)	89,230	-	-
Affiliated company	Unimac Ltd.	Inabe, Mie	4,666	Power & Telecommunication Systems Company	Directly owned (45%)	Supply of raw materials from the Company and sales of products to the Company	Supply of raw materials (Note 2)	73,863	Accounts receivable, trade	41,806

Terms and conditions of the above transactions and the policy to determine the terms and conditions:

(Note) 1. For supply of raw materials for value, terms and conditions were determined with consideration of market prices.
2. For purchase and supply of raw materials, terms and conditions were determined based on calculation reference to market prices and negotiation for each transactions.
3. The Company provided guarantees for borrowings from banks and for fulfillment of contracts.
4. Consumption taxes are not included in the amounts of transactions but is included in the amount outstanding at year-end.

(Corporate pension for employees)

April 1, 2012 - March 31, 2013

There are no subsequent events.

April 1, 2013 - March 31, 2014

Relationship	Name of company	Location	Paid-in-Capital or Advance	Description of business	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount of transactions (Note 4)	Financial statement line-item	Amount outstanding at end of year (Note 4)
Corporate pension	Employee pension trust	–	–	–	–	Pension assets of retirement benefit accounting	Return of contribution of securities to retirement benefit trust	5,000	–	–

April 1, 2013 - March 31, 2014 (Thousands of U.S. dollars)

Relationship	Name of company	Location	Paid-in-Capital or Advance	Description of business	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount of transactions (Note 4)	Financial statement line-item	Amount outstanding at end of year (Note 4)
Corporate pension	Employee pension trust	–	–	–	–	Pension assets of retirement benefit accounting	Return of contribution of securities to retirement benefit trust	48,600	–	–

(Condensed financial information of significant affiliates)

The condensed financial information of VISCAS Corporation for the year ended March 31, 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
2014	2013	2014	2014
Total current assets	¥40,264	¥35,886	$348,814
Total non-current assets	18,019	19,184	186,470
Total current liabilities	32,247	37,569	365,173
Total non-current liabilities	279	302	2,935
Total net assets	25,756	17,199	167,175
Sales	64,176	59,590	579,219
Loss before income taxes	(3,198)	(5,805)	(56,425)
Net loss	(¥2,160)	(¥8,242)	($80,113)

27. Per share information

	Yen		U.S. dollars
Per share:	2013	2014	2014
Net income - basic	8.65	9.99	$0.097
Net income - fully diluted (*1)	-	-	-
Cash dividends	5.00	6.00	0.058
Net assets per share	558.20	589.79	5.733

(*1) As the Company does not have any instruments that have a dilutive effect, the Company has not included Net income (loss) - fully diluted per share data.

	Millions of yen		Thousands of U.S. dollars
Basis for computation of per share data:	2013	2014	2014
Net income	¥3,049	¥3,328	$32,348
Net income attributable to common shareholders	¥3,049	¥3,328	$32,348

	Thousands of shares	
	2013	2014
Number of weighted average shares	352,470	333,164

28. Subsequent Events

There are no subsequent events.

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Independent Auditor's Report

To the Board of Directors of
Fujikura Ltd.

We have audited the accompanying consolidated financial statements of Fujikura Ltd. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

PricewaterhouseCoopers Aarata
Sumitomo Fudosan Shiodome Hamarikyu Bldg., 8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan
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To the Board of Directors of
Fujikura Ltd.
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Opinion

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

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

PricewaterhouseCoopers Aarata

June 27, 2014

Global Network

Europe

1 Fujikura Europe Ltd.
2 Fujikura Automotive Enterprise GmbH
Fujikura Automotive Europe GmbH
3 Fujikura Automotive Europe, S.A.U.
4 Fujikura Automotive Romania S.R.L.
5 Joint Stock Company Moskabel-Fujikura
6 Fujikura Automotive Morocco Tangier, S.A.

Thailand

7 Fujikura Electronics (Thailand) Ltd.
DDK (Thailand) Ltd.
Fujikura Automotive (Thailand) Ltd.

Southeast Asia

8 Fujikura Federal Cables Sdn. Bhd.
Fujikura Asia (Malaysia) Sdn. Bhd.
9 Fujikura Asia Ltd.
10 Fujikura Fiber Optics Vietnam Ltd.
DDK VIETNAM Ltd.
Fujikura Electronics Vietnam Ltd.
11 Fujikura Automotive Vietnam Ltd.
12 PT Fujikura Indonesia

China

13 Fujikura Zhuhai Co., Ltd.
14 Fujikura Automotive Guangzhou Co., Ltd.
15 Fujikura Hong Kong Ltd.
16 Fujikura Fiber-Home Opto-Electronics Material Technology Co., Ltd.
17 Nanjing Fiberhome Fujikura Optical Communication Ltd.
18 Fujikura (China) Co., Ltd.
Fujikura Electronics Shanghai Ltd.
Shanghai Fujikura Grandway Co., Ltd.
DDK (Shanghai) Co., Ltd.
Fujikura Hengtong Aerial Cable System Ltd.
19 Fujikura Changchun Ltd.

Korea

20 Fujikura Korea Automotive Ltd.

India

21 Fujikura Automotive India Private Ltd.

Americas

22 Fujikura America, Inc.
23 Fujikura Automotive Mexico S. de R.L. de C.V.
24 Fujikura Automotive America LLC.
25 America Fujikura Ltd.
26 Nistica Inc.
27 Fujikura Automotive Paraguay S.A.

Japan

28 DDK Ltd.
Fujikura Automotive Asia Ltd.
29 Nishi Nippon Electric Wire & Cable Co., Ltd.

Main Consolidated Subsidiaries

As of March 31, 2014

Company Name	Equity Ownership Percentage, Including Indirect Ownership	Paid-in Capital (Millions)	Major Line of Businesses
Nishi Nippon Electric Wire & Cable Co., Ltd.	60.70%	¥960	Optical fiber cables, optical fiber cables with connectors, electric wires and cables
Yonezawa Electric Wire Co., Ltd.	94.80%	¥400	Electric wires and cables
Shinshiro Cable, Ltd.	60.70%	¥480	Electric wires and cables
America Fujikura Ltd.	100.00%	US$202	Optical fiber cables, arc fusion splicers, optical measuring instruments, optical fibers and cables with connectors and optical parts, automotive wire harnesses, OPGWs and engineering
DDK Ltd.	98.8%	¥1,075	Connectors
Fujikura Electronics (Thailand) Ltd.	100.00%	THB11,552	FPCs, various electronic wires, heat sinks, micro heat pipes, optical connectors, optical couplers, HDD components, membrane switches and coil assemblies
Fujikura Electronics Shanghai Ltd.	100.00%	RMB97	FPCs
Fujikura Automotive Asia Ltd.	100.00%	1,023	Wire harnesses for automobiles, wire harnesses for equipment, automotive products
Fujikura Automotive Europe S.A.U.	100.00%	EUR10	Automotive wire harnesses and products
Fujikura Zhuhai Co., Ltd.	51.0%	RMB113	Automotive wire harnesses and products

Note:
1. The Company absorbed and merged with Fujikurakaihatsu Co., Ltd., which had run the real estate business, on April 1, 2013.
2. Yonezawa Electric Wire Co., Ltd. split into Fujikura Automotive Asia Ltd., which conducts the automotive products business, and Yonezawa Electric Co., Ltd., which conducts the electric wires and cables business on April 1, 2013.
3. The Company made Fujikura Automotive Asia Ltd. a 100% subsidiary through a share exchange on October 1, 2013.

Investor Information

■ **Head Office**
1-5-1, Kiba, Koto-ku, Tokyo 135-8512, Japan
URL: www.fujikura.co.jp/eng

■ **Year of Foundation**
1885

■ **Date of Incorporation**
March 18, 1910

■ **Common Stock**
Authorized: 1,190,000,000 shares
Issued: 360,863,421 shares
Capital: ¥53,075,807,507

■ **Number of Shareholders**
28,374

■ **Independent Auditors**
PricewaterhouseCoopers Aarata

■ **Further Information**
For further information on this Annual Report, please contact the Investor Relations Group at the Head Office.

■ **Contact**
Investor Relations Group
Tel: +81-03-5606-1112
Fax: +81-03-5606-1501
E-mail: wwwadmin@fujikura.co.jp

■ **Major Shareholders**

As of March 31, 2014

	Number of Shares Held (Thousands)	Ratio of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	26,883	7.45
Japan Trustee Service Bank Ltd. (Trust Account)	16,447	4.56
Mitsui Life Insurance Co., Ltd.	10,192	2.82
Japan Trustee Services Bank Ltd. (Account of Retirement Benefit Trust for Sumitomo Mitsui Trust and Bank Limited)	9,777	2.71
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	9,669	2.68
Sumitomo Mitsui Banking Corporation	8,456	2.34
The Shizuoka Bank, Ltd.	7,713	2.14
Dowa Metals & Mining Co., Ltd.	6,563	1.82
RBC ISB A/C DUB NON RESIDENT- TREATY RATE	5,600	1.55
Fujikura Employees Shareholding Association	5,284	1.46
Total	106,585	29.54

Fujikura Ltd.

1-5-1, Kiba, Koto-ku, Tokyo 135-8512, Japan
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Fax: +81-03-5606-1501
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Awabuki (Sweet Viburnum) tree commemorating the founding of the Company

Even after 130 years with Fujikura, we still treat it with great care.

VEGETABLE OIL INK

Printed in Japan