TOYO KANETSU K.K.

Annual Report 2015

For the year ended March 31, 2015

CONTENTS

Toyo Kanetsu K.K. and Consolidated Subsidiaries

Consolidated Financial Highlights

For the years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2015	2014	2013	2012	2011	**2015**
For the Years Ended March 31:						
Net Sales	**¥52,457**	¥48,395	¥45,504	¥40,733	¥48,718	**$436,595**
Plant & Machinery Business	**29,425**	26,903	24,027	23,625	26,709	**244,902**
Material Handling Systems Business	**15,689**	15,158	14,966	11,624	17,590	**130,578**
Other	**7,341**	6,333	6,511	5,484	4,419	**61,098**
Operating Income	**3,588**	4,341	2,272	1,474	2,590	**29,862**
Net Income	**3,019**	2,879	1,527	714	158	**25,126**
Comprehensive Income	**4,390**	3,223	1,971	1,083	(35)	**36,537**
Cash Dividends	**460**	594	477	482	603	**3,828**
At March 31:						
Current Assets	**¥33,463**	¥33,841	¥37,149	¥32,750	¥33,792	**$278,510**
Property, Plant and Equipment	**13,577**	12,912	13,655	12,579	12,546	**113,000**
Investments and Advances	**8,504**	7,368	6,810	5,920	6,437	**70,778**
Intangibles	**382**	393	465	244	281	**3,179**
Total Assets	**55,928**	54,515	58,079	51,493	53,056	**465,484**
Current Liabilities	**15,570**	16,724	23,169	18,593	19,582	**129,588**
Total non-current Liabilities	**3,777**	4,000	4,048	3,275	3,735	**31,435**
Shareholders' Equity	**33,525**	32,105	29,530	28,724	29,205	**279,026**
Accumulated Other Comprehensive Income	**2,814**	1,471	1,174	794	426	**23,420**
Minority Interests	**240**	212	158	107	108	**1,997**
Total Liabilities and Net Assets	**55,928**	54,515	58,079	51,493	53,056	**465,484**
Order Backlog	**32,256**	49,065	46,459	50,940	50,807	**268,464**

	Yen					U.S. dollars
Per Share:	**2015**	2014	2013	2012	2011	**2015**
Net Income	**¥26.08**	¥24.18	¥12.53	¥5.93	¥1.31	**$0.21**
Cash Dividends	**4.00**	5.00	4.00	4.00	5.00	**0.04**
Shareholders' Equity	**315.91**	282.18	257.71	244.77	246.04	**2.62**

	2015	2014	2013	2012	2011
Number of Shareholders	**15,229**	16,738	17,277	17,189	17,719
Number of Employees	**753**	742	787	694	678

The U.S. dollar amounts in this annual report represent translations of Japanese yen at the rate of ¥120.15=$1.00, solely for readers' convenience.

To Our Shareholders

I would like to begin this message by expressing my deepest gratitude to all of our shareholders for their support of the Toyo Kanetsu K.K. (TKK) Group.

I hope you will find this report on our business activities and results for fiscal year 2015 informative and useful.

In fiscal year 2015 (ended march 31, 2015), the Toyo Kanetsu K.K. (TKK) Group posted increased revenue in all business segments, but profits declined in some segments, due mainly to a decrease in profitable projects. Operating income and ordinary income, both of which had reached record levels in the previous fiscal year, saw decreases, but earnings and profits nevertheless maintained a high level. In line with this business performance and our resulting financial position, we set the dividend for the fiscal year at ¥4 per share, which also reflects our commitment to providing stable dividend payouts.

To support long-term shareholder return, we have adopted a flexible approach to the acquisition of treasury stock. Accordingly, the Board of Directors resolved to allocate a maximum of ¥1.0 billion for the acquisition of up to 4.3 million shares between May and September 2015.

Fiscal year 2016 is the final year of the medium-term business plan (FY2014–2016) launched two years ago. The ultimate goals of the plan are to build on customer trust to secure a stable level of orders, sales, and profit, and to realize our consolidated performance targets. We are committed to redoubling our efforts toward these goals.

By resolution of the Annual General Shareholders' Meeting held on June 26, 2015, Toyo Kanetsu K.K. switched to a Company with Committees system. By strengthening the audit and supervisory functions and further enhancing corporate governance, this move will support our efforts to meet the expectations of shareholders and all other stakeholders by maximizing the Group's corporate value.

I would like to ask all our shareholders for their continued, constant support and comprehension.

June 2015

Toru Yanagawa
President and Representative Director

The TKK Group's Medium-Term Business Plan (FY2014–2016)

To realize the management vision noted, on May 2013, we established a medium-term business plan for fiscal years 2014–2016.
The plan includes three core initiatives designed to fulfill our goal of securing stable orders, sales and profits by winning the trust and confidence of our customers.

(1) Strengthen marketing and proposal capabilities for both new construction projects and maintenance services
(2) Enhance staff skills and technological capabilities to ensure our ability to continue providing customers with the most trustworthy products and services
(3) Strengthen capabilities and increase comprehensive strength through collaborative efforts

The key measures and issues to be addressed in each of our two core business segments are outlined below.

Plant & Machinery Business

Economic growth in emerging nations is among the factors contributing to the projected expansion in world energy demand. In the short term, however, a deterioration in the business environment is forecast. One of the main reasons behind this is the slump in petroleum prices, which is contributing to delays in the finalization of petroleum- and gas-related project planning. In response to this worsening of the situation regarding orders, we are working to secure stable earnings and profits by improving our order competitiveness through the five-point strategy outlined below, focusing on new LNG tank installation projects and modification works on floating-roof tanks to improve earthquake resistance.

(1) Strengthen marketing capabilities and optimize orders scheme
(2) Further enhance our management of quality, costs, and delivery timing
(3) Promote technological development of design, processing, and construction methods that will enhance cost-competitiveness
(4) Accelerate the development of professional staff through on-site training and transfer of technologies and skills
(5) Supplement and strengthen our sales, technological, production, and construction capabilities through collaborations with the Group firms

Material Handling Systems Business

To deliver products and services that match increasingly sophisticated customer needs, we are pursuing the six-point strategy outlined below, focusing on new installation and maintenance projects. This approach is not limited to our existing core markets such as consumer cooperatives, airports, and wholesale, retail, and mass merchandising operations, but extends also to sectors of the economy that have shown marked growth, such as the Internet sales and online supermarket sectors. In this way, we are working to firmly establish a business structure capable of delivering stable profits.

Effective from April 1, 2015, Toyo Kanetsu Solutions K.K., the central operator in our Material Handling Systems Business, absorbed its subsidiary K-Techno Inc. (a sub-subsidiary of Toyo Kanetsu K.K.). This will allow our subsidiary to build a one-stop integrated value chain extending from presentation of solutions to maintenance operations, enabling a swift and accurate response to increasingly sophisticated market needs and improving customer satisfaction. By also promoting both high added value and increased efficiency in business operations, the merger will help to consolidate our competitive advantage.

(1) Demonstrate our comprehensive strength by integrating management with our maintenance subsidiary
(2) Develop strategic technologies and introduce products with strong appeal to growth markets
(3) Strengthen marketing and proposal capabilities directed at customers in growth markets
(4) Strengthen and promote collaborative marketing activities through collaborations with Group firms
(5) Reform design, production and procurement functions and improve project response capabilities
(6) Raise employee capabilities needed to support growth and improve basic technologies and skills

The consolidated performance targets of the Group’s medium-term business plan (FY2014–2016) indicate average annual figures for the period of the three-year plan. However, to reflect performance trends in fiscal years 2014 and 2015 and other relevant factors, the targets have been revised upward. Details of the revision are given below.

Consolidated earnings targets	Annual averages for the three fiscal years from 2014 to 2016		
	The original plan (announced in May 2014)	Revised plan on last fiscal year (announced in May 2015)	Revised plan for this fiscal year (announced in May 2016)
Net Sales	¥44.0 billion	¥47.0 billion	¥49.2 billion
Operating Income	¥2.3 billion	¥3.1 billion	¥3.36 billion
Operating Margin	5.2%	6.6%	6.8%
Ordinary Income	¥2.5 billion	¥3.4 billion	¥3.69 billion
Net Income	¥1.5 billion	¥2.2 billion	¥2.54 billion

Board of Directors, Auditors and Corporate Officers

Directors

Chairman and Representative Director	Takeshi Mizukami
President and Representative Director	Toru Yanagawa
Director and Senior Corporate Officer	Sadao Arita Shoji Fujiyoshi Isao Shimomae Masayuki Takeda Keisuke Kodama
Director and Audit & Supervisory Committee Member	Kazuto Abe Toshiaki Hiwatari Tsuneo Nagai Shigeharu Nakamura

Corporate Officers

Senior Corporate Officer	Tetsuya Watanabe Shiro Ito
Corporate Officer	Yukio Kurosaka Yasuhiro Yamada Hiroshi Ohgi

Lines of Business

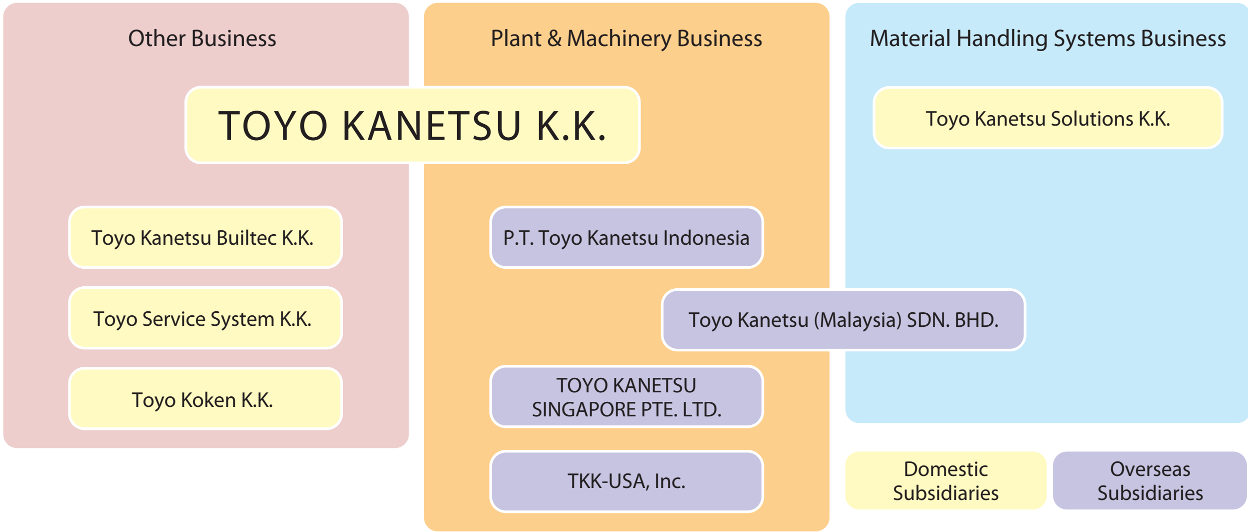
Plant & Machinery Business

Total engineering and construction for storage tanks such as low-temperature tanks, cryogenic tanks, high-pressure spherical tanks, floating roof tanks, cone roof tanks and dome roof tanks, including all related ancillary works such as civil works, piping and instrumentation.

Material Handling Systems Business

Engineering, construction and related civil and construction work for all system equipment, system devices and ancillary equipment related to distribution center systems, truck terminal systems, production line systems, airport baggage handling systems, postal sorting systems, food processing center systems, food production factory systems, apparel center systems and other systems.

TKK Group Companies



Major Subsidiaries and Affiliated Companies

Domestic

Toyo Kanetsu Solutions K.K.

Establishment	October 1, 2002
Capital	¥400 million
Business	Planning, design, manufacturing, construction and sales for material handling systems

Toyo Kanetsu Builtec K.K.

Establishment	April 1, 2014
Capital	¥50 million
Business	Building construction business and provisional equipment operations

Toyo Service System K.K.

Establishment	September 19, 1986
Capital	¥60 million
Business	Building management, real estate, leasing operations and OA-related operations

Toyo Koken K.K.

Establishment	February 11, 1957
Capital	¥90 million
Business	Design, manufacturing and construction of winches and hoists, lift ladders, conveyors, balancers, industrial robots and other machinery

Overseas

P.T. Toyo Kanetsu Indonesia

Establishment	September 9, 1974
Capital	US$2 million
Business	Manufacturing and sales of tanks and steel framing

Toyo Kanetsu (Malaysia) SDN. BHD.

Establishment	April 13, 1992
Capital	RM2 million
Business	Manufacturing and sales of storage tanks; manufacturing and sales of material handling system equipment and devices

TOYO KANETSU SINGAPORE PTE. LTD.

Establishment	August 8, 2006
Capital	S$500,000
Business	Manufacturing and sales of storage tanks, pressure vessels, and onshore and offshore steel structures

TKK-USA Inc.

Establishment	June 7, 2003
Capital	US$10,000
Business	Manufacturing and sales of storage tanks, pressure vessels, and onshore and offshore steel structures

Analysis of Operating Environment and Results

In the fiscal year ended March 31, 2015 (fiscal year 2015), the continuing depreciation of the yen and the strength of the stock market encouraged an improvement in the employment situation and an upturn in capital investment, lifting the Japanese economy into a gradual recovery mode. On the other hand, with the threat of economic recession from rising raw material prices and the consumption tax rise, the positive trends were not sufficient to dispel the persistent mood about future uncertainty.

Regarding the Plant & Machinery Business, economic growth in emerging nations and world population growth are expected to bring expanding energy demand. In the short term, however, the operating environment leaves no room for complacency, with slumping petroleum prices and other factors resulting in delays in the finalization of petroleum- and gas-related project planning. Additionally, we face heightened geopolitical risk and intensified competition with rivals.

In the Material Handling Systems Business, demographic aging, falling birthrates, and changing lifestyles have combined with the spread of smartphones and other phenomena to bring marked growth in the Internet merchandising and online supermarket sectors, resulting in an increase in new installation projects at distribution centers. Together with the rise in new airport facility installation and upgrading projects, which stems from the growth in low-cost airline flights and increased tourist visits to Japan, this contributed to a recovering trend in demand for material handling systems.

Amid this operating environment, consolidated net sales increased by 8.4% year on year to ¥52,457 million, while operating income declined by 17.3% to ¥3,588 million due to decreased operations in high-profit sectors. Ordinary income fell by 18.5% to ¥3,891 million, but net income grew by 4.8% to ¥3,019 million. This growth was due to factors including the absence of the previous fiscal year's impairment loss, and insurance income for damage due to heavy snowfall. Orders received, meanwhile, decreased by 33.0% to ¥31,205 million.

Results of the segment are as follows.

(1) Plant & Machinery Business

In the maintenance market, we secured a steady stream of contracts, notably for modification works to floating-roof storage tanks made necessary by a partial revision of the Fire Service Act. In the area of new LNG tank installations, however, although demand steadily increased for LNG, which helped to reduce CO_2 emissions, falling LNG prices and a better balance of supply and demand resulted in a tendency of reduced investment in LNG projects, leading to intensified competition for orders. Leveraging our advantages–a strong track record of achievement and international competitiveness–we focused efforts on sales activities and were able to secure orders for a range of tank projects in Southeast Asia. Orders for major new installation projects, however, remained slack.

Against this background, net sales in this segment grew by 9.4% year on year to ¥29,425 million due to progress in both existing orders for domestic repair works and in major new LNG tank installation projects overseas. Operating profit increased by 4.5% to ¥2,789 million, while orders received declined by 53.8% to ¥13,269 million.

(2) Material Handling Systems Business

In the intensely competitive environment of the material handling systems market, major contributions to net sales were made by airport baggage handling systems and the Multishuttle automated case storage system for the Internet sales and logistics industries. However, decreased operations in high-profit sectors and increased costs associated with bringing new factory on line resulted in a decline in profits. In our maintenance divisions, we devoted energies to expanding operational capacity and achieved good results in both net sales and profits.

As a result, net sales in this segment increased by 3.5% year on year to ¥15,689 million, while operating income declined by 65.1% to ¥401 million and orders received grew by 15.1% to ¥16,482 million.

(3) Other Businesses

In businesses other than those above, we concentrated on improving results in a way that fit the characteristics of each business. As a result, net sales increased by 15.9% year on year to ¥7,341 million, operating profit rose by 4.1% to ¥800 million, and orders received declined by 58.9% to ¥1,453 million.

Business Risks

The following risks may affect the business results, stock price and financial position of the TKK Group.

Potential Risks Associated with International Activities and Overseas Advance

The TKK Group conducts some operations in overseas markets, primarily those of the Plant & Machinery Business. Further, its subsidiary manufactures tank materials in Indonesia. These overseas operations carry inherent risks as stated below, and the TKK Group's business results and financial position may be adversely affected by such risks.

(1) Unexpected changes in laws and regulations
(2) Political and economic instability
(3) Difficulties in securing human resources
(4) Tax system revisions that could be unfavorable to the TKK Group
(5) Social confusion arising from acts of terror, war or any other factors

Exchange Rate Fluctuations

The TKK Group's business activities include manufacturing products, selling materials and implementing construction operations overseas. Foreign-currency-denominated accounting items such as sales, expenses and assets are translated into Japanese yen for the purpose of preparing consolidated financial statements. The exchange rates used in currency conversion may affect the yen-denominated value. As most of our payments and receipts are denominated in U.S. dollars or euros, a stronger yen will adversely affect the TKK Group's business, while a weaker yen will favorably affect the TKK Group's business.

The TKK Group makes an effort to minimize the adverse effects of such exchange rate fluctuations by flexibly entering into forward exchange contracts or option contracts, and by implementing structural solutions such as using overseas manufacturing bases and internationally procuring raw materials. However, an unexpected change in exchange rates may adversely affect the TKK Group's business results and financial position.

Project execution

The business results of the TKK Group may be affected by situations where, for customer reasons, projects are suspended or postponed or the project content is otherwise altered.

Further, as our projects take the form of inclusive contracts, deterioration in project profitability may impact on business results in the event of a sudden change in the economic situation leading to unforeseen rises in equipment and material prices, transportation costs, construction costs or other expenses, or in the event of a natural disaster, outbreak of disease, serious accident or other eventualities.

Intense Competition for Winning Orders

All of the major businesses of the TKK Group are being operated under the make-to-order type system and the TKK Group is facing severe competition to win orders. Depending on the circumstances, we recognize the possibility that a competitor may disregard profitability and enter into price competition with the TKK Group. Although the TKK Group strives to reduce all kinds of costs and reinforce its price competitiveness, such unreasonable downward pressure on the TKK Group's earnings may adversely affect the TKK Group's business results and financial position.

Disasters

The TKK Group takes necessary measures such as a daily check, drill and establishment of a contact system to continue our business activities to prepare for fire, earthquakes or other large-scale natural disasters. In addition, major personal and property damages are adequately covered by insurance against such disasters. However, the TKK Group's business results and financial position may be adversely affected if projections are exceeded by the scale of the direct or indirect material damage or human injury, or by the burden of restoration costs or other expenses.

Financial Section

For the years ended March 31, 2014 and 2015

The following “Consolidated financial statements, etc.” is an English translation of the consolidated financial statements, etc. of Toyo Kanetsu Kabushiki Kaisha (“the Company”). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheet

	Previous fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)		
		(Millions of yen)		(Millions of yen)	(Thousands of U.S. dollars)
Assets					
Current assets					
Cash and deposits	*1	13,000	*1	10,907	90,778
Notes and accounts receivable - trade		8,151		10,256	85,359
Lease investment assets		1,338		1,444	12,018
Securities		3,999		3,700	30,794
Merchandise and finished goods		61		65	540
Work in process		5,340	*3	3,853	32,068
Raw materials and supplies		1,227		1,091	9,080
Accounts receivable - other		173		1,137	9,463
Deferred tax assets		278		455	3,786
Other		325		605	5,035
Allowance for doubtful accounts		(56)		(54)	(449)
Total current assets		33,841		33,463	278,510
Non-current assets					
Property, plant and equipment					
Buildings and structures, net	*4	2,142	*4	2,190	18,227
Machinery, equipment and vehicles, net	*4	1,025	*4	1,603	13,341
Tools, furniture and fixtures, net	*4	191	*4	192	1,598
Land	*4, *5	9,441	*4, *5	9,498	79,051
Construction in progress		109		91	757
Other, net		1		1	8
Total property, plant and equipment	*2	12,912	*2	13,577	113,000
Intangible assets		393		382	3,179
Investments and other assets					
Investment securities		6,471		7,379	61,414
Deferred tax assets		26		81	674
Net defined benefit asset		330		524	4,361
Other		853		865	7,199
Allowance for doubtful accounts		(314)		(345)	(2,871)
Total investments and other assets		7,368		8,504	70,778
Total non-current assets		20,673		22,464	186,966
Total assets		54,515		55,928	465,484

		Previous fiscal year (As of March 31, 2014)		Current fiscal year (As of March 31, 2015)	
		(Millions of yen)		(Millions of yen)	(Thousands of U.S. dollars)
Liabilities					
Current liabilities					
Notes and accounts payable - trade		2,211		2,646	22,022
Short-term loans payable	*4	2,346	*4	2,518	20,957
Current portion of long-term loans payable	*4	535	*4	728	6,059
Lease obligations		52		0	0
Accrued expenses		3,482		3,304	27,498
Income taxes payable		635		1,215	10,112
Deferred tax liabilities		–		22	183
Advances received		5,821		3,635	30,253
Provision for bonuses		295		285	2,372
Provision for loss on order received		405	*3	362	3,012
Provision for warranties for completed construction		320		255	2,122
Other		618		594	4,943
Total current liabilities		16,724		15,570	129,588
Non-current liabilities					
Long-term loans payable	*4	863	*4	615	5,118
Lease obligations		1		0	0
Deferred tax liabilities		568		888	7,390
Deferred tax liabilities for land revaluation	*5	1,776	*5	1,611	13,408
Net defined benefit liability		392		350	2,913
Asset retirement obligations		300		224	1,864
Other		97		87	724
Total non-current liabilities		4,000		3,777	31,435
Total liabilities		20,725		19,348	161,032
Net assets					
Shareholders' equity					
Capital stock		18,580		18,580	154,640
Capital surplus		1,104		1,104	9,188
Retained earnings		16,373		18,797	156,446
Treasury shares		(3,951)		(4,957)	(41,256)
Total shareholders' equity		32,105		33,525	279,026
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities		1,033		2,035	16,937
Revaluation reserve for land	*5	830	*5	995	8,281
Foreign currency translation adjustment		(618)		(549)	(4,569)
Remeasurements of defined benefit plans		225		334	2,779
Total accumulated other comprehensive income		1,471		2,814	23,420
Minority interests		212		240	1,997
Total net assets		33,789		36,580	304,452
Total liabilities and net assets		54,515		55,928	465,484

(ii) Consolidated statement of income and comprehensive income

		Previous fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
		(Millions of yen)		(Millions of yen)	(Thousands of U.S. dollars)
Net sales		48,395		52,457	436,595
Cost of sales	*1, *3	40,044	*1, *3	44,562	370,886
Gross profit		8,350		7,895	65,709
Selling, general and administrative expenses	*2, *3	4,009	*2, *3	4,306	35,838
Operating income		4,341		3,588	29,862
Non-operating income					
Interest income		57		50	416
Dividend income		175		195	1,622
Foreign exchange gains		106		–	–
Gain on sales of scraps		55		50	416
Miscellaneous income		82		72	599
Total non-operating income		477		369	3,071
Non-operating expenses					
Interest expenses		20		15	124
Foreign exchange losses		–		4	33
Provision of allowance for doubtful accounts		5		25	208
Miscellaneous loss		15		21	174
Total non-operating expenses		41		66	549
Ordinary income		4,776		3,891	32,384
Extraordinary income					
Gain on liquidation of subsidiaries and associates		110		–	–
Insurance income		–	*4	556	4,627
Other		32		17	141
Total extraordinary income		142		574	4,777
Extraordinary losses					
Impairment loss	*5	409		–	–
Loss on retirement of non-current assets		3		6	49
Other		14		–	–
Total extraordinary losses		427		6	49
Income before income taxes and minority interests		4,491		4,459	37,111
Income taxes - current		1,012		1,667	13,874
Income taxes - deferred		572		(236)	(1,964)
Total income taxes		1,585		1,430	11,901
Income before minority interests		2,905		3,028	25,201
Minority interests in income		26		9	74
Net income		2,879		3,019	25,126
Minority interests in income		26		9	74
Income before minority interests		2,905		3,028	25,201
Other comprehensive income					
Valuation difference on available-for-sale securities		258		1,001	8,331
Deferred gains or losses on hedges		(1)		–	–
Revaluation reserve for land		–		164	1,364
Foreign currency translation adjustment		61		86	715
Remeasurements of defined benefit plans, net of tax		–		108	898
Total other comprehensive income	*6	317	*6	1,361	11,327
Comprehensive income		3,223		4,390	36,537
Comprehensive income attributable to					
Comprehensive income attributable to owners of parent		3,168		4,362	36,304
Comprehensive income attributable to minority interests		55		27	224

(iii) Consolidated statement of changes in equity

Previous fiscal year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,580	1,104	13,753	(3,906)	29,530
Changes of items during period					
Dividends of surplus			(476)		(476)
Net income			2,879		2,879
Reversal of revaluation reserve for land			217		217
Purchase of treasury shares				(44)	(44)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,620	(44)	2,575
Balance at end of current period	18,580	1,104	16,373	(3,951)	32,105

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	775	1	1,048	(650)	–	1,174	157	30,862
Changes of items during period								
Dividends of surplus								(476)
Net income								2,879
Reversal of revaluation reserve for land								217
Purchase of treasury shares								(44)
Net changes of items other than shareholders' equity	258	(1)	(217)	32	225	296	55	352
Total changes of items during period	258	(1)	(217)	32	225	296	55	2,927
Balance at end of current period	1,033	–	830	(618)	225	1,471	212	33,789

Current fiscal year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,580	1,104	16,373	(3,951)	32,105
Changes of items during period					
Dividends of surplus			(594)		(594)
Net income			3,019		3,019
Purchase of treasury shares				(1,005)	(1,005)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,424	(1,005)	1,419
Balance at end of current period	18,580	1,104	18,797	(4,957)	33,525

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,033	830	(618)	225	1,471	212	33,789
Changes of items during period							
Dividends of surplus							(594)
Net income							3,019
Purchase of treasury shares							(1,005)
Net changes of items other than shareholders' equity	1,001	164	68	108	1,343	27	1,371
Total changes of items during period	1,001	164	68	108	1,343	27	2,790
Balance at end of current period	2,035	995	(549)	334	2,814	240	36,580

Current fiscal year (From April 1, 2014 to March 31, 2015)

(Thousands of U.S. dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	154,640	9,188	136,271	(32,883)	267,207
Changes of items during period					
Dividends of surplus			(4,943)		(4,943)
Net income			25,126		25,126
Purchase of treasury shares				(8,364)	(8,364)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	20,174	(8,364)	11,810
Balance at end of current period	154,640	9,188	156,446	(41,256)	279,026

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	8,597	6,908	(5,143)	1,872	12,243	1,764	281,223
Changes of items during period							
Dividends of surplus							(4,943)
Net income							25,126
Purchase of treasury shares							(8,364)
Net changes of items other than shareholders' equity	8,331	1,364	565	898	11,177	224	11,410
Total changes of items during period	8,331	1,364	565	898	11,177	224	23,220
Balance at end of current period	16,937	8,281	(4,569)	2,779	23,420	1,997	304,452

(iv) Consolidated statement of cash flows

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Cash flows from operating activities			
Income before income taxes and minority interests	4,491	4,459	37,111
Depreciation	752	806	6,708
Amortization of long-term prepaid expenses	1	3	24
Impairment loss	409	–	–
Amortization of goodwill	62	62	516
Increase (decrease) in allowance for doubtful accounts	(22)	29	241
Increase (decrease) in net defined benefit liability	5	(19)	(158)
Decrease (increase) in net defined benefit asset	(42)	(76)	(632)
Increase (decrease) in provision for loss on order received	(70)	(50)	(416)
Increase (decrease) in provision for warranties for completed construction	168	(65)	(540)
Interest and dividend income	(233)	(246)	(2,047)
Interest expenses	20	15	124
Foreign exchange losses (gains)	(167)	(301)	(2,505)
Loss (gain) on liquidation of subsidiaries and associates	(110)	–	–
Loss (gain) on sales of investment securities	(9)	(8)	(66)
Loss (gain) on valuation of investment securities	0	–	–
Loss (gain) on sales of non-current assets	(9)	(9)	(74)
Loss on retirement of non-current assets	6	9	74
Decrease (increase) in notes and accounts receivable - trade	2,107	(2,083)	(17,336)
Decrease (increase) in lease investment assets	(593)	(173)	(1,439)
Decrease (increase) in inventories	3,090	1,621	13,491
Decrease (increase) in advance payments	66	(121)	(1,007)
Decrease (increase) in accounts receivable - other	35	(933)	(7,765)
Increase (decrease) in notes and accounts payable - trade	(1,674)	219	1,822
Increase (decrease) in advances received	(4,976)	(2,200)	(18,310)
Other, net	288	(279)	(2,322)
Subtotal	3,602	657	5,468
Interest and dividend income received	227	249	2,072
Interest expenses paid	(17)	(14)	(116)
Income taxes paid	(1,206)	(1,105)	(9,196)
Net cash provided by (used in) operating activities	2,606	(213)	(1,772)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Cash flows from investing activities			
Payments into time deposits	(129)	(87)	(724)
Proceeds from withdrawal of time deposits	116	160	1,331
Purchase of securities	(99)	(399)	(3,320)
Proceeds from sales and redemption of securities	99	399	3,320
Purchase of non-current assets	(723)	(1,379)	(11,477)
Proceeds from sales of non-current assets	259	15	124
Purchase of investment securities	(603)	(603)	(5,018)
Proceeds from sales and redemption of investment securities	638	812	6,758
Other, net	41	(37)	(307)
Net cash provided by (used in) investing activities	(402)	(1,120)	(9,321)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(440)	(122)	(1,015)
Proceeds from long-term loans payable	300	480	3,995
Repayments of long-term loans payable	(142)	(535)	(4,452)
Purchase of treasury shares	(10)	(1,005)	(8,364)
Cash dividends paid	(474)	(592)	(4,927)
Net cash provided by (used in) financing activities	(767)	(1,774)	(14,764)
Effect of exchange rate change on cash and cash equivalents	374	586	4,877
Net increase (decrease) in cash and cash equivalents	1,811	(2,521)	(20,982)
Cash and cash equivalents at beginning of period	15,082	16,893	140,599
Cash and cash equivalents at end of period	*1 16,893	*1 14,372	119,617

Notes

Basis of presenting the consolidated financial statements

1. Basis of presenting the consolidated financial statements

The accompanying consolidated financial statements of the Company and its domestic consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. The accounts of overseas-consolidated subsidiaries are based on their financial statements prepared in conformity with generally accepted accounting principles and practices prevailing in the respective countries in which the subsidiaries are incorporated.

2. United States dollar amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥120.15 =U.S. $1.00, the approximate rate of exchange prevailing at March 31, 2015, has been used in translation. The inclusion of such amounts is not intended to imply that the Japanese yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rates.

Significant accounting policies for preparation of the consolidated financial statements

1. Disclosure of scope of consolidation

Number of consolidated subsidiaries: 9 companies
Names of major consolidated subsidiaries are omitted since those names are described in "TKK Group Company."
As of April 1, 2015, Toyo Kanetsu Solutions K.K., a consolidated subsidiary of the Company, absorbed K-Techno Inc., a consolidated subsidiary of the Company, through an absorption-type merger.

2. Disclosure about application of the equity method

Not applicable

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Of the Company's consolidated subsidiaries, P.T. Toyo Kanetsu Indonesia, TKK-USA Inc., TOYO KANETSU SINGAPORE PTE. LTD. and Toyo Kanetsu (Malaysia) SDN. BHD. have a closing date of December 31. In preparation of consolidated financial statements, their financial statements as of December 31 are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

(i) Securities

a) Held-to-maturity bonds: Stated at amortized cost (straight-line method)

b) Available-for-sale securities

Available-for-sale securities with available fair market values are stated at fair value based on the market price or the like on the consolidated balance sheet date (valuation differences are directly charged or credited to net assets, and cost of securities sold is determined by the moving-average method).

Available-for-sale securities without available fair market value are valued at cost determined by the moving-average method.

(ii) Derivatives

Derivatives are valued at fair value.

(iii) Inventories

a) Finished goods: Primarily, at cost using the first-in first-out method
(The value on the balance sheet is written down to reflect a decline in profitability.)

b) Work in process and supplies: Primarily, at cost using the specific identification method
(The value on the balance sheet is written down to reflect a decline in profitability.)

c) Raw materials: Primarily, at cost using the weighted-average method
(The value on the balance sheet is written down to reflect a decline in profitability.)

(2) Accounting policy for depreciation of significant assets

(i) Property, plant and equipment

The Company and its domestic consolidated subsidiaries use the declining balance method, and overseas consolidated subsidiaries use the straight-line method in accordance with provisions of accounting standards in their respective countries.
However, the Company and its domestic consolidated subsidiaries use the straight-line method to depreciate buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998.
The estimated useful lives of major items are as follows:

Buildings and structures	3 to 57 years
Machinery and equipment	3 to 17 years

(ii) Intangible assets

Intangible assets are amortized using the straight-line method.
Software for internal use is amortized using the straight-line method over the estimated useful life as internally determined (5 years).

(3) Accounting policy for significant provisions

(i) Allowance for doubtful accounts

To cover losses from bad debts for notes and accounts receivable - trade, loans receivable and others, an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables. For specific receivables such as highly doubtful receivables, the collectibility is individually considered and the estimated amount of uncollectible accounts is provided as the allowance.

(ii) Provision for bonuses

To pay bonuses to employees, out of the estimated amount to be paid in the following fiscal year, an amount attributable to the current fiscal year is recorded.

(iii) Provision for loss on order received

To make provision for losses on orders received, as for existing construction, for which an amount of loss can be reasonably estimated at the end of the current fiscal year, an expected amount of loss in future is recorded as the provision.

(iv) Provision for warranties for completed construction

To cover costs of warranty against defects and after-sales service for completed construction, an amount is recorded based on the historical loss rate as well as consideration of an amount for individual construction that is expected to incur in future at the end of the current fiscal year.

(4) Method for accounting for retirement benefits

(i) Method of attributing estimated retirement benefits to periods

For the purpose of attributing estimated retirement benefits over the period up to the end of the current fiscal year in the calculation of retirement benefit obligations, the benefit formula method is applied.

(ii) Method of amortizing actuarial gain or loss and past service cost

Past service costs are recorded as an expense in the year they are incurred.
With regard to actuarial gain or loss, the amount is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (5 years) for each applicable fiscal year, and expensed from the year following the year in which the gain or loss is recognized.

(5) Accounting policies for significant revenues and expenses

(i) Recognition of revenues and costs of completed construction contracts

The percentage-of-completion method is applied to construction showing certainty of performance on the progress made up until the end of the current fiscal year (the cost-to-cost method is applied to estimate the extent of progress toward completion), and the completed-contract method is applied to other construction.

(ii) Standards for recognition of revenues and expenses related to finance lease transactions

Sales and costs are recognized at the time of receiving lease payments.

(6) Accounting policy for hedging

(i) Method of hedge accounting

In principle, the deferral accounting is applied. The assignment method is applied to forward foreign exchange contracts that meet requirements thereof, and the exceptional treatment is applied to interest rate swaps that meet requirements thereof.

(ii) Hedging instruments and hedged items

Hedging instrument: .... Forward foreign exchange contracts, Interest rate swaps
Hedged item: .... Forecast transactions denominated in foreign currencies and borrowings

(iii) Hedging policy

In accordance with the "Rules on Handling of Derivative Transactions" established by the Company, the Company and its consolidated subsidiaries (collectively, the "Group") do not enter into any derivative transaction for speculative purposes but use derivative transactions only to hedge exchange rate fluctuation risk and interest rate fluctuation risk.

(iv) Method of assessing the hedging effectiveness

The Group confirms effectiveness by comparing and examining cash flows of hedging instruments and hedged items in advance. However, the Group omits assessment of effectiveness on interest rate swaps to which the exceptional treatment is applied.

(7) Accounting policy for goodwill

Goodwill is amortized evenly over the period of 5 years.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents include cash in hand, readily available deposits and short-term investments with maturities of three months or less from the purchase date whose value is not subject to significant fluctuation risk.

(9) Other significant information for preparation of the consolidated financial statements

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

Notes - Changes in accounting policies

<u>Application of accounting standard for retirement benefits</u>

The Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012. Hereinafter, the "Statement No. 26.") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015. Hereinafter, the "Guidance No. 25."), in terms of the provisions of the main clauses of Paragraph 35 of the Statement No. 26 and Paragraph 67 of the Guidance No. 25, effective from the current fiscal year. The Company has reviewed the calculation methods of retirement benefit obligations and service cost, changed the method of attributing estimated retirement benefits to periods from a straight-line basis to a benefit formula basis, and changed the method of determining the discount rate from the discount rate based on the period approximate to the expected average remaining service period of the eligible employees to the method in which the discount rate is determined using a single weighted average discount rate reflecting the estimated timing and amount of benefit payments. Application of the Statement No. 26 and Guidance No. 25 is in line with the transitional measures provided in Paragraph 37 of the Statement No. 26.

This change did not affect the assets, liabilities and net assets as of the end of the current fiscal year.
In addition, the change did not affect operating income, ordinary income or income before income taxes and minority interests.
The change did not affect net assets per share.

Notes - Changes in presentation

Consolidated balance sheet

"Accounts receivable - other," which was included in "other" under current assets until the previous fiscal year, has been set down separately from the current fiscal year since significance of the amount has increased. In order to reflect this change in the method of presentation, the amount in the consolidated financial statements for the previous fiscal year has been reclassified.
As a result, ¥499 million ($4,153 thousand) included in "other" under current assets in the consolidated balance sheet as of the end of the previous fiscal year has been reclassified to "accounts receivable - other" of ¥173 million ($1,439 thousand) and "other" of ¥325 million ($2,704 thousand).

Consolidated statement of income and consolidated statement of comprehensive income

"Provision of allowance for doubtful accounts," which was included in "miscellaneous loss" under non-operating expenses for the previous fiscal year, has been set down separately from the current fiscal year since significance of the amount has increased. In order to reflect this change in the method of presentation, the amount in the consolidated statement of income and consolidated statement of comprehensive income for the previous fiscal year has been reclassified.
As a result, ¥21 million ($174 thousand) included in "miscellaneous loss" under non-operating expenses in the consolidated statement of income and consolidated statement of comprehensive income for the previous fiscal year has been reclassified to "provision of allowance for doubtful accounts" of ¥5 million ($41 thousand) and "miscellaneous loss" of ¥15 million ($124 thousand).

"Gain on sales of investment securities" under extraordinary income (¥8 million ($66 thousand) for the current fiscal year), which was set down separately for the previous fiscal year, has been included in "other" under extraordinary income from the current fiscal year since significance of the amount has decreased. In order to reflect this change in the method of presentation, the amount in the consolidated statement of income and consolidated statement of comprehensive income for the previous fiscal year has been reclassified.
As a result, ¥21 million ($174 thousand) included in "gain on sales of investment securities" under extraordinary income in the consolidated statement of income and consolidated statement of comprehensive income for the previous fiscal year has been reclassified to "other."

"Loss on retirement of non-current assets" included in "other" under extraordinary losses for the previous fiscal year has been set down separately from the current fiscal year since significance of the amount has increased. In order to reflect this change in the method of presentation, the amount in the consolidated statement of income and consolidated statement of comprehensive income for the previous fiscal year has been reclassified.
As a result, ¥16 million ($133 thousand) included in "other" under extraordinary losses has been reclassified to "loss on retirement of non-current assets" of ¥3 million ($24 thousand) and "other" of ¥14 million ($116 thousand).

Retirement benefits

In accordance with the amendments to the "Guidance No. 25," the method of presenting notes on retirement benefits under the multi-employer plan has been changed, and the relevant amount in the consolidated financial statements for the previous fiscal year has been reclassified.
Details of the reclassification and the amount of the main item in the consolidated financial statements for the previous fiscal year are stated in the notes.

Notes - Consolidated balance sheet

*1. Use of a certain part of the Company's current deposits is restricted by a bank in return for its issuing a bank guarantee, which was provided by the Company to the Ministry of Economy and Planning of the United Arab Emirates in connection with corporate registration in the country. In addition, use of a certain part of the Company's time deposits is restricted by a bank in return for its issuing a bank guarantee, which was provided by the Company to the Department of Labour in Negara Brunei Darussalam in order for the Company to acquire foreign work permits available in the country.

The restricted deposits are as follows:

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Current deposit	¥1 million (50,000 AED)	¥1 million (50,000 AED)	$8 thousand
Time deposit	¥24 million (300,000 BND)	¥33 million (380,000 BND)	$274 thousand

*2. Accumulated depreciation of property, plant and equipment are as follows:

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
	¥13,448 million	¥13,166 million	$109,579 thousand

*3. Both inventories and provision for loss on order received with regard to construction contracts that are expected to result in losses are presented without offsetting one against the other. Of the inventories with regard to construction contracts that are expected to result in losses, the amount corresponding to the provision for loss on order received is as follows:

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Work in process	¥– million	¥0 million	$0 thousand

*4. Assets pledged and liabilities secured

Assets pledged and liabilities secured as collateral are as follows:

Assets pledged

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Buildings and structures	¥547 million [¥525 million]	¥498 million [¥475 million]	$4,144 thousand [$3,953 thousand]
Machinery, equipment and vehicles	0 [0]	0 [0]	0 [0]
Tools, furniture and fixtures	0 [0]	0 [0]	0 [0]
Land	5,523 [5,458]	5,523 [5,458]	45,967 [45,426]
Total	6,071 [5,984]	6,022 [5,934]	50,120 [49,388]

Liabilities secured

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Short-term loans payable	¥810 million [¥810 million]	¥1,025 million [¥956 million]	$8,531 thousand [$7,956 thousand]
Long-term loans payable	587 [500]	480 [480]	3,995 [3,995]
Total	1,398 [1,310]	1,505 [1,436]	12,526 [11,951]

In the above table, figures in brackets present mortgages on factory foundation and the relevant debts. The amounts of land are after revaluation.

*5. In accordance with the "Act on Revaluation of Land" (Act No. 34 promulgated on March 31, 1998), the Company revalues its land for business use and, as for the valuation difference, records an amount equivalent to tax relating to the valuation difference as "deferred tax liabilities for land revaluation" in the liabilities section and an amount after deducting said amount as "revaluation reserve for land" in the net assets section.

Method of revaluation – The Company revalues the land by the calculation method where a value based on the assessed value of fixed asset tax set forth in Article 2, Item 3 and road rating set forth in Article 2, Item 4 of the "Order for Enforcement of the Act on Revaluation of Land" (Cabinet Order No. 119 promulgated on March 31, 1998) is reasonably adjusted.

Date of revaluation – March 31, 2002

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Difference between the year-end value of revaluated land and the book value after the revaluation	¥(3,299) million	¥(3,265) million	$(27,174) thousand

Notes - Consolidated statement of income and consolidated statement of comprehensive income

*1. Provision for loss on order received included in cost of sales

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
	¥16 million	¥64 million	$532 thousand

*2. Major components of selling, general and administrative expenses

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Salaries and allowances	¥1,437 million	¥1,462 million	$12,168 thousand
Bonuses	341	429	3,570
Provision for bonuses	105	97	807
Retirement benefit expenses	116	88	732
Provision of allowance for doubtful accounts	(5)	4	33

*3. Total of research and development expenses included in general and administrative expenses and manufacturing costs

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
	¥199 million	¥327 million	$2,721 thousand

*4. Insurance income

The amount is presented on a net basis by offsetting loss due to disaster against proceeds from insurance income due to disaster.
The amount consists primarily of a net amount by offsetting loss on the snow disaster occurred at the Company's Chiba Plant in the previous fiscal year against proceeds from insurance income corresponding to the loss.

*5. Impairment loss

The Group recorded impairment loss on the asset groups as follows:

Previous fiscal year (From April 1, 2013 to March 31, 2014)

Location	Use	Type
Kamagaya City, Chiba	Idle assets	Land and buildings

In principle, the Group's assets for business use are grouped on the basis of the business, and the Group's idle assets are grouped by each asset.
For the fiscal year ended March 31, 2014, an impairment loss (¥409 million) was recorded under extraordinary losses since the Company recognized that land, buildings and other non-current assets owned by the Company continued to be idle. The amount consists of buildings and structures of ¥233 million, tools, furniture and fixtures of ¥0 million and land of ¥176 million.
The recoverable amount of this asset group was measured based on the net realizable value.

Current fiscal year (From April 1, 2014 to March 31, 2015)
Not applicable

*6. Reclassification adjustments and tax effects relating to other comprehensive income

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Valuation difference on available-for-sale securities:			
Amount recorded during the period	¥423 million	¥1,306 million	$10,869 thousand
Reclassified amount	(21)	–	–
Pre-adjustment of tax effect	401	1,306	10,869
Tax effect amount	(143)	(304)	(2,530)
Valuation difference on available-for-sale securities	258	1,001	8,331
Deferred gains or losses on hedges:			
Amount recorded during the period	(2)	–	–
Pre-adjustment of tax effect	(2)	–	–
Tax effect amount	1	–	–
Deferred gains or losses on hedges	(1)	–	–
Revaluation reserve for land:			
Amount recorded during the period	–	–	–
Reclassified amount	–	–	–
Pre-adjustment of tax effect	–	–	–
Tax effect amount	–	164	1,364
Revaluation reserve for land	–	164	1,364
Foreign currency translation adjustment:			
Amount recorded during the period	108	86	715
Reclassified amount	(86)	–	–
Pre-adjustment of tax effect	22	86	715
Tax effect amount	39	–	–
Foreign currency translation adjustment	61	86	715
Remeasurements of defined benefit plans, net of tax:			
Amount recorded during the period	–	262	2,180
Reclassified amount	–	(118)	(982)
Pre-adjustment of tax effect	–	143	1,190
Tax effect amount	–	(34)	(282)
Remeasurements of defined benefit plans, net of tax	–	108	898
Total other comprehensive income	317	1,361	11,327

Notes - Consolidated statement of changes in equity

Previous fiscal year (From April 1, 2013 to March 31, 2014)

1. Matters concerning class and total number of issued shares, and class and number of treasury shares

(Thousands of shares)

	Number of shares at beginning of period	Number of shares increased in period	Number of shares decreased in period	Number of shares at end of period
Issued shares				
Common shares	138,730	–	–	138,730
Total	138,730	–	–	138,730
Treasury shares				
Common shares	19,584	152	–	19,736
Total	19,584	152	–	19,736

(Note) The number of common shares in treasury increased by 152 thousand shares due to purchase of missing shares of 116 thousand shares and purchase of shares less than one unit of 35 thousand shares.

2. Matters concerning dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2013	Common shares	¥476 million	¥4	March 31, 2013	June 29, 2013

(2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year

Resolution	Class of shares	Total cash dividends	Source of dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2014	Common shares	¥594 million	Retained earnings	¥5	March 31, 2014	June 30, 2014

(Note) The dividends per share include special dividends of ¥1.

Current fiscal year (From April 1, 2014 to March 31, 2015)

1. Matters concerning class and total number of issued shares, and class and number of treasury shares

(Thousands of shares)

	Number of shares at beginning of period	Number of shares increased in period	Number of shares decreased in period	Number of shares at end of period
Issued shares				
Common shares	138,730	–	–	138,730
Total	138,730	–	–	138,730
Treasury shares				
Common shares	19,736	3,960	–	23,697
Total	19,736	3,960	–	23,697

(Note) The number of common shares in treasury increased by 3,960 thousand shares due to purchase of treasury shares based on a resolution by the Board of Directors of 3,940 thousand shares and purchase of shares less than one unit of 20 thousand shares.

2. Matters concerning dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2014	Common shares	¥594 million [$4,943 thousand]	¥5 [$0.04]	March 31, 2014	June 28, 2014

(Note) The dividends per share include special dividends of ¥1 ($0.00).

(2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year

Resolution	Class of shares	Total cash dividends	Source of dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2015	Common shares	¥460 million [$3,828 thousand]	Retained earnings	¥4 [$0.03]	March 31, 2015	June 29, 2015

Notes - Consolidated statement of cash flows

*1. Reconciliation of ending balance of cash and cash equivalents with account balances per balance sheet

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Cash and deposits	¥13,000 million	¥10,907 million	$90,778 thousand
Time deposits with maturity over 3 months	(80)	–	–
Restricted deposits	(25)	(35)	(291)
Commercial paper (Securities)	499	–	–
Money held in trust (Securities)	3,500	3,500	29,130
Cash and cash equivalents	16,893	14,372	119,617

Notes - Leases

(Borrower)
Operating lease transactions
Future lease payments under non-cancelable operating leases

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Due within 1 year	¥13 million	¥6 million	$49 thousand
Due over 1 year	9	13	108
Total	23	19	158

(Lender)
Finance lease transactions
(1) The components of lease investment assets
Current assets

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Lease payments receivable	¥1,469 million	¥1,594 million	$13,266 thousand
Estimated residual value	69	71	590
Amount equivalent to interest income	(200)	(221)	(1,839)
Lease investment assets	1,338	1,444	12,018

(2) Amounts expected to be collected on lease payments receivable of lease investment assets after consolidated balance sheet date
Current assets

(Millions of yen)

	Previous fiscal year (As of March 31, 2014)					
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Lease investment assets	501	356	262	247	102	–

(Millions of yen)

	Current fiscal year (As of March 31, 2015)					
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Lease investment assets	491	397	383	238	83	–

(Thousands of U.S. dollars)

	Current fiscal year (As of March 31, 2015)					
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Lease investment assets	4,086	3,304	3,187	1,980	690	–

Notes - Financial instruments

1. Status of financial instruments

(1) Policy on treatment of financial instruments

The Group raises funds necessary to run its business smoothly by borrowing from banks. In the case where the Group has temporary surplus funds, it invests them only in safe financial instruments.

The Group uses derivative transactions to hedge various risks described in (2) in accordance with the "Rules on Handling of Derivative Transactions" established by the Company and has a policy not to enter into any speculative transaction.

(2) Content and risks of financial instruments and risk management system therefor

The Group's notes and accounts receivable - trade are subject to credit risk of its customers, and its certain receivables denominated in foreign currencies are subject to exchange rate fluctuation risk. The Group mitigates the credit risk of its customers by periodically confirming whether there is any overdue receivable using an aging schedule and other documents and the exchange rate fluctuation risk such as by borrowing in foreign currencies as needed.

The Company's securities are subject to credit risk of its investees, but the Company invests surplus funds in safe short-term money trusts with high ratings thorough prescribed internal procedures.

The Group's investment securities are subject to credit risk of its investees and market price fluctuation risk. They are equity securities of listed companies with which the Group has business relationships, most of which are categorized as available-for-sale securities, and the Group periodically ascertains the fair value thereof. Certain bond securities include hybrid financial instruments that were accounted for with embedded derivatives.

The Group's notes and accounts payable - trade and accrued expenses are subject to liquidity risk, and its certain payables denominated in foreign currencies are subject to exchange rate fluctuation risk. The Group mitigates the liquidity risk by periodically preparing a schedule of cash receipts and disbursements and other documents and the exchange rate fluctuation risk by forward exchange contracts and other means as needed.

Of borrowings, short-term loans payable are primarily for daily business transactions, and long-term loans payable are primarily for temporary advances on large-scale projects. Variable-rate borrowings are subject to interest rate fluctuation risk, for most of the long-term loans payable, the Group uses interest rate swaps as hedging instruments for respective contracts in order to hedge the fluctuation risk of the interest rates to be paid and fix interest expenses. The Group limits interest rate swaps to those to which the exceptional treatment can be applied and omits assessment of hedge effectiveness thereon. The Group mitigates the liquidity risk by periodically preparing a schedule of cash receipts and disbursements and other documents.

The Group executes and manages derivative transactions in accordance with the Company's Rules on Handling of Derivative Transactions and, when using derivatives, enters into transactions with financial institutions with high ratings to mitigate credit risk. Please see "Accounting policy for hedging" of "Disclosure of accounting policies" in "Significant accounting policies for preparation of consolidated financial statements" described above for the hedging instruments, hedging policy, method of assessing the hedging effectiveness and other information on hedge accounting.

(3) Supplementary explanation concerning fair values of financial instruments

Fair values of financial instruments comprise values based on market prices and reasonably measured values where market prices are unavailable. As several variable factors are incorporated in calculating the relevant fair value, the resulting amount may vary depending on the different preconditions employed. In addition, the contract amounts of derivative transactions, mentioned in "Notes - Derivatives" in Notes, should not be considered indicative of the sizes of the market risks involved in the derivative transactions.

2. Fair values of financial instruments

Carrying amounts on the consolidated balance sheet, fair values and differences therebetween of the financial instruments as of March 31, 2014 and 2015, are as shown below. However, financial instruments whose fair values are deemed to be extremely difficult to determine are not included therein (Note 2).

Previous fiscal year (As of March 31, 2014)

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	13,000	13,000	–
(2) Notes and accounts receivable - trade	8,151		
Allowance for doubtful accounts (*)	(47)		
	8,103	8,103	–
(3) Securities	3,999	3,999	–
(4) Investment securities	5,471	5,466	(5)
Total assets	30,575	30,569	(5)
(1) Notes and accounts payable - trade	2,211	2,211	–
(2) Short-term loans payable	2,346	2,346	–
(3) Accrued expenses	3,482	3,482	–
(4) Long-term loans payable (including within 1 year)	1,398	1,405	7
Total liabilities	9,440	9,447	7
Derivatives	–	–	–
(1) Those not qualifying for hedge accounting	–	–	–
(2) Those qualifying for hedge accounting	–	–	–
Total derivatives	–	–	–

(*) Amounts of allowance for doubtful accounts separately included in notes and accounts receivable - trade are excluded.

Current fiscal year (As of March 31, 2015)

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	10,907	10,907	–
(2) Notes and accounts receivable - trade	10,256		
Allowance for doubtful accounts (*)	(44)		
	10,212	10,212	–
(3) Securities	3,700	3,700	–
(4) Investment securities	6,453	6,457	3
Total assets	31,274	31,278	3
(1) Notes and accounts payable - trade	2,646	2,646	–
(2) Short-term loans payable	2,518	2,518	–
(3) Accrued expenses	3,304	3,304	–
(4) Long-term loans payable (including within 1 year)	1,343	1,351	8
Total liabilities	9,813	9,821	8
Derivatives	–	–	–
(1) Those not qualifying for hedge accounting	–	–	–
(2) Those qualifying for hedge accounting	–	–	–
Total derivatives	–	–	–

(Thousands of U.S. dollars)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	90,778	90,778	–
(2) Notes and accounts receivable - trade	85,359		
Allowance for doubtful accounts (*)	(366)		
	84,993	84,993	–
(3) Securities	30,794	30,794	–
(4) Investment securities	53,707	53,741	24
Total assets	260,291	260,324	24
(1) Notes and accounts payable - trade	22,022	22,022	–
(2) Short-term loans payable	20,957	20,957	–
(3) Accrued expenses	27,498	27,498	–
(4) Long-term loans payable (including within 1 year)	11,177	11,244	66
Total liabilities	81,672	81,739	66
Derivatives	–	–	–
(1) Those not qualifying for hedge accounting	–	–	–
(2) Those qualifying for hedge accounting	–	–	–
Total derivatives	–	–	–

(*) Amounts of allowance for doubtful accounts separately included in notes and accounts receivable - trade are excluded.

(Notes) 1. Calculation method of fair values of financial instruments and matters concerning short-term investment securities and derivatives

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

Because these accounts are settled in a short period, their fair values approximate their book values. Therefore, the fair values are based on the book values.

(3) Securities

Because this account has a short-term maturity, its fair value approximates its book value. Therefore, the fair value is based on the book value.

(4) Investment securities

Fair value of this account is based on the price on exchanges, the price provided by counterparty financial institutions or other prices. Please refer to “Notes - Securities” for the notes.

Liabilities

(1) Notes and accounts payable - trade, (2) Short-term loans payable and (3) Accrued expenses

Because these accounts are settled in a short period, their fair values approximate their book values. Therefore, the fair values are based on the book values.

(4) Long-term loans payable (including within 1 year)

Fair value of this account is determined by discounting the total amount of principal and interest at the interest rate available for a similar borrowing. Fair values of long-term loans payable with variable rates, to which the exceptional treatment for the interest rate swap is applied, are determined by discounting the total amount of principal and interest accounted for with the relevant interest rate swaps at the reasonably estimated interest rates applied to similar borrowings.

Derivatives

Please refer to “Notes - Derivatives” in Notes.

2. “Assets (4) Investment securities” do not include unlisted equity securities (carrying amount on the consolidated balance sheet of ¥925 million ($7,698 thousand)) because there is no market price and their future cash flows cannot be estimated and accordingly it is extremely difficult to ascertain their fair values.
3. Projected redemption amounts for monetary claims and securities with maturities after the consolidated balance sheet date

Previous fiscal year (As of March 31, 2014)

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash	12,975	–	–	–
Notes and accounts receivable - trade	8,103	–	–	–
Securities	3,999	–	–	–
Investment securities				
Held-to-maturity bonds	–	1,700	–	–
Total	25,079	1,700	–	–

Current fiscal year (As of March 31, 2015)

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash	10,876	–	–	–
Notes and accounts receivable - trade	9,961	251	–	–
Securities	3,700	–	–	–
Investment securities				
Held-to-maturity bonds	–	1,100	–	–
Available-for-sale securities	–	199	–	–
Total	24,537	1,551	–	–

(Thousands of U.S. dollars)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash	90,520	–	–	–
Notes and accounts receivable - trade	82,904	2,089	–	–
Securities	30,794	–	–	–
Investment securities				
Held-to-maturity bonds	–	9,155	–	–
Available-for-sale securities	–	1,656	–	–
Total	204,219	12,908	–	–

4. Scheduled repayment amounts of long-term loans payable and other interest-bearing liabilities

Previous fiscal year (As of March 31, 2014)

(Millions of yen)

	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term loans payable	728	60	60	15

Current fiscal year (As of March 31, 2015)

(Millions of yen)

	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term loans payable	60	60	15	480

(Thousands of U.S. dollars)

	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term loans payable	499	499	124	3,995

Notes - Securities

1. Held-to-maturity bonds

Previous fiscal year (As of March 31, 2014)

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Fair value	Difference
Securities for which the fair value exceeds the carrying amount on the consolidated balance sheet	(1) Government bonds and municipal bonds, etc.	100	101	1
	(2) Corporate bonds	–	–	–
	(3) Other	500	503	3
	Subtotal	600	604	4
Securities for which the fair value does not exceed the carrying amount on the consolidated balance sheet	(1) Government bonds and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Other	1,100	1,089	(10)
	Subtotal	1,100	1,089	(10)
Total		1,700	1,694	(5)

Current fiscal year (As of March 31, 2015)

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Fair value	Difference
Securities for which the fair value exceeds the carrying amount on the consolidated balance sheet	(1) Government bonds and municipal bonds, etc.	100	100	0
	(2) Corporate bonds	–	–	–
	(3) Other	1,000	1,003	3
	Subtotal	1,100	1,104	4
Securities for which the fair value does not exceed the carrying amount on the consolidated balance sheet	(1) Government bonds and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	100	99	(0)
	(3) Other	100	99	(0)
	Subtotal	200	199	(0)
Total		1,300	1,303	3

(Thousands of U.S. dollars)

	Type	Carrying amount on the consolidated balance sheet	Fair value	Difference
Securities for which the fair value exceeds the carrying amount on the consolidated balance sheet	(1) Government bonds and municipal bonds, etc.	832	832	0
	(2) Corporate bonds	–	–	–
	(3) Other	8,322	8,347	24
	Subtotal	9,155	9,188	33
Securities for which the fair value does not exceed the carrying amount on the consolidated balance sheet	(1) Government bonds and municipal bonds, etc.	–	–	–
	(2) Corporate bonds	832	823	(0)
	(3) Other	832	823	(0)
	Subtotal	1,664	1,656	(0)
Total		10,819	10,844	24

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

Previous fiscal year (As of March 31, 2014)

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Securities for which the carrying amount on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	3,429	1,735	1,694
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	3,429	1,735	1,694
Securities for which the carrying amount on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	342	424	(82)
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	342	424	(82)
Total		3,771	2,159	1,611

(Note) "Available-for sale securities" in the above table do not include unlisted equity securities (carrying amount on the consolidated balance sheet of ¥1,000 million) because they have no market value and accordingly it is extremely difficult to ascertain their fair values. In addition, "Available-for sale securities" do not include commercial papers and other securities (¥3,999 million) because they have short term maturities and their fair values approximate their book values.

Current fiscal year (As of March 31, 2015)

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Securities for which the carrying amount on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	5,043	2,056	2,986
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	5,043	2,056	2,986
Securities for which the carrying amount on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	110	178	(68)
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	199	200	(0)
	(3) Other	–	–	–
	Subtotal	310	378	(68)
Total		5,353	2,435	2,918

(Thousands of U.S. dollars)

	Type	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Securities for which the carrying amount on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	41,972	17,111	24,852
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	41,972	17,111	24,852
Securities for which the carrying amount on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	915	1,481	(565)
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	1,656	1,664	(0)
	(3) Other	–	–	–
	Subtotal	2,580	3,146	(565)
Total		44,552	20,266	24,286

(Note) “Available-for sale securities” in the above table do not include unlisted equity securities (carrying amount on the consolidated balance sheet of ¥925 million ($7,698 thousand)) because there is no market value and accordingly it is extremely difficult to ascertain their fair values. In addition, “Available-for sale securities” do not include jointly operated designated money trusts (¥3,500 million ($29,130 thousand)) because they have short term maturities and their fair values approximate their book values.

3. Available-for-sale securities that were sold

Previous fiscal year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	138	21	12
(2) Bonds			
(i) Government bonds and municipal bonds, etc.	–	–	–
(ii) Corporate bonds	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	138	21	12

Current fiscal year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	12	8	–
(2) Bonds			
(i) Government bonds and municipal bonds, etc.	–	–	–
(ii) Corporate bonds	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	12	8	–

(Thousands of U.S. dollars)

Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	99	66	–
(2) Bonds			
(i) Government bonds and municipal bonds, etc.	–	–	–
(ii) Corporate bonds	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	99	66	–

4. Securities subject to the recognition of impairment loss

During the previous fiscal year, impairment losses on unlisted equity securities categorized as available-for-sale securities of ¥0 million were recognized.

During the current fiscal year, no impairment loss was recognized.

Notes - Derivatives

1. Derivative transactions to which hedge accounting is not applied

Not applicable

2. Derivative transactions to which hedge accounting is applied

(1) Currencies

Not applicable

(2) Interest rates

Previous fiscal year (As of March 31, 2014)

(Millions of yen)

Classification	Type of derivative transaction, etc.	Principal hedged items	Contract amount	Portion of contract amount over one year	Fair value	Fair value calculation method
Exceptional treatment of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term loans payable	1,055	695	(Note)	(Note)

(Note) The fair value of interest rate swaps that are accounted for using exceptional treatment is included in that of corresponding long-term loans payable, as those interest rate swaps are treated as an adjustment to long-term loans payable as hedged items.

Current fiscal year (As of March 31, 2015)

(Millions of yen)

Classification	Type of derivative transaction, etc.	Principal hedged items	Contract amount	Portion of contract amount over one year	Fair value	Fair value calculation method
Exceptional treatment of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term loans payable	1,175	615	(Note)	(Note)

(Thousands of U.S. dollars)

Classification	Type of derivative transaction, etc.	Principal hedged items	Contract amount	Portion of contract amount over one year	Fair value	Fair value calculation method
Exceptional treatment of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term loans payable	9,779	5,118	(Note)	(Note)

(Note) The fair value of interest rate swaps that are accounted for using exceptional treatment is included in that of corresponding long-term loans payable, as those interest rate swaps are treated as an adjustment to long-term loans payable as hedged items.

Notes - Retirement benefits

Current fiscal year (From April 1, 2014 to March 31, 2015)

1. Summary of retirement benefit plans adopted

The Company and certain consolidated subsidiaries have defined benefit corporate pension plans, and an employees' pension fund plan under the multi-employer plan, as defined benefit plans, and certain consolidated subsidiaries have a small and medium sized enterprise retirement allowance cooperative plan and lump-sum retirement plans.

In addition, the Company and certain consolidated subsidiaries have defined contribution corporate pension plans.

For the employees' pension fund plan under the multi-employer plan, since the amount of pension plan assets corresponding to contributions by the respective companies cannot be reasonably calculated, the plan is accounted for similar to defined contribution plans.

2. Defined benefit plans

(1) Reconciliation between beginning balance and ending balance of retirement benefit obligations

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Beginning balance of retirement benefit obligations	¥3,206 million	¥3,101 million	$25,809 thousand
Service cost	173	176	1,464
Interest expenses	48	48	399
Unrecognized net actuarial gain or loss	5	36	299
Retirement benefits paid	(330)	(304)	(2,530)
Other	(2)	17	141
Ending balance of retirement benefit obligations	3,101	3,075	25,593

(2) Reconciliation between beginning balance and ending balance of pension plan assets

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Beginning balance of pension plan assets	¥2,984 million	¥3,040 million	$25,301 thousand
Expected return on plan assets	28	28	233
Unrecognized net actuarial gain or loss	185	312	2,596
Amount of employer contribution	169	169	1,406
Retirement benefits paid	(328)	(301)	(2,505)
Ending balance of pension plan assets	3,040	3,249	27,041

(3) Retirement benefit obligations and pension plan assets at the end of the fiscal year and reconciliation of net defined benefit liability and net defined benefit asset on consolidated balance sheet

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Retirement benefit obligations under funded system	¥3,047 million	¥2,995 million	$24,927 thousand
Pension plan assets	(3,040)	(3,249)	(27,041)
	7	(253)	(2,105)
Retirement benefit obligations under unfunded system	54	79	657
Net amount of assets and liabilities stated in the consolidated balance sheet	61	(173)	(1,439)
Net defined benefit liability	392	350	2,913
Net defined benefit asset	(330)	(524)	(4,361)
Net amount of assets and liabilities stated in the consolidated balance sheet	61	(173)	(1,439)

(4) Retirement benefit expenses and components thereof

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Service cost	¥173 million	¥176 million	$1,464 thousand
Interest expenses	48	48	399
Expected return on plan assets	(28)	(28)	(233)
Amortization of net actuarial gain or loss	(66)	(121)	(1,007)
Retirement benefit expenses pertaining to defined benefit plans	127	74	615

(5) Remeasurements of defined benefit plans, net of tax on consolidated statement of income and comprehensive income

The components of remeasurements of defined benefit plans, net of tax (before deducting tax effect) are as follows:

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Past service cost	¥– million	¥– million	$– thousand
Actuarial gains and losses	–	143	1,190
Total	–	143	1,190

(6) Remeasurements of defined benefit plans on consolidated balance sheet

The components of remeasurements of defined benefit plans (before tax effects deduction) are as follows.

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Unrecognized past service cost	¥– million	¥– million	$ – thousand
Unrecognized net actuarial gain or loss	(351)	(505)	(4,203)
Total	(351)	(505)	(4,203)

(7) Pension plan assets

(i) Major components of pension plan assets

Ratio of major components for total pension plan assets is as follows:

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Bonds	31%	31%
Shares	31	34
General account	34	31
Other	4	4
Total	100	100

(ii) Method of establishing expected long-term rates of return on plan assets

In order to determine the expected long-term rates of return on plan assets, the current and forecast distribution of plan assets and the current and expected long-term rates of return from the diverse assets that comprise the plan assets are taken into consideration.

(8) Matters relating to the basis for actuarial calculations

Main basis for actuarial calculations

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Discount rate	1.5%	1.5%
Expected long-term rates of return on pension plan assets	1.0%	1.0%

3. Defined contribution plans

The required contribution from the Company and its consolidated subsidiaries into the defined contribution pension plans was ¥38 million in the previous fiscal year and ¥40 million ($332 thousand) in the current fiscal year.

4. Multi-employer plan

The required contribution amount to the employees' pension fund plan under the multi-employer plan, which is accounted for in the same manner as a defined contribution plan, was ¥160 million in the previous fiscal year and ¥152 million ($1,265 thousand) in the current fiscal year.

(1) Funded status of multi-employer plan

	Previous fiscal year (As of March 31, 2013)	Current fiscal year (As of March 31, 2014)	
Plan assets	¥69,155 million	¥74,916 million	$623,520 thousand
Sum of actuarial obligations calculated for finance status of pension plan and minimum reserve (Note)	¥98,620 million	¥100,891 million	$839,708 thousand
Net amount	¥(29,465) million	¥(25,975) million	$(216,188) thousand

(Note) For the previous fiscal year, the item was set down as the "amount of benefit obligations in pension financing."

(2) Group's proportion of total contributions to plan

Previous fiscal year 3.95% (From April 1, 2013 to March 31, 2014)

Current fiscal year 3.82% (From April 1, 2014 to March 31, 2015)

(3) Supplementary explanation

Major factors for the net amount in (1) above are the balance of past service liabilities (¥24,384 million as of March 31, 2013 and ¥23,226 million ($193,308 thousand) as of March 31, 2014) and deficit amount (¥5,081 million as of March 31, 2013 and ¥2,749 million ($22,879 thousand) as of March 31, 2014) for pension financing calculation. The principal and interest of past service liabilities in this plan are amortized equally over 20 years, and the Group recorded special contributions applied to such amortization (¥78 million for the previous fiscal year and ¥74 million ($615 thousand) for the current fiscal year) as expenses in the consolidated financial statements.

The deficit amount in pension financing (¥5,081 million as of March 31, 2013 and ¥2,749 million ($22,879 thousand) as of March 31, 2014) will be filled up as needed by an increase in the rate of special contributions or other methods based on recalculation of pension financing.

The proportions in (2) above are not consistent with the proportions actually funded by the Group.

Notes - Share options, etc.

Not applicable

Notes - Tax effect accounting

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Deferred tax assets			
Tax loss carry-forward	¥1,022 million	¥978 million	$8,139 thousand
Accrued business tax	53	89	740
Net defined benefit liability	135	108	898
Provision for bonuses	105	94	782
Allowance for doubtful accounts	122	100	832
Provision for loss on order received	133	107	890
Loss on valuation of investment securities	330	289	2,405
Loss on valuation of investments in capital	46	42	349
Impairment loss	204	186	1,548
Depreciation	72	79	657
Asset retirement obligations	107	72	599
Other	200	197	1,639
Subtotal	2,534	2,345	19,517
Valuation reserve	(2,111)	(1,668)	(13,882)
Total deferred tax assets	422	677	5,634
Deferred tax liabilities			
Revaluation reserve for land	1,776	1,611	13,408
Valuation difference on available-for-sale securities	574	879	7,315
Extraordinary income from lease	0	–	–
Other	111	172	1,431
Total deferred tax liabilities	2,462	2,663	22,163

(Note) The net deferred tax assets as of March 31, 2014 and March 31, 2015 are included in the items below of the consolidated balance sheet.

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)	
Current assets－Deferred tax assets	¥278 million	¥455 million	$3,786 thousand
Non-current assets－Deferred tax assets	26	81	674
Current liabilities－Deferred tax liabilities	–	22	183
Non-current liabilities－Deferred tax liabilities	568	888	7,390
－Deferred tax liabilities for land revaluation	1,776	1,611	13,408

2. Main components causing significant differences between the statutory effective tax rate and the actual effective tax rate after application of tax effect accounting

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Statutory effective tax rate	38.01%	35.64%
Adjustments		
Increase/decrease in valuation reserve	(5.46)	(6.04)
Expenses not deductible for income tax purposes, such as entertainment expenses	1.06	0.91
Income not included for income tax purposes, such as dividends received	(0.34)	(0.44)
Per capita levy of inhabitant taxes	0.73	0.73
Effect of differences in tax rates applicable to subsidiaries from tax rate applicable to the Company	0.39	(0.60)
Adjustment of deferred tax assets at end of period resulting from tax rate changes	0.39	1.26
Amortization of goodwill	0.53	0.50
Other	(0.02)	0.11
Actual effective tax rate	35.30	32.07

3. Changes in the amounts of deferred tax assets and deferred tax liabilities due to changes in the rates of income taxes

On March 31, 2015, the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated, and as a result, corporation tax rates were lowered, among other changes, from the fiscal year beginning on or after April 1, 2015. Consequently, the statutory tax rate used for calculating deferred tax assets and deferred tax liabilities has been reduced from the previous rate of 35.64% to 33.10% for temporary differences expected to be reversed in and after the fiscal year beginning on April 1, 2015, and to 32.34% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2016.

As a result of this change in tax rates, the amount of deferred tax liabilities (amount net of deferred tax assets) decreased by ¥33 million ($274 thousand), the amount of income taxes - deferred increased by ¥56 million ($466 thousand), the amount of valuation difference on available-for-sale securities increased by ¥89 million ($740 thousand).

In addition, deferred tax liabilities for land revaluation decreased by ¥164 million ($1,364 thousand), and revaluation reserve for land increased by the same amount.

Notes - Asset retirement obligations

Of asset retirement obligations, items recorded on the consolidated balance sheet

a) Outline of asset retirement obligations
The asset retirement obligations of the Group are obligations in certain facilities for rent under the Ordinance on Prevention of Asbestos Hazards.

b) Calculation method for determining asset retirement obligation amount
The amount of asset retirement obligations was calculated assuming an estimated period of use of 31 years from acquisition, and using a discount rate from 2.2%.

c) Increase (decrease) in total asset retirement obligations

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Beginning balance	¥300 million	¥300 million	$2,496 thousand
Reversal	–	(75)	(624)
Ending balance	300	224	1,864

Notes - Real estate for lease, etc.

The Company and certain subsidiaries rent out a space such as in their business places as well as land mainly for rental housing and buildings in the Tokyo metropolitan area and other areas. Rental profit related to the real estate for rent, etc. for the previous fiscal year was ¥305 million (rent income is recorded in net sales, and rent expenses are recorded in cost of sales). Rental profit related to the real estate for rent, etc. for the current fiscal year was ¥355 million ($2,954 thousand) (rent income is recorded in net sales, and rent expenses are recorded in cost of sales).
Carrying amounts on the consolidated balance sheet, changes during period for the previous and current fiscal years and fair values of the real estate for rent, etc. are as follows:

(Millions of yen)

		Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Carrying amount on the consolidated balance sheet			
	Balance at beginning of period	5,471	5,296
	Increase (decrease) during period	(175)	806
	Balance at end of period	5,296	6,103
Fair value at end of period		3,685	4,090

(Thousands of U.S. dollars)

		Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Carrying amount on the consolidated balance sheet			
	Balance at beginning of period	45,534	44,078
	Increase (decrease) during period	(1,456)	6,708
	Balance at end of period	44,078	50,794
Fair value at end of period		30,669	34,040

(Notes) 1. Carrying amount on the consolidated balance sheet is calculated by subtracting accumulated depreciation and impairment loss from acquisition cost.

2. The increase (decrease) during period for the previous fiscal year primarily consist of a decrease in rentable space (¥144 million) and decrease due to depreciation (¥30 million). The increase (decrease) during period for the current fiscal year primarily consist of an increase in rentable space (¥829 million ($6,899 thousand)) and decrease due to depreciation (¥22 million ($183 thousand)).

3. Fair value of property whose amount has significance at the end of the period is an amount based on a value investigation report by an external real property appraiser, and that of other property whose amount has little significance is an amount based on an index which is believed to reflect a market value appropriately.

Notes - Segment information, etc.

[Segment information]

1. Description of reportable segments

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

The Group develops comprehensive business strategies and engages in business activities for respective products and services of divisions by product and service in the Company and of Toyo Kanetsu Solutions K.K., a subsidiary of the Company.

Accordingly, the Company is comprised of segments by product and service, and its reportable segments consist of “Plant & Machinery Business” and “Material Handling Systems Business.”

“Plant & Machinery Business” designs, builds, and executes construction works of, storage tanks for LNG, LPG, crude oil and other gas and liquid and provides maintenance services and other operations for these tanks. “Material Handling Systems Business” develops, designs, and executes construction works of, logistics systems focusing on sorting, picking and conveying systems and provides maintenance services and other operations for these systems.

2. Method of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting procedures for the reporting operating segments are nearly the same as those stated in “Significant accounting policies for preparation of the consolidated financial statements.” Profits of the reportable segments are based on operating income. Intersegment transactions are based on actual transaction amounts.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment

Previous fiscal year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments			Other (Note)	Adjustment	Total
	Plant & Machinery Business	Material Handling Systems Business	Total			
Sales						
Sales to external customers	26,903	15,158	42,062	6,333	–	48,395
Transactions with other segments	–	—	–	513	(513)	–
Total	26,903	15,158	42,062	6,846	(513)	48,395
Segment profit	2,670	1,150	3,820	768	(248)	4,341
Segment assets	12,038	9,841	21,880	11,663	20,971	54,515
Other items						
Depreciation	334	182	517	225	9	752
Increase in property, plant and equipment, and intangible assets	316	245	562	121	9	693

(Note) “Other” includes the building construction business, manufacturing and sales of industrial facilities and equipment, real estate rental operations, leasing operations and other operations.

Current fiscal year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments			Other (Note)	Adjustment	Total
	Plant & Machinery Business	Material Handling Systems Business	Total			
Sales						
Sales to external customers	29,425	15,689	45,115	7,341	–	52,457
Transactions with other segments	–	–	–	466	(466)	–
Total	29,425	15,689	45,115	7,808	(466)	52,457
Segment profit	2,789	401	3,191	800	(403)	3,588
Segment assets	14,374	10,461	24,836	12,356	18,736	55,928
Other items						
Depreciation	310	254	564	231	10	806
Increase in property, plant and equipment, and intangible assets	489	891	1,381	124	3	1,509

(Thousands of U.S. dollars)

	Reportable segments			Other (Note)	Adjustment	Total
	Plant & Machinery Business	Material Handling Systems Business	Total			
Sales						
Sales to external customers	244,902	130,578	375,488	61,098	–	436,595
Transactions with other segments	–	–	–	3,878	(3,878)	–
Total	244,902	130,578	375,488	64,985	(3,878)	436,595
Segment profit	23,212	3,337	26,558	6,658	(3,354)	29,862
Segment assets	119,633	87,066	206,708	102,838	155,938	465,484
Other items						
Depreciation	2,580	2,114	4,694	1,922	83	6,708
Increase in property, plant and equipment, and intangible assets	4,069	7,415	11,493	1,032	24	12,559

(Note) “Other” includes the building construction business, manufacturing and sales of industrial facilities and equipment, real estate rental operations, leasing operations and other operations.

4. Differences between total amounts for reportable segments and amounts in the consolidated financial statements and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segments total	3,820	3,191
Profit of "other"	768	800
Corporate expenses (Note)	(264)	(425)
Other adjustments	16	22
Operating income in the consolidated financial statements	4,341	3,588

(Thousands of U.S. dollars)

Profit	Current fiscal year
Reportable segments total	26,558
Profit of "other"	6,658
Corporate expenses (Note)	(3,537)
Other adjustments	183
Operating income in the consolidated financial statements	29,862

(Note) Corporate expenses mainly represent expenses related to administrative divisions such as the general affairs division, which are not attributable to the reportable segments.

(Millions of yen)

Asset	Previous fiscal year	Current fiscal year
Reportable segments total	21,880	24,836
Assets of "other"	11,663	12,356
Corporate assets (Note)	20,996	18,761
Other adjustments	(25)	(25)
	54,515	55,928

(Thousands of U.S. dollars)

Asset	Current fiscal year
Reportable segments total	206,708
Assets of "other"	102,838
Corporate assets (Note)	156,146
Other adjustments	(208)
	465,484

(Note) Corporate assets mainly represent assets related to divisions managing cash and deposits, investment securities and other assets of the Company, which are not attributable to the reportable segments.

[Information associated with reportable segments]

Previous fiscal year (From April 1, 2013 to March 31, 2014)

1. Information for each product and service

(Millions of yen)

	Storage tank, etc.	Maintenance services of storage tanks	Logistics system equipment, etc.	Other	Total
Sales to external customers	18,831	8,072	15,158	6,333	48,395

2. Information about geographical area

(1) Sales

(Millions of yen)

Japan	Southeast Asia	Middle East	Oceania	Africa	Other	Total
37,142	7,078	153	3,724	242	53	48,395

(Note) Sales are classified by country or region on the basis of construction sites.

(2) Property, plant and equipment

(Millions of yen)

Japan	Southeast Asia	Oceania	Total
11,490	1,421	0	12,912

3. Information for each of main customers

This information has been omitted since sales to a specific customer account for less than 10% of net sales in the consolidated statement of income.

Current fiscal year (From April 1, 2014 to March 31, 2015)

1. Information for each product and service

(Millions of yen)

	Storage tank, etc.	Maintenance services of storage tanks	Logistics system equipment, etc.	Other	Total
Sales to external customers	18,883	10,542	15,689	7,341	52,457

(Thousands of U.S. dollars)

	Storage tank, etc.	Maintenance services of storage tanks	Logistics system equipment, etc.	Other	Total
Sales to external customers	157,161	87,740	130,578	61,098	436,595

2. Information about geographical area

(1) Sales

(Millions of yen)

Japan	Southeast Asia	Middle East	Oceania	Africa	Other	Total
36,758	14,724	7	939	0	26	52,457

(Thousands of U.S. dollars)

Japan	Southeast Asia	Middle East	Oceania	Africa	Other	Total
305,934	122,546	58	7,815	0	216	436,595

(Note) Sales are classified by country or region on the basis of construction sites.

(2) Property, plant and equipment

(Millions of yen)

Japan	Southeast Asia	Oceania	Total
12,049	1,527	0	13,577

(Thousands of U.S. dollars)

Japan	Southeast Asia	Oceania	Total
100,282	12,709	0	113,000

3. Information for each of main customers

This information has been omitted since sales to a specific customer account for less than 10% of net sales in the consolidated statement of income.

[Disclosure of impairment loss on non-current assets for each reportable segment]

Previous fiscal year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments		Other	Adjustment (Note)	Total
	Plant & Machinery Business	Material Handling Systems Business			
Impairment loss	–	–	–	409	409

(Note) The amount of “adjustment” is an amount related to corporate assets.

Current fiscal year (From April 1, 2014 to March 31, 2015)
Not applicable

[Amortization and unamortized balance of goodwill for each reportable segment]

Previous fiscal year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments		Other	Adjustment (Note)	Total
	Plant & Machinery Business	Material Handling Systems Business			
Amortization in the current fiscal year	–	–	62	–	62
Ending balance	–	–	186	–	186

(Note) The amount of "other" is an amount related to manufacturing and sales of industrial facilities and equipment.

Current fiscal year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments		Other	Adjustment (Note)	Total
	Plant & Machinery Business	Material Handling Systems Business			
Amortization in the current fiscal year	–	–	62	–	62
Ending balance	–	–	124	–	124

(Thousands of U.S. dollars)

	Reportable segments		Other	Adjustment (Note)	Total
	Plant & Machinery Business	Material Handling Systems Business			
Amortization in the current fiscal year	–	–	516	–	516
Ending balance	–	–	1,032	–	1,032

(Note) The amount of "other" is an amount related to manufacturing and sales of industrial facilities and equipment.

[Information associated with related parties]

Subsidiaries and others

1. Related party transactions

   Not applicable

2. Notes concerning the parent company or important affiliated companies

   Not applicable

Notes - Per share information

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Net assets per share	¥282.18	¥315.91	$2.62
Net income per share	¥24.18	¥26.08	$0.21

(Note) 1. The amount of diluted net income per share is not provided because there are no potential shares.

(Note) 2. The basis for calculation for net income per share is as follows:

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)	
Net income	¥2,879 million	¥3,019 million	$25,126 thousand
Net income not relating to common shareholders	–	–	–
Net income pertaining to common shares	2,879	3,019	25,126
Average number of outstanding common shares	119,110 thousands shares	115,788 thousands shares	

Notes - Significant events after reporting period

Purchase of treasury shares

The Company's Board of Directors made a resolution on May 13, 2015 for the Company to acquire its own shares according to the particulars stated below pursuant to the provision of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the Act's provision of Article 165, Paragraph 3.

(1) Reason for repurchase of own shares

To implement a flexible capital policy that responds to the changing business environment.

(2) Details of matters relating to transaction

(i) Type of the shares to be acquired
Common shares

(ii) Total number of shares to be repurchased
Up to 4,300 thousand shares

(iii) Total price of repurchase
Up to ¥1,000 million ($8,322 thousand)

(iv) Repurchase period
May 14, 2015 to September 17, 2015

(v) Repurchase method
Purchase on the stock exchange via a trust bank

The purchase of treasury shares above was completed on May 27, 2015.

(i) Type of the shares acquired
Common shares

(ii) Total number of shares acquired
4,126 thousand shares

(iii) Total price of repurchase
¥999 million ($8,314 thousand)

(v) Annexed consolidated detailed schedules

Annexed consolidated detailed schedule of corporate bonds

Not applicable

Annexed consolidated detailed schedule of borrowings

Classification	Beginning balance (Millions of yen) [Thousands of U.S. dollars]	Ending balance (Millions of yen) [Thousands of U.S. dollars]	Average interest rate (%)	Repayment due
Short-term loans payable	¥2,346 [$19,525]	¥2,518 [$20,957]	0.65	–
Current portion of long-term loans payable	535 [4,452]	728 [6,059]	1.17	–
Lease obligations due within one year	52 [432]	0 [0]	–	–
Long-term loans payable (excluding current portion)	863 [7,182]	615 [5,118]	0.98	Between 2016 and 2020
Lease obligations (excluding obligations due within one year)	1 [8]	0 [0]	–	2016
Total	3,799 [31,618]	3,863 [32,151]	–	–

(Notes) 1. In calculating the average interest rate, the weighted average interest rate on the ending balance of loans payable, is shown.

2. The average interest rate of lease obligations is not provided because the amount of lease obligations in the consolidated balance sheet includes the interest equivalent.

3. Repayment of long-term loans payable and lease obligations (excluding the current portion) scheduled within five years after the balance sheet date are as follows:

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Long-term loans payable	¥60 million [$499 thousand]	¥60 million [$499 thousand]	¥15 million [$124 thousand]	¥480 million [$3,995 thousand]
Lease obligations	0	–	–	–

Annexed consolidated detailed schedule of asset retirement obligations

A schedule of asset retirement obligations has been omitted since matters to be stated in the schedule are stated as notes prescribed in Article 15-23 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Other information

Quarterly information for the current fiscal year

(Cumulative period)	First quarter (Cumulative) (From April 1, 2014 to June 30, 2014)	Second quarter (Cumulative) (From April 1, 2014 to September 30, 2014)	Third quarter (Cumulative) (From April 1, 2014 to December 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net sales (Millions of yen)	10,394	26,069	39,019	52,457
Income before income taxes and minority interests (Millions of yen)	956	2,448	3,109	4,459
Net income (Millions of yen)	533	1,597	1,955	3,019
Net income per share (Yen)	4.54	13.72	16.85	26.08

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Net income per share (Yen)	4.54	9.25	3.11	9.25

(Cumulative period)	First quarter (Cumulative) (From April 1, 2014 to June 30, 2014)	Second quarter (Cumulative) (From April 1, 2014 to September 30, 2014)	Third quarter (Cumulative) (From April 1, 2014 to December 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net sales (Thousands of U.S. dollars)	86,508	216,970	324,752	436,595
Income before income taxes and minority interests (Thousands of U.S. dollars)	7,956	20,374	25,875	37,111
Net income (Thousands of U.S. dollars)	4,436	13,291	16,271	25,126
Net income per share (U.S. dollars)	0.03	0.11	0.14	0.21

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Net income per share (U.S. dollars)	0.03	0.07	0.02	0.07

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 26, 2015

To the Board of Directors of
Toyo Kanetsu Kabushiki Kaisha

GYOSEI & CO.

Representative Partner
Engagement Partner
Certified Public Accountant Takayuki Nakagawa (seal)

Representative Partner
Engagement Partner
Certified Public Accountant Tetsuo Noguchi (seal)

Engagement Partner
Certified Public Accountant Satoshi Ogawa (seal)

Audit of Financial Statements

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying consolidated financial statements of Toyo Kanetsu Kabushiki Kaisha (the "Company") and its subsidiaries, which comprise the consolidated balance sheet as of March 31, 2015, and the consolidated statements of income and comprehensive income, the consolidated statement of changes in equity, cash flows for the fiscal year from April 1, 2014 to March 31, 2015, and significant accounting policies for preparation of the consolidated financial statements, other notes, and annexed consolidated detailed schedules, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act of Japan, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2015.

Management's Responsibility for the Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

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

Audit Opinion

In our opinion, the management's report on internal control referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2015 was effective, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Corporate Data

Date of Establishment	May 16, 1941
Common Stock	¥18,580 million
Authorized Shares	297,000,000
Capital Stock Issued	138,730,741
Number of Shareholders	15,229
Security Traded	Tokyo Stock Exchange Market, First Section
Transfer Agent and Registrar	The Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Annual Meeting	The annual meeting of shareholders is normally held in June in Tokyo, Japan

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