

# **Condensed Consolidated Financial Information**

**(Japanese Standard)  
for the Fiscal Year  
Ended March 31, 2015**

(April 1, 2014 through March 31, 2015)

Note: The English version of these financial results contains key items only. The English version of the financial statements is provided for reference purposes only and is based on the original Japanese version, which takes precedence. In the event that a difference in interpretation arises, please refer to the original Japanese version.

**SANYO CHEMICAL INDUSTRIES, LTD.**

URL <http://www.sanyo-chemical.co.jp>

## **Cautionary Statement with Respect to Forward-Looking Statement**

This financial information contains forward-looking statements that are based on Sanyo Chemical Group's current plans, strategies and results. These forward-looking statements were formulated by managers based on currently-available information, however actual results may vary significantly depending on the economic environment where Sanyo Chemical Group conduct its business, competitive conditions, changes in the states of product development, relevant laws and regulations, and fluctuations in the currency exchange rate. Moreover, the factors that can affect these forward-looking statements are not limited to those listed here.

The following summary of the business results that Sanyo Chemical Group submitted Tokyo Stock Exchange is unaudited and for reference only.

Ticker code: 4471

# 1.Consolidated Financial Highlights

(Figures are rounded down to the nearest million yen)

## 1-1. Results of Operations

(% indicates changes from the previous corresponding term)

	Year ended March 31,			
	2015		2014	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	167,045	1.1%	165,183	15.8%
Operating income	8,944	10.3%	8,110	31.1%
Ordinary income	10,278	11.6%	9,212	26.8%
Net income	5,876	19.5%	4,918	17.7%
Comprehensive income	15,341	38.6%	11,071	68.6%

	Year ended March 31,	
	2015	2014
	Yen	Yen
Net income per share	53.29	44.60
Net income per share, diluted	—	—

	Year ended March 31,	
	2015	2014
	%	%
Return on equity	5.6	5.2
Ordinary income to total assets	5.9	5.7
Operating income to net sales	5.4	4.9

(Reference)Equity in earnings of affiliated companies: Year ended March 31, 2015:¥492 million  
Year ended March 31, 2014:¥17 million

## 1-2. Financial Conditions

	As of March 31,	
	2015	2014
	Millions of Yen	Millions of Yen
Total assets	181,029	166,529
Net assets	117,688	103,907
Equity ratio	61.8%	59.5%
Net assets per share (Yen)	1,014.19	899.24

(Reference)Equity: Year ended March 31, 2015:¥111,827 million  
Year ended March 31, 2014:¥99,161 million

## 1-3. Cash Flows

	Year ended March 31,	
	2015	2014
	Millions of Yen	Millions of Yen
Net cash provided by (used in) operating activities	11,518	15,769
Net cash provided by (used in) investing activities	(8,656)	(8,659)
Net cash provided by (used in) financing activities	(2,922)	(2,567)
Cash and cash equivalents at end of period	16,016	15,476

## 2. Cash Dividend

	Year ended March 31,		
	2014	2015	2016 (Forecast)
Cash dividend per share	Yen	Yen	Yen
1Q (as of June 30)	–	–	–
2Q (as of Sept. 30)	7.50	7.50	8.00
3Q (as of Dec. 31)	–	–	–
4Q (as of March 31)	7.50	8.00	8.00
Total	15.00	15.50	16.00

	Year ended March 31,		
	2014	2015	2016 (Forecast)
	Millions of yen	Millions of yen	Millions of yen
Total dividends paid (annual)	1,654	1,709	

	Year ended March 31,		
	2014	2015	2016 (Forecast)
	%	%	%
Payout ratio(consolidated)	33.6	29.1	25.2
Dividends to net assets(consolidated)	1.7	1.6	

## 3. Earnings Forecasts

(% indicates changes from the previous corresponding term)

	Fiscal year ending March 31, 2016			
	First half		Full year	
	Millions of Yen	%	Millions of Yen	%
Net sales	79,000	(4.0)	165,000	(1.2)
Operating income	5,000	47.0	11,000	23.0
Ordinary income	5,200	35.6	11,500	11.9
Net income attributable to owners of parent	3,000	31.7	7,000	19.1

	Fiscal year ending March 31, 2016	
	First half	Full year
	Yen	Yen
Net income per share	27.21	63.49

#### 4. Notes

**(1) Significant changes in subsidiaries during the fiscal year ended March 31, 2015 (changes in specific subsidiaries causing a change in the scope of consolidation):** None

**(2) Changes in accounting policies, changes in accounting estimates, and restatements**

- 1) Changes in accounting policies associated with revised accounting standards, etc.: Yes
- 2) Any changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(Note) See Paragraph 2 (changes in accounting policies) of Page 23 “4. Consolidated Financial Statements

(5) Notes to Consolidated Financial Statements” for more information.

**(3) Number of shares issued (common stock)**

1) Total number of shares issued at the end of the period (including treasury stock)	
Year ended March 31, 2015:	117,673,760 shares
Year ended March 31, 2014:	117,673,760 shares
2) Total number of treasury stock at the end of the period	
Year ended March 31, 2015:	7,411,647 shares
Year ended March 31, 2014:	7,401,797 shares
3) Average number of shares during the period	
Year ended March 31, 2015:	110,268,292 shares
Year ended March 31, 2014:	110,283,047 shares

**\*Disclosure of Implementation Status of Review Procedures**

This financial report is not subject to review procedures under Japanese Financial Instruments and Exchange Law.

**\*Explanation of appropriate use of business performance forecasts**

The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on Sanyo Chemical's performance in the future. Therefore, Sanyo Chemical cannot guarantee that it will achieve the results. Actual earnings may differ significantly due to various factors. See Financial Report (attachments) Page 6 “1. Analysis of Results of Operations and Financial Position (1) Analysis of Results of Operations” for more information regarding the circumstances behind the assumptions used in earnings forecasts and matters to be noted when relying on earnings forecasts.

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## 1. Analysis of Results of Operations and Financial Position

### (1) Analysis of Results of Operations

During the current fiscal year (April 1, 2014 through March 31, 2015), the Japanese economy is slowly recovering such as a movement of improvement in export environment, although private consumption remained weakened due to consumption tax hike, etc and capacity investment were flat. On the other hand, the circumstance surrounding Japan is making a mild recovery amid a steady move towards economic recovery in the United States despite the partial stagnation such as a slowdown of Chinese economic expansion.

In the chemical industry, business environment is getting out of the severe situation continued until first half of this fiscal year because raw material and fuel costs that remained at a high level shift to fall and depreciation of the yen has progressed, etc.

Under these circumstances, net sales of the current fiscal year increased by 1.1% from the previous fiscal year, to ¥167,045 million mainly due to sales expansion of automobile-related products. In terms of profit, Sanyo Chemical Group recorded increases from the previous fiscal year, because raw material costs shift to fall and other factors. As a result, operating income was ¥8,944 million (a 10.3% increase from the previous fiscal year), and ordinary income was ¥10,278 million (a 11.6% increase). Net income was ¥5,876 million (a 19.5% increase).

Results by product group (segment) were as follows.

#### **Toiletries and Health Care**

Sales in the Toiletries segment were weak because sales of surfactants for liquid detergents remained sluggish and surfactants for hair care products intensified price competition.

In Health Care segment, sales were weak because parts of superabsorbent polymers intensified price competition, though sales of high-performance superabsorbent polymers for thinner disposable diapers expanded.

As a result, total net sales in this segment decreased by 4.6% from the previous fiscal year, to ¥64,720 million. Operating income was ¥3,626 million (a 6.4% decrease).

#### **Petroleum and Automotives**

In Petroleum and Automotives segment, sales increased because sales of raw materials for polyurethane foams used in automobile seats and other applications significantly expanded overseas.

In addition, sales of lubricating oil additives increased briskly owing to thrived operations of new plant equipment in USA for fuel-saving engine oils, which are during continuing expansion of demand.

As a result, total net sales in this segment increased by 5.4% from the previous fiscal year, to ¥40,169 million. However, operating income was ¥1,140 million (a 16.3% decrease), reflecting rising raw material costs through this fiscal year.

#### **Plastics and Textiles**

In Plastics segment, sales of paint, coating and other agents increased. In addition, sales of permanent antistatic agents, which are used for the transport tray in the production of electronic components, considerably increased mainly due to expansion of overseas sales.

The Textiles segment recorded increase in sales. In spite of weakening demand for fiberglass agents, domestic sales of them expanded and demand for carbon fiber agents increased mainly overseas. In addition, sales of agents used in textile manufacturing processes including seat belt and tire cord yarns remained a favorable trend mainly overseas.

As a result, total net sales in this segment increased by 9.2% from the previous fiscal year, to ¥21,288 million. Operating income was ¥2,378 million (a 1.5% decrease) due to the reduction of product mix.

## Information and Electrics/Electronics

Sales in the Information segment were weak. This was mainly because demand for polyester beads as a core component of polymerization toners decreased temporarily and overseas production of pulverized toner resins was stopped.

Sales in the Electrics/Electronics segment substantially increased. This was mainly because demand for electrolytes for aluminum electrolytic capacitors recovered, flat panel display (FPD) resins were placed smoothly on the market and demand for pressure-sensitive adhesives for electronic components increased.

As a result, total net sales in this segment increased by 0.1% from the previous fiscal year, to ¥20,871 million. Operating income was ¥1,261 million (a 117.2% increase) due to the improvement of product mix.

## Environmental Protection, Construction and Others

Sales in the Environmental Protection segment were stagnant because demand for our mainstay polymer flocculant line was weak by deterioration of market.

In Construction segment, briskly increased demand for raw materials of building sealants and polyurethane foams used in furniture and heat insulating materials contributed to the substantial increase in sales.

As a result, total net sales in this segment increased by 6.1% from the previous fiscal year, to ¥19,995 million. Operating income was ¥537 million (¥120 million loss during the previous fiscal year).

## Fiscal Year 2015 Forecast

The Japanese economy is slowly recovering such as a movement of improvement in export environment. The global economic future is expected to make a mild recovery amid economic recovery in the United States despite a slowdown of Chinese economic expansion.

For the fiscal year ending March 31, 2016, we forecast at this time net sales of ¥165,000 million, operating income of ¥11,000 million, ordinary income of ¥11,500 million, and net income of ¥7,000 million.

In addition, the above consolidated earnings forecast assumes the price of domestically produced Naphtha at ¥50,000/KL and an exchange rate of ¥118 to US\$1.

## (2) Analysis of Financial Position

Total assets at fiscal year-end (March 31, 2015) increased by ¥14,499 million compared with the previous fiscal year-end to ¥181,029 million. Current assets increased by ¥3,277 million from the previous fiscal year-end to ¥84,510 million. This increase was mainly due to a ¥540 million increase in cash and deposits, a ¥2,106 million increase in notes and accounts receivable-trade and other factors. Fixed assets increased by ¥11,222 million from the previous fiscal year-end to ¥96,519 million mainly due to a ¥8,310 million increase in investment securities caused by reappraisal of their market valuation.

Current liabilities decreased by ¥1,623 million from the previous fiscal year-end to ¥52,266 million mainly due to a ¥2,169 million decrease in notes and accounts payable-trade because of a decrease in raw material and fuel costs. Long-term liabilities increased by ¥2,342 million from the previous fiscal year-end to ¥11,074 million. Net defined benefit liability decreased by ¥1,459 million, but was offset by a ¥3,187 million increase in deferred tax liabilities and other factors.

Net assets at fiscal year-end (March 31, 2015) increased by ¥13,780 million compared with the previous fiscal year-end to ¥117,688 million. This increase was mainly attributable to inflows such as net income of ¥5,876 million, unrealized gains on other securities of ¥5,501 million and foreign currency translation adjustment of ¥2,017 million. The shareholder's equity ratio (net assets after deduction of minority interest to total assets) increased by 2.3 percentage points to 61.8% from 59.5% at the previous fiscal year-end. Net assets per share (after deduction of minority interest) also increased by ¥114.95 to ¥1,014.19 from ¥899.24 as of the end of the previous fiscal year.



	Millions of Yen		
	As of March 31, 2014	As of March 31, 2015	Change
Net cash provided by (used in) operating activities	15,769	11,518	(4,250)
Net cash provided by (used in) investing activities	(8,659)	(8,656)	3
Net cash provided by (used in) financing activities	(2,567)	(2,922)	(354)
Effects of exchange rate changes on cash and cash equivalents	770	601	(169)
Net increase (decrease) in cash and cash equivalents	5,311	540	(4,771)
Cash and cash equivalents at end of period	15,476	16,016	540

At the end of the current fiscal year, cash and cash equivalents ("Cash") were ¥16,016 million, an increase of ¥540 million compared to the previous fiscal year-end.

The cash flow movements during the period and the factors influencing them were as follows:

#### Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥11,518 million (compared to ¥15,769 million in net cash provided during the previous fiscal year). This result was mainly due to cash inflow from income before income taxes and minority interests of ¥9,554 million, and depreciation and amortization of ¥9,617 million, which outweighed the outflow from the decrease in notes and accounts payable-trade of ¥2,987 million, the increase in notes and accounts receivable-trade of ¥1,322 million and income tax payments of ¥2,600 million.

#### Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥8,656 million (compared to ¥8,659 million in net cash used during the previous fiscal year). This result was mainly due to a cash outlay of ¥8,686 million for fixed assets.

#### Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥2,922 million (compared to ¥2,567 million in net cash provided during the previous fiscal year). This result was mainly due to a cash outlay of ¥1,655 million in dividend payments and ¥993 million (net) decrease in cash to repay debt.

Trends in Sanyo Chemical Group's cash flow indicators are as follows.

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Equity ratio (%)	60.6	58.5	58.7	59.5	61.8
Equity ratio on a market value basis (%)	55.7	40.8	36.4	43.8	57.6
Cash flows/interest-bearing debt ratio (years)	1.2	1.7	1.4	1.2	1.6
Interest coverage ratio (times)	68.9	33.0	38.1	43.1	42.1

Equity ratio: Equity / Total assets

Equity ratio on a market value basis: Market capitalization / Total assets

Cash flows / interest-bearing debt ratio: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payment

\* All indicators are calculated based on consolidated financial statements.

\* Market capitalization is (Closing price at period end) × (Number of outstanding shares at period end [less own shares]).

\* Net cash provided by operating activities is as reported on the consolidated statements of cash flows. Interest payments are reported under interest expenses paid on the consolidated statements of cash flow.

### **(3) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next**

We regard increasing returns to shareholders while attempting to reinforce the corporate base for the future through an improvement in Sanyo Chemical Group's profitability as an important management responsibility. Our fundamental policy is to maintain stable dividends, targeting a consolidated payout ratio of 30% or higher.

Condensed Consolidated Financial Information for the Nine months Ended Dec, 31, 2014, which was released on Jan. 30, 2015, announced to pay the year-end dividend of ¥7.50 per share. However, our company revised to pay the year-end dividend of ¥8.00 per share (increasing ¥0.50 from ¥7.50 per share) in order to further increase returns to shareholders because business environment changes for the better such as shift to fall in raw materials and fuel costs that stayed high, progress of depreciation of yen, and the next operating results is expected increase in profit.

We plan to pay an annual dividend of ¥15.50 per share in fiscal year 2014, which includes an interim dividend of ¥7.50.

(This year-end dividend will be decided officially at the Board of Directors on mid-May after receiving the Audit Report by the accounting auditors and the Board of Auditors.)

In addition, we forecast an interim and year-end dividend in fiscal year 2015 of ¥8.00 each, for an annual dividend of ¥16.00 per share.

## 2. Management Policy

### (1) Basic Management Policy of the Company

Guided by our Company Motto of ***Let us contribute to building a better society through our corporate activities***, our management policy is to strive to achieve dynamic growth by constantly taking on challenges through the pursuit of individual-based management so that we remain a valuable company to our shareholders, customers, business partners, employees, and society.

Based on this policy, Sanyo Chemical Group believes that it must turn itself into a company that is attractive to all of its stakeholders including shareholders and investors. Therefore, it has focused on the research and development of original, high-value-added products and the aggressive pursuit of business activities through perfection in safety and harmony with the environment.

### (2) Key Performance Indicators and the Company's Medium- to Long-Term Management Strategy

Sanyo Chemical Group has set the long term goal to become a major corporation both in name and substance by creating valuable products with customers and growing in the global market. The Ninth Medium-Term Management Plan, which covers the four-year period from FY 2015 through FY 2018, was formulated toward this goal. Under the slogan of "Sanyo Global Innovation 200" with the keywords of "globalization and innovation," the plan seeks to achieve consolidated net sales of ¥230.0 billion or higher, operating income of ¥20.0 billion or higher, and return on equity (ROE) of 10% or higher by FY 2018, the final fiscal year of the plan.

During the period of the Ninth Medium-Term Management Plan, our growth will be driven by both the 4 basic businesses with large markets, which seek to expand through process innovation and aggressive investment, and high-value-added products that perform well in niche markets globally. In addition, we will establish bridgeheads for new businesses in the fields with promising market growth (energy and electronics businesses and biotechnology and medical businesses).

With the aim of improving corporate value by promotion of CSR management, we will more deeply entrench and globally expand our own management system of "*individual-based management*." At the same time, we will focus on strengthening corporate governance and increasing the power of our corporate brand.

#### 【Overview of the Ninth Medium-Term Management Plan】

##### 1. Basic Goals

During the period of the Ninth Medium-Term Management Plan, we will seek to achieve consolidated net sales of ¥230 billion or higher, consolidated operating income of ¥20.0 billion or higher, and ROE of 10% or higher by creating valuable products with customers and growing in the global market.

To that end, we will strengthen our existing businesses through Marketing Innovation, which fortifies our efforts to meet needs in niche markets and fields where we can demonstrate our advantages, and Production Innovation, which improves production efficiency and profitability through process innovation. In addition, we will create our unique technologies in the growing fields (energy and electronics businesses and biotechnology and medical businesses) by enhancing R&D efficiency through R&D Innovation, and build bridgeheads of new businesses.

## 1. 1 Management Targets (Consolidated)

	FY2014	FY2018 (Plan)	Change	Annual average growth rate
Net sales	167.0 billion	230.0 billion	62.9 billion	8.4%
Operating income	8.9 billion	21.5 billion	12.5 billion	24.7%
ROE	5.6%	10.1%	4.5 points	-

## 1. 2 Targets for each of the 4 Basic Businesses and Other Value-Added Product Businesses

### (1) Net sales target

	FY2014	FY2018 (Plan)	Change	Annual average growth rate
4 basic businesses	119.3 billion	163.0 billion	43.6 billion	8.1%
High-value-added products	47.6 billion	67.0 billion	19.3 billion	9.0%
Total	167.0 billion	230.0 billion	62.9 billion	8.4%

### (2) Profitability target (operating income)

	FY2014	FY2018 (Plan)	Change	Annual average growth rate
4 basic businesses	4.2 billion	11.0 billion	6.7 billion	27.1%
High-value-added products	4.6 billion	10.5 billion	5.8 billion	22.2%
Total	8.9 billion	21.5 billion	12.5 billion	24.7%

## 1. 3 Strategies for each Business

### (1) 4 basic businesses

#### ①SAP business

: In addition to our existing bases in Japan and China, we will establish new production bases in the ASEAN region and further build up our global supply system. This will help us to gain a large market share in growing markets.

SAP: SAP is the acronym for Superabsorbent polymers. They absorb hundreds to one thousand of times as much water as their own weight due to high water absorbency. After absorbing water and becoming gel, these products retain water even when a little pressure is applied to the gel.

②Lubricating oil additive business: In addition to Japan, China, and the United States, we will establish a new production base in the ASEAN region and expand our global supply system to quickly respond to market needs and gain a larger market share in this growing market.

③Imaging material business : We will expand business and increase profitability by strengthening product development activities based on collaborations with customers and expanding sales globally.

④AOA business : We will expand business and increase profitability by promotion of process innovation, enhancement of cost competitiveness, and global sales expansion.

AOA: AOA is the acronym for the products of alkylene oxide adducts made with the raw materials of lipophilic propylene oxide (PO) and hydrophilic ethylene oxide (EO). These products include raw materials for polyurethane foams (PPG) used to make cushioning materials for automobile interiors, as well as surfactants for detergents.

(2) High-value-added products : We will expand sales and increase profits by developing high-value-added products tailored to needs in global niche markets. Main high-value-added products: Thermoplastic polyurethane beads for the interior parts of automobiles, Permanent antistatic agents, Resins for flat panel display

## 1. 4 Step Up Globalization (Target ratios of both overseas sales and production)

We will expand overseas sales and production bases, and build a global R&D system with the aim of achieving an overseas sales ratio of 50% or higher and an overseas production ratio of 30% or higher.

### (1) Net sales target

	FY2014	FY2018 (Plan)	Change	Annual average growth rate
Overseas net sales (Overseas sales ratio)	67.9 billion (40.7%)	115.0 billion (50.0%)	47.0 billion (9.3 points)	13.7% -
Overseas production* (Overseas production ratio)	36.5 billion (23.4%)	79.0 billion (34.3%)	42.4 billion (10.9 points)	21.2% -

\* "Production" does not include outsourced production.

## 2. Investment in Plant and Equipment, and R&D Cost

### 2. 1 Investment in Plant and Equipment

In addition to maintaining (maintenance, security, etc.) the existing facilities, we focus on investment in plant and equipment for global expansion, especially for the 4 basic businesses of about ¥56.0 billion over 4 years, from which we anticipate total depreciation of about ¥44.0 billion.

<Major investments in plant and equipment>

SAP business : Approx. ¥13.0 billion.

Establishment of a new production base in the ASEAN region

Lubricating oil additive business: Approx. ¥4.5 billion.

Establishment of new production bases in China, the United States, and the ASEAN region

Imaging material business : Approx. ¥2.0 billion.

Expansion of raw material production facility for polyester beads used as a core component of polymerization toners.

AOA business : Approx. ¥0.5 billion.

Expansion of the production facility for the new polyoxypropylene polyol products made using our new technology at the Kinuura factory, which was invested in and upgraded during the period of the Eighth Medium-Term Management Plan.

### 2. 2 R&D Cost

We will invest 3% or more of consolidated net sales (5% or more of nonconsolidated net sales) every year, which will come up to about ¥25.0 billion in total over the four years. This will lead to expansion of existing business with profits and creation of unique technologies for the next generation.

## (3) Issues to be Addressed

The Japanese economy is slowly recovering such as a movement of improvement in export environment. The global economic future is expected to make a mild recovery amid economic recovery in the United States despite a slowdown of Chinese economic expansion.

Sanyo Chemical Group will steadily implement the following main policies and measures, drastically reform our business structure, and reinforce our foundation in order to achieve earnings growth under our basic policy of business operation utilizing our R&D capabilities of new products and technical power.

1. Increase of Corporate Value by Promotion of CSR Management
2. Reinforcement of R&D Capabilities
3. Step-Up of Globalization
4. Strengthening of Business Base
5. Improvement of Management Efficiency

We will enhance management's governance functions, which we view as one of our top-priority management issues, and focus on achieving strict compliance and improving the internal control system.

## (4) Other Material Matters

None.

### **3. Basic Policy on Selection of Accounting Standards**

Sanyo Chemical Group has a policy to prepare in accordance with the Japanese accounting standards for the meantime taking into consideration availability of periodical comparison of its consolidated financial statements and availability of comparison among other companies.

Our Group considers the application of the International Financial Reporting Standards (IFRS) in the future.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

As of March 31, 2015 (FY2014) and 2014 (FY2013)

	Millions of Yen	
	FY2013	FY2014
<b>Assets</b>		
Current assets		
Cash and deposits	15,476	16,016
Notes and accounts receivable – trade	43,626	45,733
Merchandise and finished goods	12,101	12,940
Semi-finished goods	3,464	3,192
Work in process	495	516
Raw materials and supplies	4,110	3,814
Deferred tax assets	1,281	1,105
Other	711	1,230
Allowance for doubtful accounts	(34)	(39)
Total current assets	81,232	84,510
Fixed assets		
Property, plant and equipment		
Buildings and structures	39,734	41,137
Accumulated depreciation	(23,028)	(24,399)
Buildings and structures, net	16,705	16,738
Machinery and vehicles	131,441	136,410
Accumulated depreciation	(103,907)	(110,755)
Machinery, equipment and vehicles, net	27,533	25,655
Land	8,748	8,829
Construction in progress	1,468	5,578
Other	11,797	12,194
Accumulated depreciation	(10,178)	(10,231)
Other, net	1,619	1,963
Total property, plant and equipment	56,076	58,766
Intangible assets		
Software	924	826
Goodwill	1,201	1,068
Other	477	505
Total intangible assets	2,603	2,400
Investments and other assets		
Investment securities	25,005	33,315
Long-term loans receivable	1	2
Deferred tax assets	365	320
Net defined benefit asset	—	732
Other	1,280	1,016
Allowance for doubtful accounts	(36)	(35)
Total investments and other assets	26,617	35,353
Total non-current assets	85,296	96,519
<b>Total assets</b>	<b>166,529</b>	<b>181,029</b>

	Millions of Yen	
	FY2013	FY2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	28,322	26,153
Short-term loans payable	9,868	13,829
Current portion of long-term loans payable	5,871	879
Accrued expenses	3,065	2,977
Income taxes payable	1,202	651
Provision for bonuses	1,723	1,921
Provision for directors' bonuses	81	91
Notes payable – facilities	710	804
Other	3,045	4,959
Total current liabilities	53,890	52,266
Long-term liabilities		
Long-term loans payable	3,017	3,784
Deferred tax liabilities	2,154	5,342
Provision for directors' retirement benefits	606	382
Net defined benefit liability	1,999	540
Other	953	1,026
Total non-current liabilities	8,732	11,074
Total liabilities	62,622	63,341
<b>Net assets</b>		
Shareholders' equity		
Capital stock	13,051	13,051
Capital surplus	12,194	12,194
Retained earnings	70,412	75,000
Treasury shares	(5,714)	(5,722)
Total shareholders' equity	89,943	94,523
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,099	13,601
Foreign currency translation adjustment	1,310	3,328
Remeasurements of defined benefit plans	(191)	374
Total accumulated other comprehensive income	9,217	17,303
Minority interests	4,746	5,860
Total net assets	103,907	117,688
<b>Total liabilities and net assets</b>	<b>166,529</b>	<b>181,029</b>



## (2) Consolidated Statements of Income and Comprehensive Income

### (2)- (1) Consolidated Statements of Income

Years ended March 31, 2015 (FY2014) and 2014 (FY2013)

	Millions of Yen	
	FY2013	FY2014
Net sales	165,183	167,045
Cost of sales	137,758	137,435
Gross profit	27,425	29,609
Selling, general and administrative expenses		
Freight and storage charges	5,526	5,674
Salaries and compensations	3,162	3,192
Employees' bonuses	1,021	1,092
Retirement benefit expenses	311	306
Welfare expenses	950	998
Depreciation	341	419
Research and development expenses	4,659	5,515
Other	3,340	3,466
Total selling, general and administrative expenses	19,314	20,664
Operating income	8,110	8,944
Non-operating income		
Interest income	62	97
Dividend income	369	455
Real estate rent	309	303
Share of profit of entities accounted for using equity method	17	492
Foreign exchange gains	640	771
Other	388	68
Total non-operating income	1,787	2,188
Non-operating expenses		
Interest expenses	349	274
Rent cost of real estate	79	63
Loss on abandonment of inventories	120	391
Other	135	126
Total non-operating expenses	685	855
Ordinary income	9,212	10,278

	Millions of Yen	
	FY2013	FY2014
Extraordinary income		
Gain on sales of investment securities	129	2
Gain on sales of non-current assets	6	—
Insurance income	24	41
Other	—	0
Total extraordinary income	160	44
Extraordinary loss		
Loss on retirement of non-current assets	688	602
Impairment loss	376	—
Loss on valuation of investment securities	0	—
Compensation expenses	127	14
Loss on liquidation of business	—	148
Other	—	3
Total extraordinary losses	1,193	768
Income before income taxes and minority interests	8,179	9,554
Income taxes—current	2,386	2,051
Income taxes—deferred	113	736
Total income taxes	2,499	2,788
Income before minority interests	5,680	6,765
Minority interests	761	889
Net income	4,918	5,876

**(2)- (2) Consolidated Statements of Comprehensive Income**

Years ended March 31, 2015 (FY2014) and 2014 (FY2013)

	Millions of Yen	
	FY2013	FY2014
Income before minority interests	5,680	6,765
Other comprehensive income		
Valuation difference on available-for-sale securities	2,369	5,501
Foreign currency translation adjustment	3,022	2,507
Remeasurements of defined benefit plans, net of tax	—	566
Total other comprehensive income	5,391	8,575
Comprehensive income	11,071	15,341
Comprehensive income attributable to:		
Shareholders of the Company	9,729	13,962
Minority interests	1,342	1,379

### (3) Consolidated Statements of Changes in Net Assets

Years ended March 31, 2015 (FY2014) and 2014 (FY2013)

[Previous Consolidated Fiscal Year (April 1, 2013 through 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	13,051	12,194	67,148	(5,701)	86,691
Cumulative effects of changes in accounting policies					
Restated balance	13,051	12,194	67,148	(5,701)	86,691
Changes of items during period					
Dividends of surplus			(1,654)		(1,654)
Net income			4,918		4,918
Purchase of treasury shares				(13)	(13)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	3,264	(12)	3,251
Balance at end of current period	13,051	12,194	70,412	(5,714)	89,943

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,730	(1,131)	—	4,598	2,989	94,279
Cumulative effects of changes in accounting policies						
Restated balance	5,730	(1,131)	—	4,598	2,989	94,279
Changes of items during period						
Dividends of surplus						(1,654)
Net income						4,918
Purchase of treasury shares						(13)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	2,369	2,441	(191)	4,618	1,757	6,376
Total changes of items during period	2,369	2,441	(191)	4,618	1,757	9,627
Balance at end of current period	8,099	1,310	(191)	9,217	4,746	103,907

[Current Consolidated Fiscal Year (April 1, 2014 through 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	13,051	12,194	70,412	(5,714)	89,943
Cumulative effects of changes in accounting policies			366		366
Restated balance	13,051	12,194	70,778	(5,714)	90,309
Changes of items during period					
Dividends of surplus			(1,654)		(1,654)
Net income			5,876		5,876
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	4,222	(8)	4,213
Balance at end of current period	13,051	12,194	75,000	(5,722)	94,523

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,099	1,310	(191)	9,217	4,746	103,907
Cumulative effects of changes in accounting policies						366
Restated balance	8,099	1,310	(191)	9,217	4,746	104,273
Changes of items during period						
Dividends of surplus						(1,654)
Net income						5,876
Purchase of treasury shares						(8)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	5,501	2,017	566	8,085	1,114	9,200
Total changes of items during period	5,501	2,017	566	8,085	1,114	13,414
Balance at end of current period	13,601	3,328	374	17,303	5,860	117,688

#### (4) Consolidated Statements of Cash Flows

Years ended March 31, 2015 (FY2014) and 2014 (FY2013)

	Millions of Yen	
	FY2013	FY2014
Operating activities		
Income before income taxes and minority interests	8,179	9,554
Depreciation	9,658	9,617
Loss on retirement of non-current assets	688	602
Loss on liquidation of business	—	148
Impairment loss	376	—
Amortization of goodwill	133	133
Increase (decrease) in provision for bonuses	262	192
Changes in net defined benefit asset and liability	(690)	(777)
Increase (decrease) in provision for directors' retirement benefits	87	(224)
Increase (decrease) in provision for directors' bonuses	16	9
Interest and dividend income	(431)	(552)
Interest expenses	349	274
Share of (profit) loss of entities accounted for using equity method	(17)	(492)
Loss (gain) on valuation of investment securities	0	—
Loss (gain) on sales of property, plant and equipment	(6)	—
Loss (gain) on sales of investment securities	(129)	(2)
Decrease (increase) in notes and accounts receivable-trade	803	(1,322)
Decrease (increase) in inventories	(429)	284
Increase (decrease) in notes and accounts payable-trade	(347)	(2,987)
Other, net	(934)	(915)
Subtotal	17,571	13,541
Interest and dividend income received	732	851
Interest expenses paid	(365)	(273)
Income taxes paid	(2,169)	(2,600)
Net cash provided by (used in) operating activities	15,769	11,518

	Millions of Yen	
	FY2013	FY2014
Investing activities		
Purchase of non-current assets	(8,588)	(8,686)
Proceeds from sales of non-current assets	8	0
Purchase of investment securities	(13)	(2)
Proceeds from sales of investment securities	255	45
Increase in long-term loans receivable	(2)	—
Collection of loans receivable	82	0
Proceeds from withdrawal of time deposits	—	200
Payment for other investment activities	(434)	(282)
Proceeds from other investment activities	31	67
Net cash provided by (used in) investing activities	(8,659)	(8,656)
Financing activities		
Net increase (decrease) in short-term loans payable	(1,032)	3,250
Proceeds from long-term loans payable	2,768	1,634
Repayments of long-term loans payable	(3,051)	(5,878)
Proceeds from share issuance to minority shareholders	540	—
Purchase of treasury shares	(13)	(8)
Proceeds from sales of treasury shares	0	0
Cash dividends paid by parent company	(1,654)	(1,655)
Cash dividends paid to minority shareholders	(125)	(265)
Net cash provided by (used in) financing activities	(2,567)	(2,922)
Effect of exchange rate change on cash and cash equivalents	770	601
Net increase (decrease) in cash and cash equivalents	5,311	540
Cash and cash equivalents at beginning of period	10,164	15,476
Cash and cash equivalents at end of period	15,476	16,016

## **(5) Notes to Consolidated Financial Statements**

### **(Notes to Going Concern Assumptions)**

None

### **(Changes in Accounting Policy)**

[Application of Accounting Standard for Retirement Benefits]

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, May 17, 2012 (hereinafter, the "Guidance No.25")) were applied from the fiscal year 2014, in accordance with the provisions stated in the article 35 of the Statement No.26 and the article 67 of the Guidance No.25. The method of calculating retirement benefit obligations and current service costs was revised, with the method of attributing expected benefits to periods changed from the straight-line basis to the benefit formula basis and the method of determination of discount rate changed from discount rate based on the average remaining service period for employees to the method that uses a single weighted average discount rate reflecting the expected payment period and the amount for each expected payment period.

In accordance with the article 37 of the Statement No.26, the effect of changing the determination of retirement benefit obligations and current service costs has been recognized in retained earnings from the beginning of the consolidated fiscal year.

As a result, liabilities for retirement benefits decreased by ¥566 million and retained earnings increased by ¥366 million from the beginning of the consolidated fiscal year. Influences by the above-mentioned on operating income, ordinary income and income before income taxes for this consolidated fiscal year are insignificant.

Net assets per share for this fiscal year increased by ¥3.34. Influences on net income per share are insignificant.

As influences on segment information are insignificant, detailed information is omitted.



## (6) Segment Information

Information regarding sales, operating income or loss, assets, liabilities and other items by Reporting Segment

[Previous Consolidated Fiscal Year (April 1, 2013 through March 31, 2014)]

(Millions of yen)

	Reporting Segment						Adjust- ment	Total
	Toiletries and Health Care	Petroleum and Auto- motives	Plastics and Textiles	Information and Electrics/ Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to third parties	67,871	38,117	19,503	20,840	18,851	165,183	—	165,183
Intersegment sales/ transfers	—	—	24	—	469	493	(493)	—
Subtotal	67,871	38,117	19,527	20,840	19,320	165,676	(493)	165,183
Segment income (loss)	3,874	1,362	2,414	580	(120)	8,110	—	8,110
Segment assets	39,370	27,489	20,582	22,960	15,319	125,722	40,807	166,529
Other items								
Depreciation	2,641	2,225	1,428	2,175	1,171	9,642	—	9,642
Amortization of goodwill	133	—	—	—	—	133	—	133
Investments in unconsolidated subsidiaries and affiliates accounted for by the equity method	—	—	3,597	—	520	4,117	—	4,117
Increase in Tangible and Intangible Fixed assets	2,306	1,439	1,095	1,974	681	7,497	—	7,497

[Current Consolidated Fiscal Year (April 1, 2014 through March 31, 2015)]

(Millions of yen)

	Reporting Segment						Adjust- ment	Total
	Toiletries and Health Care	Petroleum and Auto- motives	Plastics and Textiles	Information and Electrics/ Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to third parties	64,720	40,169	21,288	20,871	19,995	167,045	—	167,045
Intersegment sales/ transfers	—	—	21	—	520	542	(542)	—
Subtotal	64,720	40,169	21,310	20,871	20,515	167,587	(542)	167,045
Segment income (loss)	3,626	1,140	2,378	1,261	537	8,944	—	8,944
Segment assets	44,931	27,923	21,775	23,320	14,207	132,159	48,870	181,029
Other items								
Depreciation	2,694	2,251	1,458	2,324	875	9,604	—	9,604
Amortization of goodwill	133	—	—	—	—	133	—	133
Investments in unconsolidated subsidiaries and affiliates accounted for by the equity method	—	—	4,275	—	521	4,797	—	4,797
Increase in Tangible and Intangible Fixed assets	5,431	1,557	1,375	1,451	704	10,520	—	10,520

# <Reference>

## [Information by Geographic Segment]

[Previous Consolidated Fiscal Year (April 1, 2013 through March 31, 2014)]

(Millions of yen)

	Japan	USA	China	Other	Total
I. Net sales and operating profit and loss					
Net sales					
(1) Sales to third parties	127,769	5,134	28,884	3,394	165,183
(2) Inter-segment sales/transfers	4,656	—	1,486	13	6,156
Subtotal	132,426	5,134	30,371	3,408	171,339
Operating expense	126,014	5,316	28,752	3,232	163,316
Operating income (loss)	6,411	(182)	1,619	175	8,023
II. Assets	148,417	8,784	22,786	2,828	182,817

	Elimination or Common Assets	Consolidated Total
I. Net sales and operating profit and loss		
Net sales		
(1) Sales to third parties	—	165,183
(2) Inter-segment sales/transfers	(6,156)	—
Subtotal	(6,156)	165,183
Operating expense	(6,243)	157,072
Operating income (loss)	87	8,110
II. Assets	(16,287)	166,529

[Current Consolidated Fiscal Year (April 1, 2014 through March 31, 2015)]

(Millions of yen)

	Japan	USA	China	Other	Total
I. Net sales and operating profit and loss					
Net sales					
(1) Sales to third parties	129,035	5,572	28,739	3,696	167,045
(2) Inter-segment sales/transfers	5,775	4	1,653	23	7,457
Subtotal	134,811	5,577	30,393	3,720	174,502
Operating expense	127,546	5,778	28,756	3,571	165,653
Operating income (loss)	7,264	(201)	1,636	149	8,848
II. Assets	157,951	7,341	26,889	3,476	195,659

	Elimination or Common Assets	Consolidated Total
I. Net sales and operating profit and loss		
Net sales		
(1) Sales to third parties	—	167,045
(2) Inter-segment sales/transfers	(7,457)	—
Subtotal	(7,457)	167,045
Operating expense	(7,553)	158,100
Operating income (loss)	95	8,944
II. Assets	(14,629)	181,029

**[Overseas Sales]**

[Previous Consolidated Fiscal Year (April 1, 2013 through March 31, 2014)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	40,385	(23,215)	11,097	12,745	64,228
II. Consolidated net sales	—	—	—	—	165,183
III. Percentage of overseas sales to consolidated sales (%)	24.5	(14.1)	6.7	7.7	38.9

[Current Consolidated Fiscal Year (April 1, 2014 through March 31, 2015)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	44,999	(26,719)	10,644	12,262	67,905
II. Consolidated net sales	—	—	—	—	167,045
III. Percentage of overseas sales to consolidated sales (%)	26.9	(16.0)	6.4	7.4	40.7

## Notes:

1. The term “overseas sales” refers to sales of the parent company and its consolidated subsidiaries registered in countries and regions outside Japan.
2. Areas included in each country or region are determined based on their degree of proximity.
3. Main countries or regions included in each geographic segment
  - (1) Asia: Korea, China, Indonesia, India, and Thailand
  - (2) Americas: USA, Mexico, and Brazil
  - (3) Other: Australia, Europe, Russia, and the Middle East

## 5. Supplementary Information

### 1. Trend of Each Quarter Consolidated Results

Previous Fiscal Year

(Millions of yen)

	FY 2013				
	1Q	2Q	3Q	4Q	Total
	April 2013 through June 2013	July 2013 through Sept. 2013	Oct. 2013 through Dec. 2013	Jan. 2014 through March 2014	April 2013 through March 2014
Net sales	38,997	41,238	42,529	42,417	165,183
Operating income	2,469	1,635	2,438	1,567	8,110
Ordinary income	3,094	1,960	2,586	1,571	9,212
Net income	2,009	923	1,627	358	4,918
Comprehensive income	4,395	2,575	2,512	1,588	11,071

Current Fiscal Year

(Millions of yen)

	FY 2014				
	1Q	2Q	3Q	4Q	Total
	April 2014 through June 2014	July 2014 through Sept. 2014	Oct. 2014 through Dec. 2014	Jan. 2015 through March 2015	April 2014 through March 2015
Net sales	40,793	41,524	41,994	42,733	167,045
Operating income	1,950	1,449	2,544	3,000	8,944
Ordinary income	2,251	1,582	3,301	3,142	10,278
Net income	1,359	917	1,932	1,665	5,876
Comprehensive income	1,791	678	6,617	6,254	15,341

### 2. Investment in Plant and Equipment

(Millions of yen)

	Consolidated	Unconsolidated
FY2014	10,520	4,896
FY2013	7,497	4,846

### 3. Depreciation and Amortization

(Millions of yen)

	Consolidated	Unconsolidated
FY2014	9,604	6,693
FY2013	9,642	6,897

### 4. Research and Development Cost

(Millions of yen)

	Consolidated	Unconsolidated
FY2014	5,515	4,782
FY2013	4,659	4,006

### 5. Number of Employees

(Number)

	Consolidated	Unconsolidated
FY2014	1,979	1,262
FY2013	1,917	1,270