

Note: This is an excerpt translation of the “Yukashoken-Houkokusho” for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. RIKEN TECHNOS CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Statements

(Pursuant to Article 24, Paragraph 1 of the
Japanese Financial Instruments and Exchange Act)

Business year: From April 1, 2014
(86th term) to March 31, 2015

RIKEN TECHNOS CORPORATION

3-11-5, Nihonbashi-Honcho, Chuo-ku, Tokyo, Japan

Consolidated Financial Statements and Others

(1) Consolidated Financial Statements

a. Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	12,214,381	14,122,970
Notes and accounts receivable - trade	22,378,660	24,573,477
Merchandise and finished goods	6,314,774	6,086,232
Work in process	456,076	568,699
Raw materials and supplies	4,092,395	4,458,751
Deferred tax assets	370,742	405,695
Other	1,028,457	1,207,283
Allowance for doubtful accounts	(187,405)	(182,489)
Total current assets	46,668,083	51,240,620
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,834,032	19,455,205
Accumulated depreciation	(10,658,700)	(11,502,246)
Buildings and structures, net	7,175,331	7,952,958
Machinery, equipment and vehicles	43,026,107	46,774,996
Accumulated depreciation	(35,548,418)	(37,895,838)
Machinery, equipment and vehicles, net	7,477,688	8,879,157
Land	6,504,777	6,676,193
Leased assets	478,309	483,811
Accumulated depreciation	(339,704)	(423,320)
Leased assets, net	138,604	60,490
Construction in progress	1,021,157	242,555
Other	4,959,083	5,241,479
Accumulated depreciation	(4,503,602)	(4,740,482)
Other, net	455,480	500,996
Total property, plant and equipment	22,773,040	24,312,351
Intangible assets		
Goodwill	1,160,408	949,710
Leased assets	10,881	9,477
Other	1,248,621	2,587,095
Total intangible assets	2,419,912	3,546,283
Investments and other assets		
Investment securities	4,292,479	5,380,565
Long-term loans receivable	18,978	14,897
Net defined benefit asset	17,017	401,807
Deferred tax assets	179,987	215,149
Other	841,840	979,609
Allowance for doubtful accounts	(2,882)	(4,582)
Total investments and other assets	5,347,421	6,987,447
Total non-current assets	30,540,374	34,846,082
Total assets	77,208,458	86,086,702

(Thousands of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,733,099	17,090,214
Short-term loans payable	*2 7,201,123	*2 6,876,617
Current portion of long-term loans payable	348,229	1,495,668
Lease obligations	92,195	39,382
Income taxes payable	606,748	420,050
Provision for bonuses	618,931	584,129
Provision for directors' bonuses	27,000	29,200
Other	2,893,450	2,822,313
Total current liabilities	28,520,778	29,357,575
Non-current liabilities		
Bonds payable	–	4,000,000
Long-term loans payable	3,032,439	2,172,766
Lease obligations	64,501	36,760
Deferred tax liabilities	1,410,361	1,886,168
Net defined benefit liability	2,875,938	3,028,830
Asset retirement obligations	260,708	260,594
Other	86,396	120,321
Total non-current liabilities	7,730,346	11,505,441
Total liabilities	36,251,124	40,863,017
Net assets		
Shareholders' equity		
Capital stock	8,514,018	8,514,018
Capital surplus	6,537,420	6,545,430
Retained earnings	21,736,639	23,152,869
Treasury shares	(1,974,742)	(1,960,025)
Total shareholders' equity	34,813,336	36,252,293
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,447,423	2,272,399
Foreign currency translation adjustment	200,091	1,388,454
Remeasurements of defined benefit plans	(590,856)	(453,433)
Total accumulated other comprehensive income	1,056,658	3,207,420
Minority interests	5,087,338	5,763,971
Total net assets	40,957,333	45,223,685
Total liabilities and net assets	77,208,458	86,086,702

b. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	82,855,829	91,938,556
Cost of sales	*1, *3 69,735,397	*1, *3 77,927,140
Gross profit	13,120,432	14,011,415
Selling, general and administrative expenses	*2, *3 9,387,664	*2, *3 10,358,548
Operating income	3,732,767	3,652,867
Non-operating income		
Interest income	36,651	31,726
Dividend income	118,611	112,052
Foreign exchange gains	128,550	238,667
Other	132,969	190,347
Total non-operating income	416,782	572,794
Non-operating expenses		
Interest expenses	85,448	95,870
Bond issuance cost	–	18,332
Other	47,837	48,603
Total non-operating expenses	133,285	162,806
Ordinary income	4,016,265	4,062,854
Extraordinary income		
Gain on sales of non-current assets	*4 6,839	*4 19,570
Insurance income	527,222	–
Gain on sales of investment securities	10,873	800
Total extraordinary income	544,935	20,370
Extraordinary losses		
Loss on sales of non-current assets	*5 412	*5 6,881
Loss on retirement of non-current assets	*6 520,894	*6 145,688
Other	5,079	6,545
Total extraordinary losses	526,386	159,115
Income before income taxes and minority interests	4,034,814	3,924,110
Income taxes - current	1,050,276	1,283,979
Income taxes - deferred	119,524	(31,392)
Total income taxes	1,169,801	1,252,586
Income before minority interests	2,865,012	2,671,524
Minority interests in income	939,271	771,225
Net income	1,925,741	1,900,298

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income before minority interests	2,865,012	2,671,524
Other comprehensive income		
Valuation difference on available-for-sale securities	178,041	824,975
Foreign currency translation adjustment	1,639,717	1,871,203
Remeasurements of defined benefit plans, net of tax	–	137,422
Total other comprehensive income	*1 1,817,759	*1 2,833,601
Comprehensive income	4,682,771	5,505,126
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,171,243	4,051,060
Comprehensive income attributable to minority interests	1,511,528	1,454,065

c. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	8,514,018	6,532,977	20,355,455	(1,970,712)	33,431,739
Cumulative effects of changes in accounting policies					–
Restated balance	8,514,018	6,532,977	20,355,455	(1,970,712)	33,431,739
Changes of items during the period					
Dividends of surplus			(538,714)		(538,714)
Net income			1,925,741		1,925,741
Purchase of treasury shares				(23,227)	(23,227)
Disposal of treasury shares		4,442		19,197	23,640
Other			(5,843)		(5,843)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	4,442	1,381,183	(4,030)	1,381,596
Balance at end of the period	8,514,018	6,537,420	21,736,639	(1,974,742)	34,813,336

	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 the period	1,269,382	(867,369)	–	402,013	3,980,915	37,814,668
Cumulative effects of changes in accounting policies						–
Restated balance	1,269,382	(867,369)	–	402,013	3,980,915	37,814,668
Changes of items during the period						
Dividends of surplus						(538,714)
Net income						1,925,741
Purchase of treasury shares						(23,227)
Disposal of treasury shares						23,640
Other						(5,843)
Net changes of items other than shareholders' equity	178,041	1,067,460	(590,856)	654,645	1,106,423	1,761,068
Total changes of items during the period	178,041	1,067,460	(590,856)	654,645	1,106,423	3,142,664
Balance at end of the period	1,447,423	200,091	(590,856)	1,056,658	5,087,338	40,957,333

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	8,514,018	6,537,420	21,736,639	(1,974,742)	34,813,336
Cumulative effects of changes in accounting policies			63,139		63,139
Restated balance	8,514,018	6,537,420	21,799,778	(1,974,742)	34,876,475
Changes of items during the period					
Dividends of surplus			(538,791)		(538,791)
Net income			1,900,298		1,900,298
Purchase of treasury shares				(1,410)	(1,410)
Disposal of treasury shares		8,009		16,127	24,137
Other			(8,416)		(8,416)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	8,009	1,353,090	14,717	1,375,817
Balance at end of the period	8,514,018	6,545,430	23,152,869	(1,960,025)	36,252,293

	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 the period	1,447,423	200,091	(590,856)	1,056,658	5,087,338	40,957,333
Cumulative effects of changes in accounting policies						63,139
Restated balance	1,447,423	200,091	(590,856)	1,056,658	5,087,338	41,020,472
Changes of items during the period						
Dividends of surplus						(538,791)
Net income						1,900,298
Purchase of treasury shares						(1,410)
Disposal of treasury shares						24,137
Other						(8,416)
Net changes of items other than shareholders' equity	824,975	1,188,363	137,422	2,150,762	676,632	2,827,395
Total changes of items during the period	824,975	1,188,363	137,422	2,150,762	676,632	4,203,212
Balance at end of the period	2,272,399	1,388,454	(453,433)	3,207,420	5,763,971	45,223,685

d. Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	4,034,814	3,924,110
Depreciation	2,509,647	2,979,340
Amortization of goodwill	268,488	275,697
Decrease in provision for retirement benefits	(2,409,276)	–
Increase (decrease) in provision for bonuses	110,554	(38,882)
Increase in provision for directors' bonuses	–	2,200
Increase (decrease) in allowance for doubtful accounts	(25,120)	3,616
Increase in net defined benefit liability	2,574,723	96,093
Interest and dividend income	(155,262)	(143,779)
Interest expenses	85,448	95,870
Gain on sales of investment securities	(10,873)	(800)
Gain on sales of property, plant and equipment	(6,427)	(12,689)
Loss on retirement of non-current assets	520,894	145,688
Insurance income	(527,222)	–
Increase in notes and accounts receivable - trade	(1,110,385)	(1,700,706)
Decrease (increase) in inventories	(828,494)	452,389
Increase (decrease) in notes and accounts payable - trade	492,761	(232,335)
Increase (decrease) in accrued consumption taxes	(26,065)	88,801
Other, net	114,337	(119,299)
Subtotal	5,612,541	5,815,317
Interest and dividend income received	155,008	143,520
Interest expenses paid	(84,387)	(91,828)
Income taxes paid	(556,217)	(1,491,213)
Proceeds from insurance income	580,631	–
Net cash provided by operating activities	5,707,576	4,375,795
Cash flows from investing activities		
Payments into time deposits	(972,542)	(108,371)
Proceeds from withdrawal of time deposits	555,196	504,042
Purchase of property, plant and equipment	(2,381,476)	(3,312,849)
Proceeds from sales of property, plant and equipment	12,660	30,220
Purchase of intangible assets	(760,462)	(1,498,044)
Purchase of investment securities	(43,885)	(1,307)
Proceeds from sales of investment securities	25,129	11,000
Payments of loans receivable	–	(1,000)
Collection of loans receivable	4,991	5,593
Other, net	(64,010)	(101,549)
Net cash used in investing activities	(3,624,399)	(4,472,266)

(Thousands of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,865,964	(657,245)
Proceeds from long-term loans payable	485,550	480,000
Repayments of long-term loans payable	(377,900)	(351,098)
Proceeds from issuance of bonds	–	4,000,000
Repayments of lease obligations	(109,196)	(86,706)
Proceeds from share issuance to minority shareholders	–	6,928
Proceeds from sales of treasury shares	19,197	16,127
Purchase of treasury shares	(23,227)	(1,410)
Cash dividends paid	(537,824)	(537,169)
Cash dividends paid to minority shareholders	(719,954)	(780,748)
Net cash provided by financing activities	602,607	2,088,676
Effect of exchange rate change on cash and cash equivalents	440,978	290,392
Net increase in cash and cash equivalents	3,126,762	2,282,598
Cash and cash equivalents at beginning of period	8,572,005	11,698,768
Cash and cash equivalents at end of period	*1 11,698,768	*1 13,981,367

Notes to Consolidated Financial Statements

Significant Matters in Preparing Consolidated Financial Statements

1. Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements of RIKEN TECHNOS CORPORATION (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

In addition, amounts are rounded down to the nearest thousand yen.

2. Scope of consolidation

(a) Number of consolidated subsidiaries: 20 (16 in 2014)

Names of principal consolidated subsidiaries are as follows:

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

Company name
SHINKO ELECTRIC WIRE CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
KANEKON CO., LTD.
RIKEN CHEMICAL PRODUCTS CORPORATION
RIKEN FABRO CORPORATION
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANG SU) CORPORATION
RIKEN (SHANGHAI) CORPORATION
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
RIKEN U.S.A. CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION
RIKEN TECHNOS EUROPE B.V.

RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION was newly established, and therefore was included in the scope of consolidation from the fiscal year ended March 31, 2014.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Company name
SHINKO ELECTRIC WIRE CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN TECHNOS INTERNATIONAL CORPORATION
RIKEN CHEMICAL PRODUCTS CORPORATION
RIKEN FABRO CORPORATION
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANG SU) CORPORATION
RIKEN (SHANGHAI) CORPORATION
RIKEN TECHNOS INTERNATIONAL PTE. LTD.
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
RIKEN VIETNAM CO., LTD.
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.
RIKEN U.S.A. CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION
RIKEN TECHNOS EUROPE B.V.

RIKEN TECHNOS INTERNATIONAL PTE.LTD., RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD., RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD. and RIKEN VIETNAM CO., LTD. were newly established, and therefore, are included in the scope of consolidation from the fiscal year ended March 31, 2015.

(b) The Company has no unconsolidated subsidiaries.

3. Application of equity method

The Company has no associates.

4. Fiscal year-end of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet date is different from the consolidated balance sheet date are as follows:

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

Company name	Balance sheet date
SHINKO ELECTRIC WIRE CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
KANEKON CO., LTD.	December 31 *1
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
RIKEN FABRO CORPORATION	December 31 *1, *2
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN (SHANGHAI) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIMTEC CORPORATION	December 31 *1
RIKEN ELASTOMERS CORPORATION	December 31 *1
RIKEN TECHNOS EUROPE B.V.	December 31 *1

*1. The financial statements as of the balance sheet date of the consolidated subsidiaries 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.

*2. During the previous fiscal year, RIKEN FABRO CORPORATION changed its balance sheet date to December 31. Its fiscal period in the previous fiscal year consists of nine months.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Company name	Balance sheet date
SHINKO ELECTRIC WIRE CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL CORPORATION	December 31 *1, *2
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
RIKEN FABRO CORPORATION	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN (SHANGHAI) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL PTE. LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIMTEC CORPORATION	December 31 *1
RIKEN ELASTOMERS CORPORATION	December 31 *1
RIKEN TECHNOS EUROPE B.V.	December 31 *1

- *1. The financial statements as of the balance sheet date of the consolidated subsidiaries 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.
- *2. RIKEN TECHNOS INTERNATIONAL CORPORATION changed its company name from KANEKON CO., LTD. on July 1, 2014.

5. Accounting policies

(a) Valuation methods for significant assets

i) Securities

(1) Held-to-maturity bonds

Stated at amortized cost (straight-line method).

(2) Available-for-sale securities

With market value

Stated at fair value based on market price and other fair values as of the balance sheet date (unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets, and costs of securities sold are determined by the moving-average method).

Without market value

Stated at cost determined by the moving-average method.

ii) Derivatives

Stated at fair value.

iii) Inventories

Inventories of the Company and domestic consolidated subsidiaries are mainly stated at cost determined by the moving-average method (the carrying amounts in the consolidated balance sheets are written down due to a decline in profitability). Inventories of overseas consolidated subsidiaries are mainly stated at the lower of cost or market, determined by the average method.

(b) Depreciation and amortization of significant assets

i) Property, plant and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries mainly apply the declining-balance method. However, buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) are depreciated by the straight-line method. Overseas consolidated subsidiaries apply the straight-line method.

The estimated useful lives of major items are as follows:

Buildings and structures	3 to 47 years
Machinery, equipment and vehicles	4 to 10 years

ii) Intangible assets (excluding leased assets)

The Company and domestic consolidated subsidiaries apply the straight-line method.

Internal use software is amortized by the straight-line method over its estimated useful life as internally determined (five years).

iii) Leased assets

The Company and domestic consolidated subsidiaries apply the straight-line method assuming the lease periods as useful lives with no residual value.

(c) Significant allowances

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 cover bonus payments to employees, a provision for bonuses is provided in the amount to be paid for services rendered by employees during the fiscal year based mainly on the estimated amount of future bonus payment.
 - iii) Provision for directors' bonuses
To cover bonus payments to directors and corporate auditors, the Company records a provision for directors' bonuses in the amount of the portion applicable to the fiscal year, based on the estimated amount of future bonus payment.
- (d) Method of recognizing retirement benefits
- i) Method of attributing estimated retirement benefits to periods
For the purpose of attributing estimated retirement benefits to periods 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 differences and past service cost
Past service cost is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years).
With regard to actuarial differences, the amount is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years) for each applicable fiscal year, and expensed from the year following the year in which the gain or loss is recognized.
 - iii) Method of accounting for unrecognized actuarial differences and unrecognized past service cost
Unrecognized actuarial differences and unrecognized past service cost are recognized in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets after adjusting for tax effects.
 - iv) Application of simplified accounting method at small companies
Some consolidated subsidiaries apply a simplified accounting method in which the net defined benefit liability and retirement benefit expenses are calculated by using a method in which the amount of retirement benefits to be paid in cases where all eligible employees retired at the fiscal year-end date is regarded as retirement benefit obligations.
- (e) Significant hedge accounting
- i) Hedge accounting
For foreign currency-denominated monetary receivables and others that have been hedged by forward exchange contracts, the allocation method is used. For interest rate swap contracts, the Company and its domestic consolidated subsidiaries apply the method in which the amount paid or received under the swap contract is added to or deducted from the interest on the hedged assets and liabilities (the exceptional accrual method).
 - ii) Hedging instruments and hedged items
 - Hedging instruments
Forward exchange contracts and interest rate swap contracts
 - Hedged items
Foreign currency-denominated accounts receivable - trade and interest on loans payable related to exports of finished goods
 - iii) Hedging policy
Forward exchange contracts are only used within the scope of actual need in order to hedge the risk of fluctuations in foreign exchange rates. Interest rate swap contracts are used to hedge the interest rate fluctuation risk. Entering into derivative transactions for trading or speculative purposes is prohibited.
 - iv) Assessment of hedge effectiveness
An assessment of hedge effectiveness is omitted for forward exchange contracts to which the allocation method is applied and interest rate swap contracts that satisfy the requirements for the exceptional accrual method.

- (f) Method and period for amortization of goodwill
Goodwill is amortized evenly over the period, not exceeding 20 years, during which the goodwill has an effect. However, when the amount of goodwill is insignificant, it is charged to income at the date of occurrence.

- (g) Scope of cash and cash equivalents in consolidated statements of cash flows
Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, readily available deposits, and highly liquid short-term investments with original maturities of three months or less that are subject to an insignificant risk of changes in value.

- (h) Other significant matters in preparing consolidated financial statements
 - i) Accounting for deferred assets
Bond issuance cost is expensed as paid.
 - ii) Accounting for consumption taxes
Transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of taxes.

Changes in Accounting Policies

(Changes in Accounting Policies for Retirement Benefits)

The Company has applied the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), in terms of the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, effective from the beginning of 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 method in which the discount rate is determined 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 based on a single weighted average discount rate reflecting the estimated timing and amount of benefit payments.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and cumulative effect of changing the calculation methods of retirement benefit obligations and service cost and the method of determining the discount rate was added to or deducted from retained earnings as of the beginning of the current fiscal year.

As a result of the change, as of the beginning of the current fiscal year, net defined benefit asset increased by 133,441 thousand yen, net defined benefit liability increased by 22,263 thousand yen, retained earnings increased by 63,139 thousand yen, and net assets per share increased by 1.05 yen.

The effect of this change on operating income, ordinary income and income before income taxes and minority interests, net income per share and diluted net income per share for the current fiscal year was immaterial.

(Application of the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts)

The Company has applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015) effective from the current fiscal year.

For accounting for trust agreements concluded prior to the beginning of the first fiscal year of the application, the Company does not apply the method of this PITF No. 30 and continues to apply the previously employed method. Therefore, there was no effect of the application of the practical solution on the consolidated financial statements.

Standards Issued But Not Yet Effective

- “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013)
- “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013)
- “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013)
- “Revised Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2, September 13, 2013)
- “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013)
- “Revised Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4, September 13, 2013)

(1) Overview

Under these revised accounting standards, for additional acquisitions of shares of subsidiaries and related items, the accounting treatment for any changes in a parent’s ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to “minority interests” was changed to “non-controlling interests,” and accounting treatment for adjustments to provisional amounts during a measurement period was also changed.

(2) Scheduled date for application

The Company will adopt these revised accounting standards and guidance from the beginning of the fiscal year ending March 31, 2016.

The treatment for adjustments to provisional amounts will be applied to business combinations carried out from the beginning of the fiscal year ending March 31, 2016.

(3) Effects of application of these revised accounting standards and guidance

The effects on the consolidated financial statements from the revisions to the “Accounting Standard for Business Combinations” and others are currently being evaluated.

Change in Presentation

Not applicable.

Additional Information

(Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts)

For the purpose of welfare benefits for employees, the Company conducts transactions of delivering its own stock to the employee stockholding association through trusts.

(1) Overview of transactions

These transactions are conducted as incentive plan under which the benefits of a rise in the Company’s stock price are passed along to all the employees who are members of the “RIKEN TECHNOS Employee Stockholding Association” (hereinafter referred to as the “Stockholding Association”).

A trust bank as the trustee of this plan acquires shares in the Company that are expected to be acquired by the Stockholding Association, en bloc in advance, and sells those shares in the Company to the Stockholding Association as needed when it acquires the shares.

If the amount equivalent to gain on sales of shares was accumulated in trust assets by the termination of this trust through the sale of shares to the Stockholding Association, the accumulated amount is distributed as residual assets to the members of the Company’s employee Stockholding Association who satisfy eligibility requirements for beneficiaries.

The Company has guaranteed loans that the trust bank received to acquire shares in the Company. Therefore, if there is the remaining loan amount that is equivalent to loss on sales of shares in the Company due to a decline in the Company’s stock price at the time of termination of the trust, the Company is required to pay the remaining loan amount under the guarantee agreement.

(2) Method of accounting for these transactions

The Company applies Paragraph 20 of the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015) and continues to apply the previously employed method.

(3) Shares in the Company held by the trust

In the trust, the book value of the shares in the Company held by the trust was 129,686 thousand yen as of the end of the previous fiscal year and 113,595 thousand yen as of the end of the current fiscal year. These shares were recorded as treasury shares in shareholders’ equity.

The number of these shares was 411 thousand shares at the end of the previous fiscal year and 359 thousand shares at the end of the current fiscal year. The average number of these shares outstanding during the period was 436 thousand shares in the previous fiscal year and 385 thousand shares in the current fiscal year. In the calculation of per share information, these shares are included in treasury shares that are deducted.

Notes to Consolidated Balance Sheets

1. Notes endorsed

	(Thousands of yen)	
	As of March 31, 2014	As of March 31, 2015
Notes endorsed	47,155	46,689

*2. Overdraft agreements and unused overdraft facility balance

To efficiently secure equipment funds, the Company and its domestic consolidated subsidiaries have entered into overdraft agreements with banks with which they do business. The unused balance of these prescribed limit agreements at the fiscal year-end is as follows:

	(Thousands of yen)	
	As of March 31, 2014	As of March 31, 2015
Total overdraft facility limit	7,930,000	12,930,000
Outstanding borrowings within the limit	4,295,000	4,295,000
Unused balance	3,635,000	8,635,000

Notes to Consolidated Statements of Income

*1. The inventory balance at the fiscal year-end is presented after book values were written down due to a decline in profitability of assets and the following losses (gains) on valuation of inventories are included in cost of sales.

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	90,371	40,923

*2. Main components of selling, general and administrative expenses are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Freightage expenses	2,542,129	2,962,861
Commission fees	767,382	794,311
Salaries and bonuses	2,097,986	2,225,496
Provision for bonuses	145,468	141,182
Retirement benefit expenses	235,572	156,340
Provision for directors' bonuses	27,000	29,200
Provision of allowance for doubtful accounts	(17,145)	(17,730)
Research and development expenses	863,933	881,094

*3. Research and development expenses included in selling, general and administrative expenses and cost of sales are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	1,221,109	1,261,725

*4. The breakdown of gain on sales of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Buildings and structures	1,001	–
Machinery, equipment and vehicles	2,825	19,552
Land	2,470	–
Other	542	17
Total	6,839	19,570

*5. The breakdown of loss on sales of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Buildings and structures	–	2,794
Machinery, equipment and vehicles	412	20
Land	–	3,014
Other	–	1,051
Total	412	6,881

*6. The breakdown of loss on retirement of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Buildings and structures	5,987	23,119
Machinery, equipment and vehicles	12,406	120,261
Other	502,499	2,307
Total	520,894	145,688

Notes to Consolidated Statements of Comprehensive Income

*1. Reclassification adjustments and tax effects related to other comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Valuation difference on available-for-sale securities:		
Amount arising during the period	226,508	1,093,033
Reclassification adjustments	(10,873)	(800)
Before tax effect adjustments	215,635	1,092,233
Tax effect amount	(37,594)	(267,258)
Valuation difference on available-for-sale securities	178,041	824,975
Foreign currency translation adjustment:		
Amount arising during the period	1,639,717	1,871,203
Remeasurements of defined benefit plans, net of tax		
Amount arising during the period	–	56,375
Reclassification adjustments	–	162,912
Before tax effect adjustments	–	219,287
Tax effect amount	–	(81,864)
Remeasurements of defined benefit plans, net of tax	–	137,422
Total other comprehensive income	1,817,759	2,833,601

Notes to Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	66,113	–	–	66,113
Total	66,113	–	–	66,113
Treasury shares				
Common stock (Notes)	6,264	55	61	6,258
Total	6,264	55	61	6,258

- (Notes)
- The Company resolved at the Board of Directors meeting held on October 24, 2011 to introduce the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” and transferred 591 thousand shares of treasury shares to Trust Account E as of March 14, 2012. However, since the Company and Trust Account E are recognized as a unit, assets and liabilities including shares in the Company as well as expenses and income of Trust Account E are included in the consolidated balance sheets, the consolidated statements of income and the consolidated statements of changes in net assets. The number of treasury shares includes 411 thousand shares in the Company that were held by Trust Account E at the end of the current fiscal year.
 - The increase of 55 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit.
 - The decrease of 61 thousand shares of treasury shares of common stock is due to the sale of the shares from Trust Account E to the Company’s employee stockholding association.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders held on June 21, 2013	Common stock	299,248	5	March 31, 2013	June 24, 2013

(Note) Total dividends do not include 2,360 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on November 11, 2013	Common stock	239,465	4	September 30, 2013	December 3, 2013

(Note) Total dividends do not include 1,732 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders held on June 20, 2014	Common stock	299,278	Retained earnings	5	March 31, 2014	June 23, 2014

(Note) Total dividends do not include 2,055 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)				
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	66,113	–	–	66,113
Total	66,113	–	–	66,113
Treasury shares				
Common stock (Notes)	6,258	2	51	6,209
Total	6,258	2	51	6,209

(Notes) 1. The Company resolved at the Board of Directors meeting held on October 24, 2011 to introduce the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” and transferred 591 thousand shares of treasury shares to Trust Account E as of March 14, 2012. However, since the Company and Trust Account E are recognized as a unit, assets and liabilities including shares in the Company as well as expenses and income of Trust Account E are included in the consolidated balance sheets, the consolidated statements of income and the consolidated statements of changes in net assets. The number of treasury shares includes 359 thousand shares in the Company that were held by Trust Account E at the end of the current fiscal year.

2. The increase of 2 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit.

3. The decrease of 51 thousand shares of treasury shares of common stock is due to the sale of the shares from Trust Account E to the Company’s employee stockholding association.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders held on June 20, 2014	Common stock	299,278	5	March 31, 2014	June 23, 2014

(Note) Total dividends do not include 2,055 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on November 10, 2014	Common stock	239,513	4	September 30, 2014	December 3, 2014

(Note) Total dividends do not include 1,543 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders held on June 19, 2015	Common stock	299,519	Retained earnings	5	March 31, 2015	June 22, 2015

(Note) Total dividends do not include 1,799 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

Notes to Consolidated Statements of Cash Flows

*1. Reconciliation between “Cash and cash equivalents at end of period” in the consolidated statements of cash flows and “Cash and deposits” in the consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash and deposits	12,214,381	14,122,970
Time deposits with maturities over 3 months	(515,613)	(141,603)
Cash and cash equivalents	11,698,768	13,981,367

Lease Transactions

(As Lessee)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Details of leased assets

i) Property, plant and equipment

Mainly, production equipment and others in the compound business

ii) Intangible assets

Software

(2) Depreciation method for leased assets

The depreciation method for leased assets is as stated in “5. Accounting policies (b) Depreciation and amortization of significant assets” under “Significant Matters in Preparing Consolidated Financial Statements.”

2. Operating lease transactions

Future lease payments under non-cancelable operating leases

	(Thousands of yen)	
	As of March 31, 2014	As of March 31, 2015
Within 1 year	9,226	17,520
Over 1 year	2,258	6,477
Total	11,484	23,998

Financial Instruments

1. Overview

(1) Policy for financial instruments

The Company and its group companies (the “Group”) procure necessary funds primarily through bank loans in light of its capital expenditure plan. The Group invests its excess funds in financial instruments with low risks, giving the highest priority to safety by reference to external ratings and others while considering liquidity. In addition, certain short-term operating funds are procured through bank loans. The Group, by policy, limits derivative transactions to hedging risks associated with substantial transactions and does not enter into them for speculative purposes.

(2) Description of financial instruments and related risks

Notes and accounts receivable - trade, which are operating receivables, involve credit risk of each customer. Operating receivables denominated in foreign currencies are exposed to exchange rate fluctuation risk.

Investment securities are exposed to market price fluctuation risk.

Notes and accounts payable - trade, which are operating payables, are primarily due within three to five months. Loans payable and finance lease obligations are primarily intended for raising funds for capital investment, and certain loans payable are for operating funds. These loans payable are exposed to interest rate fluctuation risk.

As for derivative transactions, the Group uses forward exchange contracts to hedge exchange rate fluctuation risk associated with operating receivables denominated in foreign currencies. For hedging instruments and hedged items, hedging policy, assessment of hedge effectiveness and others related to hedge accounting, please refer to “5. Accounting policies, (e) Significant hedge accounting” under “Significant Matters in Preparing Consolidated Financial Statements” described above.

(3) Risk management system related to financial instruments

1) Management of credit risk (default risk of business partners)

The Group reduces customer credit risk associated with notes and accounts receivable - trade, which are operating receivables, by monitoring customer credit in conformity with standards such as credit control regulations and by periodic review.

As for credit risk associated with issues involving transactions with repurchase/resale agreements, the Company invests in low-risk issues in conformity with its asset management regulations by reference to external ratings and others. The consolidated subsidiaries establish management systems pursuant to the system of the Company.

2) Management of market risk (exchange rate and interest rate fluctuation risks)

Certain operating receivables denominated in foreign currencies are hedged by forward exchange contracts. The Group enters into derivative transactions only with highly rated financial institutions for the purpose of hedging risks associated with substantial transactions in conformity with its asset management regulations and does not enter into derivative transactions for speculative purposes. Furthermore, officers in charge approve derivative transactions, and accounting departments execute and manage the transactions.

As for investment securities, the Group holds listed stocks mainly for the purpose of holding them for the long term, and evaluates them on a fair value basis each quarterly period and obtains the financial information of the issuers (business partners). For those other than held-to-maturity bonds, the Group consistently reviews the holding status taking into account the market conditions and relationships with business partners.

3) Management of liquidity risk associated with funds procurement (risk of failure to pay on due dates)

The departments in charge appropriately distribute funds by periodically collecting information about their account activity in an integrated manner and understanding the situation while holding some as funds on hand taking into account the necessary liquidity.

(4) Supplemental remarks on fair values of financial instruments

The fair values of financial instruments include values based on market prices as well as values that are reasonably calculated when market prices do not exist. As the calculation of those values includes variable factors, the values may vary if different assumptions and others are applied. The contract amount related to derivative transactions in “Derivative Transactions” under “Notes to Consolidated Financial Statements” does not represent market risk associated with the derivative transactions.

2. Fair values of financial instruments

The carrying amounts in the consolidated balance sheets and the fair values, and difference between them are shown below. However, items for which it is considered extremely difficult to determine the fair values are not included (See note 2).

As of March 31, 2014

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	12,214,381	12,214,381	–
(2) Notes and accounts receivable - trade	22,378,660		
Allowance for doubtful accounts	(187,405)		
	22,191,255	22,292,621	101,366
(3) Investment securities	3,898,100	3,898,100	–
(4) Long-term loans receivable	18,978	18,978	0
Total assets	38,322,716	38,424,082	101,366
(1) Notes and accounts payable - trade	16,733,099	16,733,099	–
(2) Short-term loans payable	7,201,123	7,201,123	0
(3) Current portion of long-term loans payable	348,229	349,592	1,363
(4) Lease obligations (Current liabilities)	92,195	92,195	0
(5) Income taxes payable	606,748	606,748	–
(6) Bonds payable	–	–	–
(7) Long-term loans payable	3,032,439	3,011,764	(20,674)
(8) Lease obligations (Non-current liabilities)	64,501	64,501	0
Total liabilities	28,078,337	28,059,025	(19,311)
Derivative transactions	–	–	–

As of March 31, 2015

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	14,122,970	14,122,970	–
(2) Notes and accounts receivable - trade	24,573,477		
Allowance for doubtful accounts	(182,489)		
	24,390,987	24,486,543	95,555
(3) Investment securities	4,981,122	4,981,122	–
(4) Long-term loans receivable	14,897	14,897	0
Total assets	43,509,976	43,605,532	95,555
(1) Notes and accounts payable - trade	17,090,214	17,090,214	–
(2) Short-term loans payable	6,876,617	6,876,617	0
(3) Current portion of long-term loans payable	1,495,668	1,501,564	5,895
(4) Lease obligations (Current liabilities)	39,382	39,382	0
(5) Income taxes payable	420,050	420,050	–
(6) Bonds payable	4,000,000	3,973,902	(26,097)
(7) Long-term loans payable	2,172,766	2,166,869	(5,897)
(8) Lease obligations (Non-current liabilities)	36,760	36,760	0
Total liabilities	32,131,459	32,105,361	(26,098)
Derivative transactions	–	–	–

(Notes) 1. Method of measurement of fair values of financial instruments and matters concerning securities and derivative transactions

Assets

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

The fair values are based on the book values since these assets are settled in a short period of time and their fair values approximate their book values.

(3) Investment securities

The fair values of stocks and others are based on the prices on exchanges, while those of bonds are based on the prices on exchanges or prices provided by counterparty financial institutions and others. For information on securities by holding purpose, please refer to "Securities" under "Notes to Consolidated Financial Statements."

(4) Long-term loans receivable

The fair value is calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a new loan.

Liabilities

(1) Notes and accounts payable - trade, (5) Income taxes payable

The fair values are based on the book values since these liabilities are settled in a short period of time and their fair values approximate their book values.

(2) Short-term loans payable, (4) Lease obligations (Current liabilities), (8) Lease obligations (Non-current liabilities)

The fair values are calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a similar new borrowing or lease transaction.

(3) Current portion of long-term loans payable, (7) Long-term loans payable

The fair values are calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a similar new borrowing. Long-term loans payable with variable interest rates meet certain criteria to adopt the exceptional accrual method for interest rate swaps, and the fair values of the loans payable are calculated by discounting the total amounts of principal and interest that are accounted for with the interest rate swaps using interest rates that are reasonably estimated for similar borrowings.

(6) Bonds payable

The fair value of bonds payable issued by the Company is calculated based on the present value by discounting the total amount of principal and interest using an interest rate that takes into consideration remaining maturities of the Company's bonds payable and associated credit risk.

Derivative transactions

Please refer to "Derivative Transactions" under "Notes to Consolidated Financial Statements."

2. Financial instruments for which it is considered extremely difficult to determine fair values

(Thousands of yen)

Category	As of March 31, 2014	As of March 31, 2015
Unlisted stocks	394,379	399,443

As unlisted stocks have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in "(3) Investment securities."

3. Expected redemption amounts of monetary receivables and securities with maturity dates subsequent to the consolidated balance sheet date

As of March 31, 2014

(Thousands of yen)

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	12,209,020	–	–	–
(2) Notes and accounts receivable - trade	22,378,660	–	–	–
(3) Long-term loans receivable	–	15,071	2,649	1,257
Total	34,587,680	15,071	2,649	1,257

As of March 31, 2015

(Thousands of yen)

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	14,111,370	–	–	–
(2) Notes and accounts receivable - trade	24,573,477	–	–	–
(3) Long-term loans receivable	–	12,002	1,843	1,051
Total	38,684,847	12,002	1,843	1,051

4. Projected repayment amounts of loans payable, bonds payable and lease obligations subsequent to the consolidated balance sheet date

As of March 31, 2014

(Thousands of yen)

	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
(1) Short-term loans payable	7,201,123	–	–	–	–	–
(2) Bonds payable	–	–	–	–	–	–
(3) Long-term loans payable	348,229	1,343,719	335,922	177,522	15,345	1,159,930
(4) Lease obligations	92,195	37,060	16,829	7,790	2,820	–
Total	7,641,548	1,380,779	352,752	185,313	18,165	1,159,930

As of March 31, 2015

(Thousands of yen)

	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
(1) Short-term loans payable	6,876,617	–	–	–	–	–
(2) Bonds payable	–	–	–	–	4,000,000	–
(3) Long-term loans payable	1,495,668	491,573	249,012	39,025	31,538	1,361,617
(4) Lease obligations	39,382	20,448	8,615	5,876	1,733	86
Total	8,411,667	512,022	257,627	44,901	4,033,272	1,361,703

Securities

1. Available-for-sale securities

As of March 31, 2014

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	3,580,322	1,534,229	2,046,092
Subtotal	3,580,322	1,534,229	2,046,092
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	317,778	368,326	(50,548)
Subtotal	317,778	368,326	(50,548)
Total	3,898,100	1,902,556	1,995,544

(Note) As unlisted stocks (394,379 thousand yen reported on the consolidated balance sheets) have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in the table above of "Available-for-sale securities."

As of March 31, 2015

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	4,972,698	1,893,336	3,079,361
Subtotal	4,972,698	1,893,336	3,079,361
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	8,424	10,308	(1,884)
Subtotal	8,424	10,308	(1,884)
Total	4,981,122	1,903,644	3,077,477

(Note) As unlisted stocks (399,443 thousand yen reported on the consolidated balance sheets) have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in the table above of "Available-for-sale securities."

2. Available-for-sale securities that were sold during the fiscal year
Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	25,129	10,873	–

- Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	11,000	800	–

3. Impairment loss on securities

- Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

Not applicable.

- Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Not applicable.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

- (1) Currency-related transactions

As of March 31, 2014

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Allocation method for forward exchange contracts	Forward exchange contracts Sell: USD	Accounts receivable - trade	153,920	–	(Note)

(Note) Since items subject to the allocation method for forward exchange contracts are accounted for together with the accounts receivable - trade that are the hedged items, the fair values thereof are included in the fair values of the corresponding accounts receivable - trade.

As of March 31, 2015

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Allocation method for forward exchange contracts	Forward exchange contracts Sell: USD	Accounts receivable - trade	139,742	–	(Note)

(Note) Since items subject to the allocation method for forward exchange contracts are accounted for together with the accounts receivable - trade that are the hedged items, the fair values thereof are included in the fair values of the corresponding accounts receivable - trade.

(2) Interest rate-related transactions

As of March 31, 2014

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term loans payable	1,127,500	1,112,500	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term loans payable that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term loans payable.

As of March 31, 2015

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term loans payable	1,239,080	210,400	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term loans payable that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term loans payable.

Retirement Benefits

1. Summary of retirement benefit plans adopted

To cover retirement benefits to employees, the Company and its consolidated subsidiaries have adopted funded and unfunded defined-benefit plans.

Under the defined-benefit corporate pension plans, all of which are funded plans, lump-sum benefits or pensions are paid based on salary and service period.

Under the retirement lump-sum payment plans, all of which are unfunded plans, lump-sum benefits are paid as retirement benefits based on salary and service period.

For defined-benefit corporate pension plans and retirement lump-sum payment plans held by some consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by a simplified method.

2. Defined benefit plans

(1) Reconciliation between balance of retirement benefit obligations at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Retirement benefit obligations at the beginning of period	5,742,828	5,628,809
Cumulative effects of changes in accounting policies	–	(111,178)
Restated balance	5,742,828	5,517,631
Service cost	310,471	352,431
Interest cost	64,948	52,943
Actuarial differences	(114,493)	72,643
Retirement benefits paid	(443,745)	(286,505)
Other	68,801	41,452
Retirement benefit obligations at the end of period	5,628,809	5,750,597

(2) Reconciliation between balance of plan assets at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Plan assets at the beginning of period	2,661,213	2,769,888
Expected return on plan assets	176,933	192,315
Actuarial differences	94,170	116,135
Contribution by employer	102,626	100,160
Retirement benefits paid	(265,055)	(90,706)
Other	–	35,780
Plan assets at the end of period	2,769,888	3,123,574

(3) Reconciliation between balance of retirement benefit obligations and plan assets at the end of period and that of net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Retirement benefit obligations from funded plans	2,752,871	2,721,766
Plan assets	(2,769,888)	(3,123,574)
	(17,017)	(401,807)
Retirement benefit obligations on unfunded plans	2,875,938	3,028,830
Net amount of liability and asset recorded in consolidated balance sheets	2,858,921	2,627,022
Net defined benefit asset	(17,017)	(401,807)
Net defined benefit liability	2,875,938	3,028,830
Net amount of liability and asset recorded in consolidated balance sheets	2,858,921	2,627,022

(4) Retirement benefit expenses

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Service cost	310,471	352,431
Interest cost	64,948	52,943
Expected return on plan assets	(176,933)	(192,315)
Amortization of actuarial differences	215,042	178,415
Amortization of past service cost	(2,619)	(2,619)
Retirement benefit expenses on defined benefit plans	410,909	388,855

(5) Remeasurements of defined benefit plans

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Past service cost	–	2,619
Actuarial differences	–	(221,906)
Total	–	(219,287)

(6) Remeasurements of defined benefit plans (Accumulated other comprehensive income)

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

	(Thousands of yen)	
	As of March 31, 2014	As of March 31, 2015
Unrecognized past service cost	(10,476)	(7,857)
Unrecognized actuarial differences	784,694	562,787
Total	774,218	554,930

(7) Plan assets

i) Main components of plan assets

The ratios of components to total plan assets by major category are as follows:

	As of March 31, 2014	As of March 31, 2015
Bonds	20.7%	21.5%
Stocks	33.9%	26.1%
Cash and deposits	0.6%	0.5%
Insurance assets (general accounts)	13.7%	12.4%
Shared operating assets	31.1%	39.5%
Total	100.0%	100.0%

ii) Method for establishing long-term expected rate of return on plan assets

To establish the long-term expected rate of return on plan assets, the current and forecasted allocation of plan assets and the current and expected future long-term rate of return from the various assets constituting the plan assets are taken into consideration.

(8) Calculation basis for actuarial assumptions

The main calculation bases for actuarial assumptions are as follows:

	As of March 31, 2014	As of March 31, 2015
Discount rate	0.96%	0.36%
Long-term expected rate of return	6.90%	7.20%
Expected rate of salary increase	3.70%	3.80%

Income Taxes

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2014	(Thousands of yen) As of March 31, 2015
Deferred tax assets		
Allowance for doubtful accounts	57,658	51,924
Net defined benefit liability	806,404	804,383
Impairment losses	536,330	426,696
Provision for bonuses	195,312	182,735
Loss on valuation of investment securities	232,021	208,432
Asset retirement obligations	40,796	36,065
Loss carryforward	212,832	227,976
Other	379,137	430,381
Subtotal of deferred tax assets	2,460,493	2,368,596
Valuation allowance	(1,731,823)	(1,592,542)
Total deferred tax assets	728,669	776,053
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(567,300)	(816,402)
Net defined benefit asset	(6,126)	(130,817)
Reserve for advanced depreciation of non-current assets	(220,979)	(174,178)
Reserve for special depreciation	(53,989)	(40,607)
Property, plant and equipment (asset retirement obligations)	(20,602)	(17,755)
Reserved profit of overseas consolidated subsidiaries	(313,864)	(378,559)
Other	(405,437)	(483,056)
Total deferred tax liabilities	(1,588,301)	(2,041,377)
Net deferred tax assets (liabilities)	(859,631)	(1,265,323)

(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 sheets.

	As of March 31, 2014	(Thousands of yen) As of March 31, 2015
Current assets – Deferred tax assets	370,742	405,695
Non-current assets – Deferred tax assets	179,987	215,149
Non-current liabilities – Deferred tax liabilities	(1,410,361)	(1,886,168)

2. Reconciliation between the effective statutory tax rate and the effective tax rate

	As of March 31, 2014	As of March 31, 2015
Effective statutory tax rate	38.0%	36.0%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.5	0.8
Income not taxable permanently such as dividends income	(0.9)	(1.1)
Change in valuation allowance	(2.0)	(0.2)
Tax rate differences from overseas consolidated subsidiaries	(10.1)	(5.9)
Other	3.5	2.3
Effective tax rate	29.0	31.9

3. Amendment to deferred tax assets and liabilities due to change in corporation tax rates

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 fiscal years beginning on or after April 1, 2015. Consequently, the effective statutory tax rate used for calculating deferred tax assets and liabilities was changed from the previous rate of 36.0% to 33.1% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2015, and to 32.3% for temporary differences expected to be reversed from the fiscal year beginning on April 1, 2016.

As a result of this change in effective statutory tax rates, the amount of deferred tax liabilities (amount net of deferred tax assets) decreased by 95,639 thousand yen, the amount of income taxes - deferred increased by 29,214 thousand yen, the amount of valuation difference on available-for-sale securities increased by 90,396 thousand yen and the amount of remeasurements of defined benefit plans decreased by 23,971 thousand yen.

Business Combinations

Not applicable.

Segment Information and Others

Segment Information

1. Summary of reportable segments

The Group’s reportable segments are components of the Group for which separate financial information is available and that are evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

The Company has business divisions by product at the head office. Each business division plans its own domestic and overseas comprehensive strategies and conducts business activities for the product that the division handles.

Accordingly, the Group has classified the reportable segments in consideration of product categories based on business divisions and subsidiaries and has three reportable segments, “compound,” “film” and “food wrapping film.”

The “compound” segment is engaged in the manufacturing and sales of mixed synthetic resins, which are mostly pellet-type, as intermediate materials of plastic molding. The “film” segment is engaged in the manufacturing and sales of films processed from base film of synthetic resins and those products with decorative and functionality. The “food wrapping film” segment is mainly engaged in the manufacturing and sales of thin synthetic resin films for food packaging.

2. Method for calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting policies of reported business segments are mostly consistent with those disclosed in “Significant Matters in Preparing Consolidated Financial Statements.”

Segment profit is calculated on an operating income basis.

Intersegment sales and transfers are based on actual market prices.

3. Information about net sales, profit or loss, assets, liabilities and other items by reportable segment
Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Compound	Film	Food wrapping film	Total				
Net sales								
(1) Sales to external customers	56,726,339	13,908,361	9,218,418	79,853,120	3,002,709	82,855,829	–	82,855,829
(2) Intersegment sales or transfers	249,393	80	–	249,474	377,972	627,446	[627,446]	–
Total	56,975,732	13,908,442	9,218,418	80,102,594	3,380,681	83,483,275	[627,446]	82,855,829
Segment profit (loss)	4,089,057	(234,357)	79,688	3,934,389	(79,732)	3,854,656	[121,889]	3,732,767
Segment assets	37,715,923	9,799,717	8,864,421	56,380,062	2,435,483	58,815,546	18,392,911	77,208,458
Segment liabilities	18,529,347	3,379,466	4,505,454	26,414,268	1,293,448	27,707,717	8,543,407	36,251,124
Others								
Depreciation	1,357,517	497,394	228,561	2,083,473	63,246	2,146,720	362,927	2,509,647
Amortization of goodwill	91,325	–	177,162	268,488	–	268,488	–	268,488
Extraordinary income	529,196	–	–	529,196	–	529,196	15,739	544,935
Extraordinary losses	10,853	5,972	6,588	23,413	–	23,413	502,972	526,386
[Impairment loss]	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]
Increase in property, plant and equipment and intangible assets	1,678,749	657,037	332,618	2,668,406	37,810	2,706,216	1,025,755	3,731,972

- (Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the manufacturing and sales of synthetic resin molding products and electric wire as well as the purchase and sales of merchandise.
2. The adjustment to segment profit (loss) represents negative 121,889 thousand yen in inter-segment eliminations. The adjustment to segment assets represents negative 9,227,082 thousand yen in inter-segment eliminations and 27,619,994 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.
- The adjustment to segment liabilities represents negative 1,278,294 thousand yen in inter-segment eliminations and 9,821,702 thousand yen in corporate liabilities. The corporate liabilities mainly include loans payable that are not attributable to the reportable segments and liabilities related to the administration division.
3. Segment profit (loss) is adjusted to operating income in the consolidated statements of income.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Compound	Film	Food wrapping film	Total				
Net sales								
(1) Sales to external customers	62,908,065	13,919,134	11,484,048	88,311,247	3,627,308	91,938,556	–	91,938,556
(2) Intersegment sales or transfers	242,825	791	–	243,616	695,359	938,976	[938,976]	–
Total	63,150,890	13,919,926	11,484,048	88,554,864	4,322,667	92,877,532	[938,976]	91,938,556
Segment profit (loss)	4,214,560	(546,356)	68,489	3,736,693	82,919	3,819,612	[166,744]	3,652,867
Segment assets	42,185,247	10,340,768	7,843,987	60,370,003	2,310,904	62,680,907	23,405,795	86,086,702
Segment liabilities	19,509,002	3,373,305	4,509,916	27,392,225	1,184,927	28,577,152	12,285,864	40,863,017
Others								
Depreciation	1,469,471	709,150	311,024	2,489,647	53,494	2,543,141	436,198	2,979,340
Amortization of goodwill	85,534	–	177,162	262,697	13,000	275,697	–	275,697
Extraordinary income	6,450	–	800	7,250	–	7,250	13,119	20,370
Extraordinary losses	9,658	25,957	1,197	36,812	40	36,852	122,262	159,115
[Impairment loss]	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]
Increase in property, plant and equipment and intangible assets	1,866,329	1,143,294	365,829	3,375,453	23,322	3,398,775	1,223,353	4,622,128

- (Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the manufacturing and sales of synthetic resin molding products and electric wire as well as the purchase and sales of merchandise.
2. The adjustment to segment profit (loss) represents negative 166,744 thousand yen in inter-segment eliminations. The adjustment to segment assets represents negative 10,444,006 thousand yen in inter-segment eliminations and 33,849,801 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.
- The adjustment to segment liabilities represents negative 1,175,141 thousand yen in inter-segment eliminations and 13,461,006 thousand yen in corporate liabilities. The corporate liabilities mainly include loans payable that are not attributable to the reportable segments and liabilities related to the administration division.
3. Segment profit (loss) is adjusted to operating income in the consolidated statements of income.
4. Changes in reportable segments and others
- The Company has applied the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), in terms of the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, effective from the beginning of 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 method in which the discount rate is determined 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 based on a single weighted average discount rate reflecting the estimated timing and amount of benefit payments.
- The effect of this change on segment profit (loss) for the current fiscal year was immaterial.

Related Information

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

1. Information by product and service

(Thousands of yen)

	Compound	Film	Food wrapping film	Other	Total
Sales to external customers	56,726,339	13,908,361	9,218,418	3,002,709	82,855,829

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	North America	China	Europe	Other regions	Total
48,193,068	7,808,436	10,111,789	6,874,567	2,033,839	7,834,126	82,855,829

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	North America	China	Europe	Other regions	Total
13,105,210	4,069,134	2,808,159	1,194,869	432	1,595,233	22,773,040

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

1. Information by product and service

(Thousands of yen)

	Compound	Film	Food wrapping film	Other	Total
Sales to external customers	62,908,065	13,919,134	11,484,048	3,627,308	91,938,556

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	North America	China	Europe	Other regions	Total
51,222,247	8,420,899	12,487,297	7,739,318	2,448,560	9,620,232	91,938,556

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	North America	China	Europe	Other regions	Total
13,322,315	4,222,391	3,434,265	1,302,178	751	2,030,448	24,312,351

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Information about Impairment Loss on Non-current Assets by Reportable Segment

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

This information has been omitted as identical information is disclosed in segment information.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

This information has been omitted as identical information is disclosed in segment information.

Information about Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Reportable segment				Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	Compound	Film	Food wrapping film	Total				
Balance as of March 31, 2014	186,013	–	974,395	1,160,408	–	1,160,408	–	1,160,408

(Note) Amortization of goodwill has been omitted, as identical information is disclosed in segment information.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Reportable segment				Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	Compound	Film	Food wrapping film	Total				
Balance as of March 31, 2015	100,478	–	797,232	897,710	52,000	949,710	–	949,710

(Note) Amortization of goodwill has been omitted, as identical information is disclosed in segment information.

Information about Gain on Negative Goodwill by Reportable Segment

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

Not applicable.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Not applicable.

Information on Related Parties

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

Not applicable.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Not applicable.

Per Share Information

(Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net assets per share	599.28	658.72
Net income per share	32.17	31.74
Diluted net income per share	–	31.36

(Note) The basis used for calculating net assets per share, net income per share and diluted net income per share is as follows:

(Note) The basis for calculation is as follows:

1. Net assets per share

	As of March 31, 2014	As of March 31, 2015
Total net assets (Thousands of yen)	40,957,333	45,223,685
Deduction from total net assets (Thousands of yen)	5,087,338	5,763,971
[Of the above, minority interests (Thousands of yen)]	[5,087,338]	[5,763,971]
Net assets related to common stock (Thousands of yen)	35,869,994	39,459,713
Number of treasury shares of common stock (Shares)	6,258,206	6,209,865
Number of shares of common stock outstanding used for calculation of net assets per share (Shares)	59,855,613	59,903,954

(Note) Because shares in the Company held by Trust Account E are recognized as treasury shares in the consolidated financial statements, the number of those shares has been deducted from the number of shares of common stock outstanding at the fiscal year-end used for the calculation of net assets per share.

2. Net income per share

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net income (Thousands of yen)	1,925,741	1,900,298
Amount not attributable to common shareholders (Thousands of yen)	–	–
Net income attributable to common stock (Thousands of yen)	1,925,741	1,900,298
Average number of shares of common stock outstanding during the period (Shares)	59,860,268	59,879,330
Diluted net income per share		
Adjustment on net income	–	–
[Of the above, interest expenses (net of corresponding tax amount) (Thousands of yen)]	–	–
Increase in common stock (Shares)	–	710,732
[Of the above, convertible bond-type bonds with subscription rights to shares (Shares)]	–	710,732
[Of the above, subscription rights to shares (Shares)]	–	–
Outline of potential shares that were not used in calculating diluted net income per share because they have no dilutive effects	–	

(Note) Because shares in the Company held by Trust Account E are recognized as treasury shares in the consolidated financial statements, the number of those shares has been deducted from the average number of shares of common stock outstanding during the period used for the calculation of net income per share.

Significant Subsequent Events

Not applicable.

e. Consolidated Supporting Schedules

Detailed Statement of Bonds

Company name	Type of bond	Date of issuance	Balance as of April 1, 2014 (Millions of yen)	Balance as of March 31, 2015 (Millions of yen)	Interest rate (%)	Collateral	Date of maturity
RIKEN TECHNOS CORPORATION	Yen-denominated convertible bonds with stock acquisition rights due 2020 (Note 1)	March 19, 2015	–	4,000	–	None	March 19, 2020
Total	–	–	–	4,000	–	–	–

(Notes) 1. The information about the bonds with stock acquisition rights is as provided below.

Type of bond	Yen-denominated convertible bonds with stock acquisition rights due 2020
Shares to be issued	Common stock
Issue price per stock acquisition right (Yen)	Without contribution
Issue price per share (Yen)	469
Total issue value (Millions of yen)	4,000
Total issue value of shares issued upon exercise of stock acquisition rights (Millions of yen)	–
Granting ratio of stock acquisition rights (%)	100
Exercise period of stock acquisition rights	From March 31, 2015 to February 27, 2020 (at the close of bank operations in the local time of the location where the exercise request is received)

(Note) When there is a request from a bond holder intending to exercise the stock acquisition rights, in place of the redemption of the full amount of the bonds to which the stock acquisition rights are attached, it is deemed that the full amount to be paid in upon exercise of the stock acquisition rights has been paid in. In addition, when stock acquisition rights are exercised, it is deemed that the said request has been received.

2. Amounts of redemption for five years after the consolidated balance sheet date are as follows:

(Millions of yen)				
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
–	–	–	–	4,000

Detailed Statement of Loans Payable

Category	Balance as of April 1, 2014 (Thousands of yen)	Balance as of March 31, 2015 (Thousands of yen)	Average interest rate (%)	Repayment period
Short-term loans payable	7,201,123	6,876,617	1.1	–
Current portion of long-term loans payable	348,229	1,495,668	0.8	–
Current portion of lease obligations	92,195	39,382	–	–
Long-term loans payable (excluding current portion)	3,032,439	2,172,766	0.5	2016 – 2039
Lease obligations (excluding current portion)	64,501	36,760	–	2016 – 2020
Other interest-bearing debt	–	–	–	–
Total	10,738,489	10,621,195	–	–

(Notes) 1. Method of calculating average interest rates

Average interest rates are calculated using the average outstanding balance during the period.

2. The amount of lease obligations in the consolidated balance sheets includes the interest equivalent.

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

Category	(Thousands 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	491,573	249,012	39,025	31,538
Lease obligations	20,448	8,615	5,876	1,733

Detailed Statement of Asset Retirement Obligations

As the amount of asset retirement obligations as of April 1, 2014 and March 31, 2015 is not more than 1% of the total amount of liabilities and net assets as of the same dates, this information is omitted pursuant to the provisions of Article 92-2 of the Ordinance on Consolidated Financial Statements.

(2) Others

Quarterly information for the fiscal year ended March 31, 2015

(Year-to-date period)	1st quarter	2nd quarter	3rd quarter	Fiscal year ended March 31, 2015
Net sales (Thousands of yen)	21,920,615	44,578,788	67,781,747	91,938,556
Income before income taxes and minority interests (Thousands of yen)	873,142	1,842,264	2,982,427	3,924,110
Net income (Thousands of yen)	379,543	894,781	1,505,756	1,900,298
Net income per share (Yen)	6.34	14.95	25.15	31.74

(Three-month period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Net income per share (Yen)	6.34	8.61	10.20	6.59