

Annual Report 2015
For the year ended March 31, 2015

Providing Plastics as Solutions



Providing Plastics as Solutions



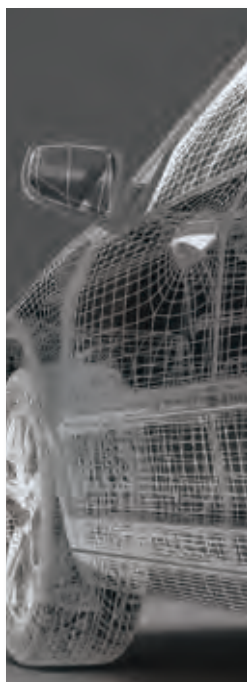
Management Philosophy

We, of Sekisui Plastics, practice
"All Member Management"
based on mutual respect and trust.
We are always innovating in our pursuit of
"new happiness."

Goal

A plastics solution company trusted
by customers around the world

To mark its 50th anniversary, in 2009, Sekisui Plastics Co., Ltd. formulated the Sekisui Plastics Group 100-Year Vision to serve as a roadmap for further growth and development in the next half century. On the basis of the founding spirit of Sekisui Plastics and our new management philosophy, we aspire to be "A plastics solution company trusted by customers around the world" by achieving global business development in our domains of Industry, Human Life, and Environment and Energy and by practicing Groupwide CSR and "All Member Management."



Contents

2 Our Plastics Solutions Global Bases

4 Providing Plastics as Solutions Plastics Solutions that Add Value to Customers and Society

8 Sekisui Plastics Group at a Glance

The Sekisui Plastics Group is pursuing transformation to solutions-driven businesses built around world-class foam technologies and focused on plastics as a key material.

10 100-Year Vision

This section explains "A plastics solution company trusted by customers around the world," the corporate vision to which the Group aspires in the years culminating with 2059, its centennial anniversary.

12 Mid-Term Management Plan *ENS2000-Challenge*

14 A Message from the President

18 Overview by Business Segment

The Sekisui Plastics Group is active across two broad business domains: Human Life, which encompasses food and distribution, housing and civil engineering and related fields; and Industry, which includes electric home appliances, IT, transportation, and related fields.

20 CSR Initiatives

22 Corporate Governance

23 Compliance and Risk Management

24 Consolidated Financial Highlights

46 Sekisui Plastics Group's Network

48 Corporate Data/Investor Information

Aiming to be “a plastics solution trusted by customers around the

Netherlands

Sekisui Plastics Europe B.V.

Location: the Netherlands
Capital: EUR4,500 thousand



Thailand

Sekisui Plastics (Thailand) Co., Ltd.

Location: Thailand
Capital: THB150,000 thousand



Singapore

Sekisui Plastics S.E.A. Pte. Ltd.

Location: Singapore
Capital: USD7,000 thousand



Indonesia

PT. Sekisui Plastics Indonesia

Location: Indonesia
Capital: IDR27,579,000 thousand



company world"

China

Tianjin Sekisui Plastics Co., Ltd.

Location: China (Tianjin)
Capital: CNY23,174 thousand



Sekisui Plastics (Shanghai) Precision Forming Co., Ltd.

Location: China (Shanghai)
Capital: CNY44,137 thousand



Suzhou Sekisui Plastics Co., Ltd.

Location: China (Suzhou)
Capital: CNY62,515 thousand



Sekisui Plastics (HongKong) Trading Co., Ltd.

Location:
China (Hong Kong)
Capital:
HKD1,000 thousand

Sekisui Plastics (Shanghai) International Trading Co., Ltd.

Location: China (Shanghai)
Capital: CNY7,312 thousand



United States

Sekisui Plastics U.S.A., Inc.

Location: the United States
Capital: USD4,500 thousand



South Korea

Sekisui Plastics Korea Co., Ltd.

Location: South Korea
Capital: KRW125,000 thousand



Taiwan

Sekisui Plastics Taiwan Co., Ltd.

Location: Taiwan
Capital: TWD250,000 thousand





Plastics Solutions that Add Value to Customers and Society

The Sekisui Plastics Group has won recognition for the value it provides by proposing business solutions to corporate customers in areas such as business processes, operational and efficiency improvements and social infrastructure development based on technologies that create added value through the foaming, polymerization, extrusion, and molding of plastics. To develop and evolve business solutions at the global level, the Sekisui Plastics Group will form teams that work across organizational and regional boundaries. Furthermore, we will take maximum advantage of Groupwide resources, technologies, expertise, products, and customer networks to further innovate our development proposal activities in order to propose solutions utilizing the Sekisui Plastics Group' s full range of products and services.



Our Business and Strengths

Plastics Solutions that Add Value to Customers and Society

Our Business
and Strengths

1

Contributing to Automobiles' Lighter Weight and Safety Performance

Automobile component materials must deliver quality in a wide variety of applications: for example, light weight to improve fuel efficiency and shock absorption to protect passengers and pedestrians. Sekisui Plastics pursues high safety performance by selecting appropriate materials from a diverse range of plastic materials, notably PIOCELAN polystyrene-polyolefin hybrid resin foam, and performing rigorous environmental testing. In addition, we have put in place a system for delivering multifaceted customer support by expanding and upgrading the molding and processing bases that perform secondary processing of component materials and provide a stable supply of products. We currently supply component materials to all Japanese automakers, including their overseas production sites, and will forge ahead with product development to promote adoption of our products by automakers around the world.



Our Business
and Strengths

2

Logistics Ideas that Extend to Work Processes Incidental to Delivery

Automobile and electrical products manufacturing is now a worldwide endeavor, and the procurement of components and parts is also a global undertaking. The role of transportation is to deliver parts with no loss of quality, adapting to transport conditions that vary by country and region. To design appropriate packaging, Sekisui Plastics takes into account the full gamut of transport conditions: for instance, sending products from hot regions to cold regions. By pursuing greater filling efficiency, the ability to pack more parts in the same space, we boost transport efficiency while simultaneously reducing the packing materials used to hold parts in place. Furthermore, we provide solutions that increase customer satisfaction by pursuing packaging that reflects careful consideration of cargo loading, unloading, and unpacking and other work processes incidental to delivery and workload reduction.



Our Business
and Strengths

3

Providing Essential Component Materials for Information Technology

TECHPOLYMER is a spherical particle polymer that draws on the Company's proprietary suspension polymerization technology. By taking full advantage of the ability to adjust average particle diameter from 0.1 to 200 microns (1 micron = 0.001 mm) and a wide range of technologies for controlling particle shape and surface modification, Sekisui Plastics provides customized materials tailored to customer needs. TECHPOLYMER's light diffusion performance makes it suitable for a broad range of applications including light diffusion film for LCD panels, anti-reflection film used on the surface of screens for flat-panel TVs, mobile phones, and other products; and light-emitting diode (LED) light covers. We will continue to combine customer knowledge and technologies with the material properties of TECHPOLYMER to further expand the potential for applications development.



Our Business
and Strengths

4

Delivering Culinary Treasures to the World

Food-related transport goes beyond the transfer of produce from producers to mass merchants. In this field, it is necessary to meet such diverse needs as direct home delivery of farm and marine products from producing areas. On the basis of a wealth of experience that includes food product distribution and logistics problem solving for supermarket and convenience store operators and other corporate customers, Sekisui Plastics proposes solutions that strike a good balance between cost and performance to meet customer needs. In our global delivery activities as well, we are putting in place systems Groupwide that meet highly specific customer needs, such as direct home delivery of Japanese produce overseas, by proposing appropriate packaging to producers that considers temperature control, cost, and the environment, utilizing our unique methods to maintain freshness.



Our Business
and Strengths

5

Conserving Energy and Promoting Cooling in Cities through Rooftop Greening

Alleviation of the heat island effect in inner cities, a problem that worsens year by year, requires countermeasures such as rooftop greening, which has the added benefit of alleviating summertime power shortages. Sekisui Plastics' rooftop greening system, based on a lightweight material with excellent water retention capacity made of pulverized recycled foam plastics, draws on accumulated technologies and experience in the civil engineering and construction sector to reduce rooftop surface temperature by approximately 30°C through greening. Sekisui Plastics' solutions also contribute to infrastructure development to counter the urban heat island effect: for instance, rainwater storage osmotic cells are constructed underground to curb flood damage of roads from localized torrential rains, a frequent occurrence in recent years.



Products



1

2

3

4

5

1. Tool box

2. Packing material for delivery of automobile parts

3. TECHPOLYMER
(average particle diameter: 0.1–200 microns)

4. Fruit pack

5. Aqua Road rainwater storage osmotic cells



Our Technologies and Products

Built around its world-class foam technologies, the Sekisui Plastics Group delivers plastic and related material-based solutions that help bring comfort and convenience to the lives of each and every individual as well as to industry.

Consistent with these endeavors, the Group manufactures products that contribute to creating a low-carbon society. Looking ahead, Sekisui Plastics will continue its quest to become a plastics solution company that is trusted by a worldwide customer base and to support people's day-to-day lives, society as a whole, as well as the environment.

Technologies

Foaming

Extrusion

Molding

Polymerization

● Human Life

Major Products **ESLEN SHEET** **ESLEN BEADS**

The Sekisui Plastics Group's products take full advantage of the excellent lightweight, thermal insulation and shock absorbing properties of foamed plastics. Among a host of applications, the Group's products can be found in the packaging field, beginning with food containers, and in diverse heat insulating materials. In many respects, Sekisui Plastics' products can be found in the everyday items that have served to change the lifestyles of users and consumers. Looking ahead, we are committed to consistently delivering products and services that support the lives of people around the world.



Food containers



Food containers



Packaging materials



Agricultural and marine product packaging materials



Building and housing materials

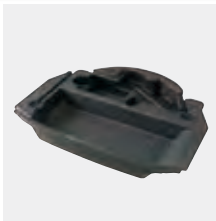


Civil engineering materials

● Industry

Major Products **PIOCELAN** **CELPET**
TECHPOLYMER **NEO-MICROLON**
ST-GEL **LIGHTLON**

The Sekisui Plastics Group has built a reputation that is synonymous with value by proposing business solutions that help to improve the operations, workflow and efficiency of its corporate customers while delivering innovation to client product systems. Looking ahead, the Group will continue to enhance its B-to-B solutions capabilities in an effort to better contribute to the growth and development of industry.



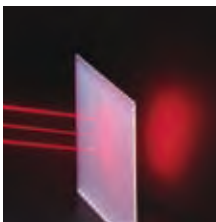
Automobile component materials



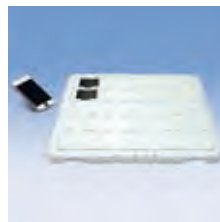
Vehicle parts packing materials



Medical materials



LCD component materials



Electronic products and parts packaging materials



Cosmetic materials

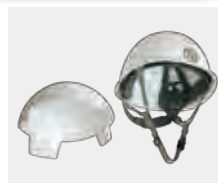
● Environment and Energy

Major Products **EPSREM ERX** **BIOCELLULAR**

With the core of its product activity based in foamed plastics, a natural resource-saving material, the Sekisui Plastics Group has consistently contributed to realizing a low-carbon society. In the future, we will work diligently to develop products that help improve the environment in an effort to better protect our most important asset, the Earth.



Expandable polystyrene beads using recycled materials



Plant-derived foam plastics

Business Structure

The Sekisui Plastics Group's businesses are classified under two business segments: Human Life and Industry. In addition to Japan, the Group does business in China, other regions in Asia, Europe, and the Americas.

Business Segments

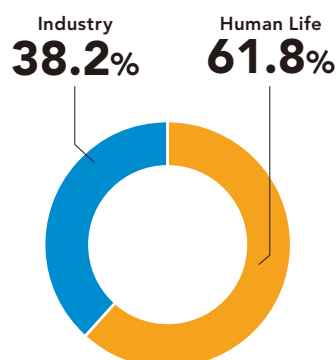
Net Sales (Fiscal 2014)

Human Life

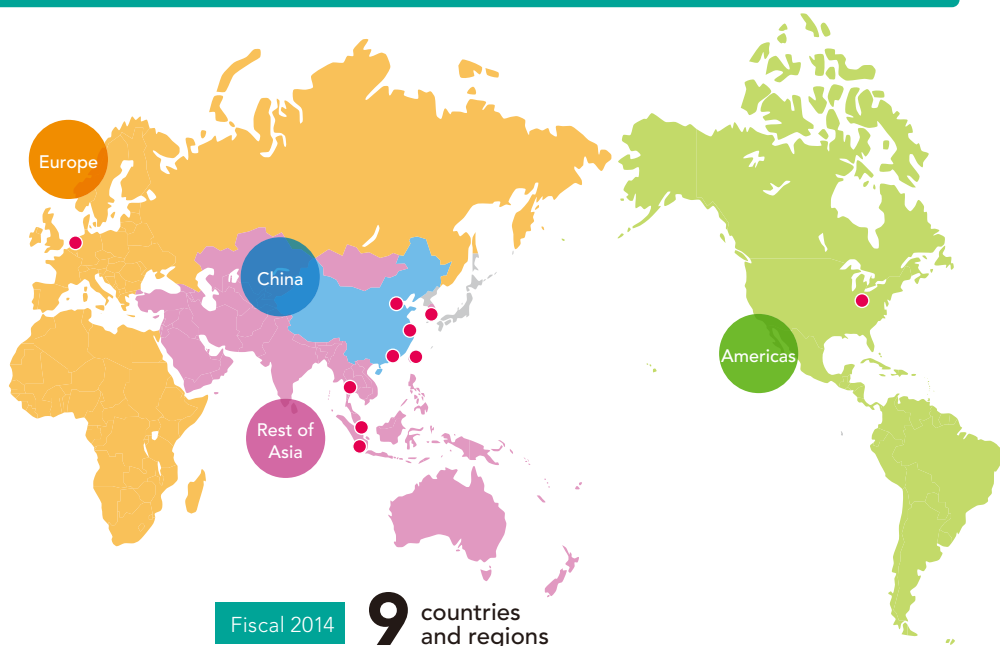
¥70.2 billion

Industry

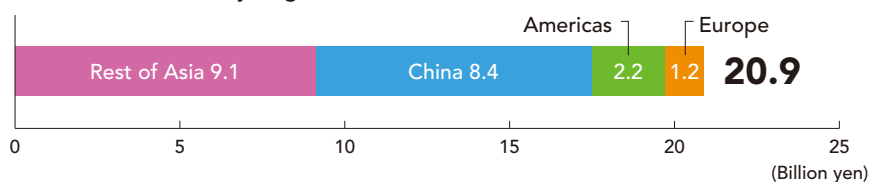
¥43.5 billion



Global Development to Accelerate Realization of the 100-Year Vision

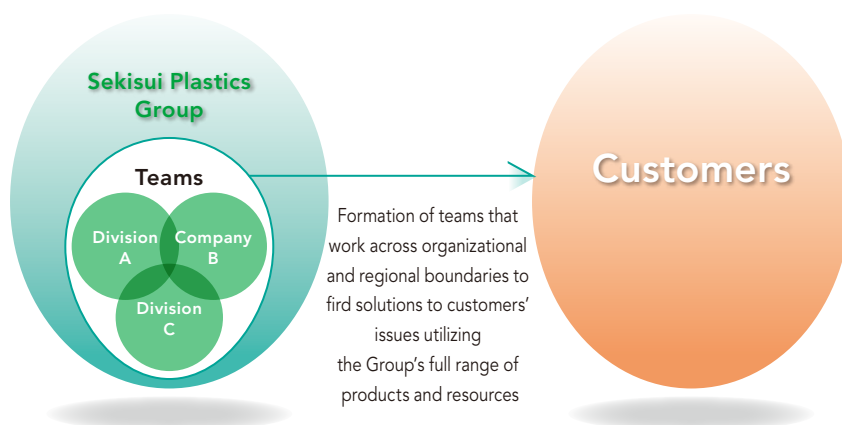


Sales Contribution by Region (Fiscal 2014)



A Plastics Solution Company

The Sekisui Plastics Group aims to achieve a transformation from the existing conventional product-out business model in our traditional role as an intermediate materials manufacturer to solutions-driven businesses that meet every customer and market need. To that end, we will form teams that work across organizational and regional boundaries and take maximum advantage of Groupwide resources, technologies, expertise, products, and customer networks to innovate our development proposal activities in order to provide the Sekisui Plastics Group's full range of products and services.



Sekisui Plastics Group's 100-Year Vision

The mid-term management plan launched in fiscal 2013 is based on Sekisui Plastics Group's 100-Year Vision.



Sekisui Plastics Group's 100-Year Vision

The Sekisui Plastics Group's corporate vision for the 100th year anniversary (in Fiscal 2059) is to engage in global business operations in three areas—Industry, Human Life, and Environment and Energy—based on the new management philosophy and founding spirit of "A plastics solution company trusted by customers around the world" and by practicing Groupwide CSR and "All Member Management."

New Management Philosophy

We, Sekisui Plastics, practice "All Member Management" based on mutual respect and trust. We are always innovating in our pursuit of "new happiness."

Founding Spirit

For the sake of happiness for all



Corporate Vision for Our 100-Year Anniversary (in Fiscal 2059)

Goal

A plastics solution company trusted by customers around the world

Sales Target

Consolidated sales of ¥500 billion or more

Corporate Domain

Sekisui Plastics Group Solutions

Plastics-based



Technology that creates added value



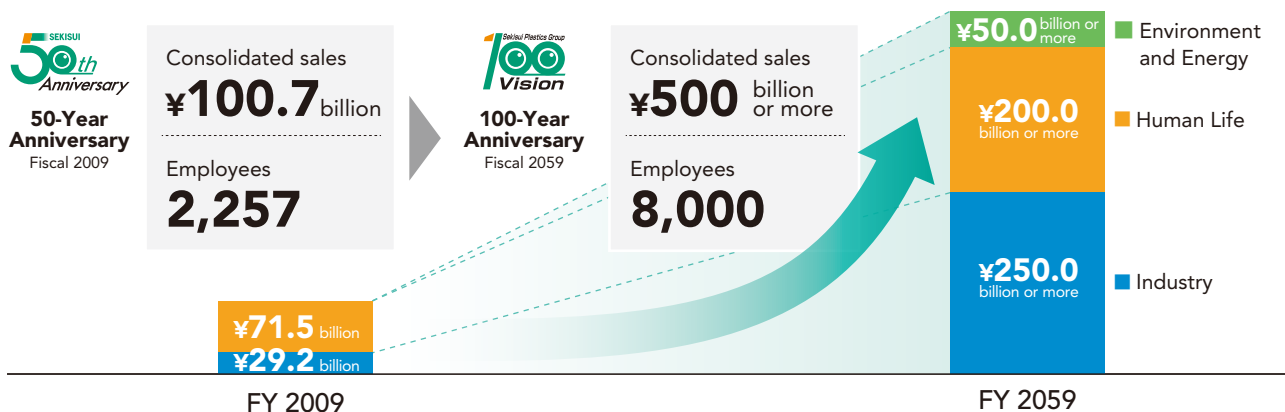
By systemizing know-how and providing information



Contributions to Industry: Contributing to the growth and development of industry by proposing business solutions to client companies
Contributions to Lifestyle Transformation: Contributing to the transformation of people's lifestyles
Contributions to the Global Environment: Simultaneously aiming to improve the global environment



Business Vision – Develop Globally as a "Plastics Solution Company" in Three Business Domains



4

CSR Vision —The Sekisui Plastics Group Expanding Our Dreams for People and the Earth

We, the Sekisui Plastics Group, carry out social responsibility toward stakeholders (including the global environment) by practicing our management philosophy, as we contribute to the continual development of a global society.

Responsibility to Stakeholders

Stakeholders	Responsibilities of the Sekisui Plastics Group
Responsibility to Customers	The Sekisui Plastics Group, a plastics solution company, not only supplies safe and reliable products, but also always creates new functions and value and contributes to improving the lifestyles of people by providing materials and services that assist clients to solve problems.
Responsibility to Group Members	The Sekisui Plastics Group takes seriously respect for others and mutual trust and seeks the happiness of its employees. Consequently, we aim to improve fairness of skills development and evaluation and make efforts to create a healthy and safe work environment that allows employees to properly balance work and family.
Responsibility to Local Communities	The Sekisui Plastics Group believes providing a safe place to work is of the utmost importance to the community. Furthermore, as a member of the local community, we aim to be a company that is trusted and liked by the whole community.
Responsibility to Shareholders	The Sekisui Plastics Group makes efforts to improve its corporate value and meet expectations for shareholder returns. In addition, we actively disclose management information and place emphasis on ongoing dialog with shareholders.
Responsibility to Business Partners	The motto of the Sekisui Plastics Group is "sincerity." We create a relationship of trust with our business partners through fair and honest business practices. In addition, we aim to be a partner that strives to achieve mutually beneficial outcomes.
Responsibility to Global Environment	The Sekisui Plastics Group takes concrete steps to protect the precious world in which we live. In particular, we make contributions to the development of recycling in the community and lowering carbon levels centering on foam plastics that conserve natural resources.

5

Corporate Culture Vision—"All Member Management"

The Culture and DNA that Underpin Sekisui Plastics' Ongoing Development

"The Spirit of the Entrepreneur and Industrialist"—An Innovative Approach and Action

Extending well beyond ESLEN Beads and ESLEN Sheet packaging to include products used in automobile parts and liquid crystal components, Sekisui Plastics has continued to take the lead in developing and bringing to market products that reflect the changing lifestyles of end users and consumers, often utilizing our customers' proposals.

"All Member Participation Management"—The Declaration of Sekisui Plastics' Founder Masao Fukumoto—Executives and Employees Working in Unison

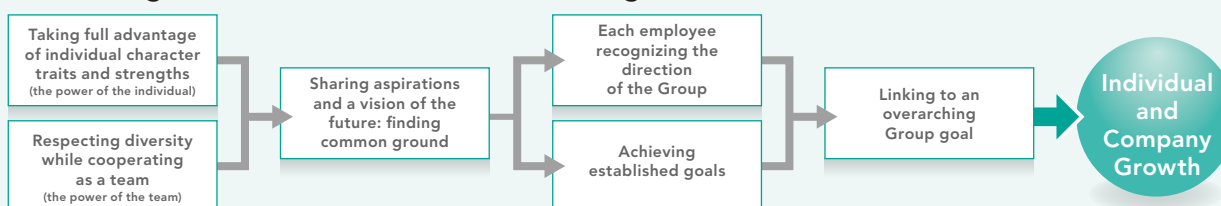
In developing work relationships that go beyond organizational boundaries and an optimal workplace environment, we have continued to witness the free exchange of opinions and ideas and a positive attitude toward mutual development. These efforts have spurred growth in our employees, which by association has ensured the Company's growth. Such initiatives as the former Junior Board^{*1} and our Group Kaizen Activities,^{*2} which predate the Company's current SKG Kaizen Activities^{*3} embody this corporate culture and process.

*1 Junior Board (Meeting of Young Employees): A forum for young employees to study and hone their skills in preparation for their participation in management. The Junior Board was one of five sub-committees that supported the Business Promotion Committee established in 1962.

*2 Proprietary improvement activities introduced by the Company in 1968. Distinguished by the selection of themes, particularly when compared with conventional quality control activities.

*3 The Sekisui Plastics Group launched its "SKG Kaizen Activities" initiative in 2006. More than 200 groups currently participate in the activities.

Meaning and Process of "All Member Management"



Overview of the Final Year of the Mid-Term Management Plan (Fiscal 2015)

ENS2000-Challenge

Completing the Transformation of the Business Model and Reforming the Earnings Structure

The continuing quest to secure a growth path to achieve the sales target of ¥200.0 billion in fiscal 2019 set forth in the previous mid-term management plan

■ Challenges of the Mid-Term Management Plan

CONCEPT

Business Model Transformation

Transformation from businesses focused on existing customers based on a conventional product-out business model to solutions-driven businesses that meet all customer needs



Discovery and satisfaction of customers' total needs by means including team activities that work across organizational and regional boundaries leading to a rise in new customers and markets

Earnings Structure Reform

At businesses in Japan, production structure optimization, transition to a sales structure based on and proximity to customers, and control of Group workforce growth through multi-skills training of current personnel

In the global market, acceleration of earnings growth through the exchange of overseas personnel hired during the previous mid-term management plan and sales and development personnel from Japan

Quantitative Targets (¥ billion)

Proceed with initiatives focused on sales expansion (original target of ¥120.0 billion) and operating income ratio improvement (operating income ratio of 4%/ROE of 5% or higher)

	Fiscal 2013 results	Fiscal 2014 results	Fiscal 2015 plan
Sales	1,099.2	1,136.6	1,200.0
Overseas sales	(142.2)	(208.7)	(250.0)
(Overseas sales ratio)	(12.9%)	(18.4%)	(20.8%)
Operating income	21.2	39.3	50.0
(Operating income ratio)	(1.9%)	(3.5%)	(4.2%)
Recurring income	22.1	41.8	47.0
Net income	12.6	25.3	30.0
ROE	(2.5%)	(4.6%)	(5.1%)

To synchronize the accounting period of overseas Group companies with the accounting period in Japan beginning in fiscal 2014, the fiscal 2014 results for overseas Group companies are for a 15-month accounting period.

High-Priority Policies

1

Completion of transformation to a business based on customers' total needs

- Expansion of the customer base and sales through fusion of the new divisional system and CS teams*
- Business transformation and earnings reform at domestic and overseas Group companies

2

Strategic utilization of resources and fostering of human resources in preparation for global business expansion

- Full utilization of new production sites, additional input of human resources from Japan and early development of human resources in overseas countries

3

Rapid cultivation of new products and new businesses and acceleration of earnings contribution

- Rapid cultivation of next-generation strategic products, such as composite structural component materials that combine carbon fiber-reinforced plastic (CFRP) and Sekisui Plastics foam

4

Control of fixed costs through cost-reduction activities and continued rigorous selection of capital expenditures

5

Fostering assertive and dynamic human resources

*CS (Cross-functional Solution) Teams

The purpose of CS teams is to develop business models by forming teams that work across organizational and regional boundaries for specific customers and on specific projects.

Investment Policy (¥ billion)

	Fiscal 2013 results	Fiscal 2014 results	Fiscal 2015 plan	Three-year plan (cumulative)
Capital expenditures	34.4	59.1	41.5	135.0

Fiscal 2014 Capital Expenditures

● Principal Facilities Completed

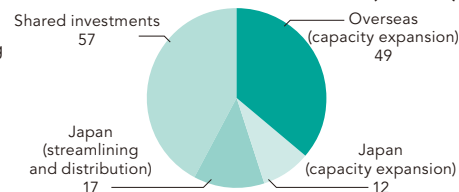
- PSP warehouse and distribution facility (Japan)
- TECHPOLYMER capacity expansion (Japan)
- Construction of a new molding and processing plant (Taiwan)
- Expansion of a molding and processing plant (Thailand)
- Warehouse expansion at the Tennessee plant (USA)

Fiscal 2015 Capital Expenditures

● Principal Facilities Completed

- Construction of a new molding and processing plant (Indonesia)
- Construction of a new plant in Ohio (USA)

Three-Year Investment Breakdown (¥ billion)



Mergers and acquisitions are strategically implemented and considered separately from ordinary investments.

Dividend Plan (yen)

	Fiscal 2013 results	Fiscal 2014 results	Fiscal 2015 plan
Dividend per share	7.0	9.0 (Ordinary dividend 8.5) (Commemorative dividend 0.5)	10.0
Consolidated payout ratio	51.9%	33.2%	31.2%

Shareholder Returns Policy

- Although the Company has set a target of a dividend payout ratio of 30% to 40% on a consolidated basis, dividends are decided on the basis of a comprehensive consideration of trends in the stock market and business performance.
- The Company implements treasury stock acquisitions with flexibility and acumen, taking into consideration the stock market environment and its capital position.

A Message from the President



President **Masato Kashiwabara**

Fiscal 2014 Business Report

Conditions in the global economy in fiscal 2014 were mixed. Whereas the U.S. economy enjoyed a recovery, the European economy was stagnant and the rate of economical growth in China and developing countries was slowing. In addition, crude oil prices declined from the second half onward, with the economic impact differing from region to region. Although the Japanese economy showed a modest recovery trend, the consumption tax increase has affected personal consumption leading to sluggish economic growth. In the second half of the fiscal year, weakening of the yen brought improvement in the business environment, mainly for export industries. Although Japan's foamed plastics industry benefited from the easing of pressure on profits as petrochemical raw material prices shifted into a downward phase due to the decline in crude oil prices, electric power costs and other costs remained high. The industry faced a difficult demand environment owing to the impact of stagnant consumption, among other factors.

In such a management environment, the Sekisui Plastics Group entered the second year of the *ENS2000–Challenge* mid-term management plan. We made an organizational change to our market-responsive divisional system consisting of two business headquarters and are speeding up implementation of key measures in the management plan, such as strengthening the earnings capability of domestic and overseas Group companies. Although demand in the Human Life segment was weak in fiscal 2014, income improved as a result of flexible pricing policies adapted to raw materials price trends and cost reductions. In the Industry segment, overseas demand in the electric home appliance and IT fields and automobile-related fields was strong. As a result, we achieved increases in sales and profits on a year-on-year basis in fiscal 2014, recording net sales of ¥113.66 billion, operating income of ¥3.93 billion, recurring income of ¥4.18 billion, and net income of ¥2.53 billion.

Key Measures for Fiscal 2015

Although the modest recovery trend is expected to continue in the global economy and the Japanese economy in fiscal 2015, the business environment for the Sekisui Plastics Group is expected to be uncertain due to the hard-to-predict trend in raw materials and fuel prices, which fell in the second half of fiscal 2014, and sharp fluctuations in LCD panel-related demand, which was robust in fiscal 2014.

In the final year of the *ENS2000-Challenge* management plan, in order to secure a return to the growth path, the mid-term management plan's objective, the Sekisui Plastics Group will complete the implementation of the key measures in the plan and promote activities focusing on sales expansion and on profit margin improvement.

Specifically, by fusing the reorganized divisional system and the teams that work across organizational and regional boundaries, we will find new customers and open up new markets through implementation of transformation of our

business based on customers' total needs.

In our global business operations, which are key to increasing sales, we will fully utilize our expanded and upgraded molding and processing bases and accelerate business expansion by further shifting the investment of resources from Japan and by the early development of human resources in each country. In addition, we will expedite the development of new products and new businesses, such as composite materials of carbon-fiber-reinforced plastics and our foamed core materials, and also consider mergers and acquisitions that would contribute to strengthening our businesses. At the same time, we will strive to improve earnings by continuing cost-reduction activities such as energy-savings, as a means of dealing with volatile raw materials and fuel prices and by continuing the rigorous selection of capital investments.



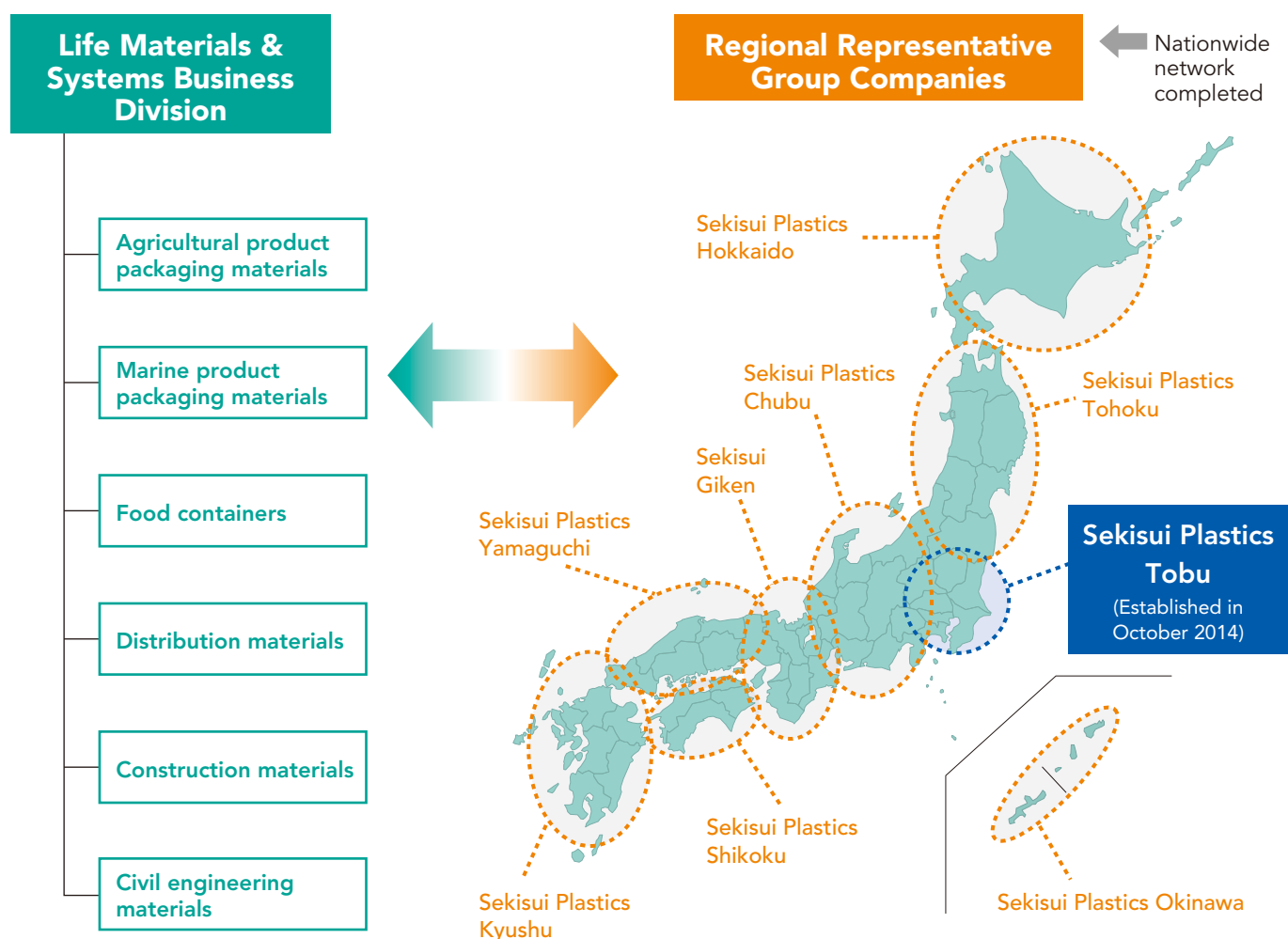
Items made of composite materials of carbon-fiber-reinforced plastics and our foamed core material were displayed at the NPE2015 exhibition in the U.S.A.

Concrete Strategy for Achieving Business Goals

In Japan, the Life Materials & Systems Business Division and regional Group companies are collaborating to develop a system for more effectively proposing solutions that draw on all of Sekisui Plastics Group's products and services. The Sekisui Plastics Group has completed setting up regional Group companies throughout Japan, from Hokkaido in the north to Okinawa in the south, including Sekisui Plastics Tobu, established in October 2014. The Life Materials & Systems Business Division is taking the lead in launching CS teams for each market sector and region and accelerating development of new markets and new applications and cross-organizational deployment of best practices. By defining responsibilities, such as the business division focusing on national brands and

the regional Group companies focusing on local customers and areas, we are putting in place an efficient group-wide sales structure in the Human Life segment.

The regional representative Group companies have been coping with expansion and upgrading of their processing systems in order to transform themselves from companies selling individual products into companies capable of supplying whatever items customers require. Specifically, by gradually installing the machinery required to meet regional needs and expanding business scope, the Group companies will transform themselves into companies more trusted by local customers.



In the global market, we have strived to expand and upgrade molding and processing plants for the automotive component materials and conveyance materials, among others, made using PIOCELAN. In Asia, a multipurpose molding and processing plant in Taiwan went into operation in January 2015. In Thailand, we extended the molding and processing plant mainly for automobile-related materials. A molding and processing plant is planned to start operations in Indonesia in fiscal 2015. In the United States, since the

molding and processing plant in Tennessee, which mainly produces automobile-related materials, has been running well, we plan to establish a new molding and processing plant in Ohio in fiscal 2015. The Sekisui Plastics Group will apply the combined strengths of these production bases to secure earnings growth by means including increasing the number of employees temporarily transferred and dispatched from Sekisui Plastics.

South Korea

New molding and processing bases under consideration

Thailand

Fiscal 2014: Expansion of plant facility capacity
Establishment of new molding and processing bases in southern Bangkok under consideration

Taiwan

October 2014: Establishment of an integrated manufacturing and sales structure through the merger of two local companies
January 2015: Completion of a multipurpose molding and processing plant in the vicinity of Taichung

Indonesia

May 2015: Completion of a molding and processing plant for automotive applications in eastern Jakarta

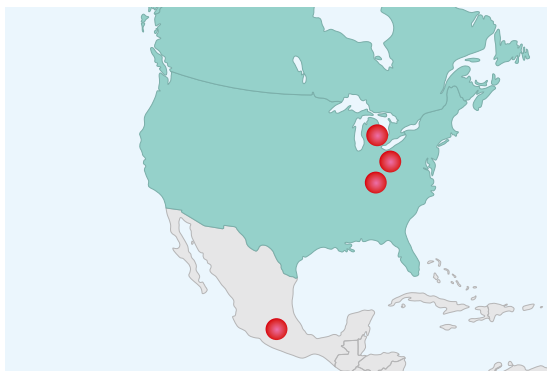


North America

Warehouse extension in December 2014 at the molding and processing plant in Tennessee
Fiscal 2015: Completion of a molding and processing plant in Ohio is planned
Establishment of molding and processing bases for automotive applications in Mexico is planned (a local subsidiary incorporated)

Europe

To increase sales of PIOCELAN, foaming, and molding and processing bases around Germany under consideration



Human Life



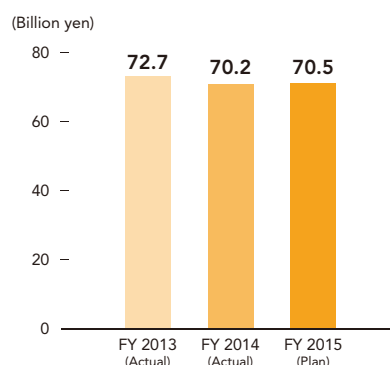
Market Environment and Results

Despite weak demand, sales of agricultural and marine product packaging materials were about level with the prior year. The results for food containers show that while demand for cup-type noodle containers was strong, demand for food trays remained weak. Although the sales volume of mainstay product ESLEN BEADS (expandable polystyrene beads [EPS]) was approximately on par with the prior year, the sales volume of ESLEN SHEET (foamed polystyrene sheet [PSP]) decreased year on year. Income improved year on year for reasons including implementation of flexible pricing policies adapted to raw materials price trends and cost reductions from productivity improvement activities and other initiatives.

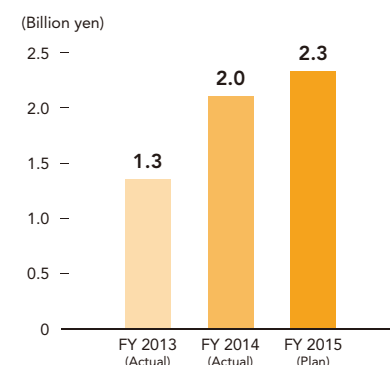
Strategies and Measures

- Take advantage of the price difference between styrene raw materials and other raw materials and promote switching to styrene.
- Discover regional needs in relation to local products through collaboration between the Life Materials & Systems Business Division and regional Group companies.
- Increase sales of new products such as the high-insulation EPS and functional sheets and sales of related products for the aquaculture industry and other market sectors through CS teams.
- Achieve a level of profit by responding to fluctuations in raw material and fuel prices with flexible product prices.
- Continue to enhance added value and cost reductions, including energy conservation, by strengthening the molding and processing structure at regional Group companies.

Net Sales



Recurring Income



Total solutions proposals support the globalization of marine products companies.

Even as the marine products market in Japan contracts, global demand for superior-quality, cultivated fish from Japan is on the rise. In collaboration with Kinki University, which plays a prominent role in the fish cultivation industry, Sekisui Plastics has invested in SHOKU EN Co., Ltd., a company established by Kinki University and one of the foremost marine product companies in Japan. We are cooperating in the development of a system for delivering high-quality marine products to customers around the world. We support a vertically integrated business model that encompasses cultivation, processing, and sales in ways including a proposal for a product temperature control container adapted to transport conditions (marine products box), the introduction of cultivation and processing facilities, support for highly efficient cultivation, and even support for global expansion and brand design.



Air transport containers



Waterless live-flounder transport container

Industry



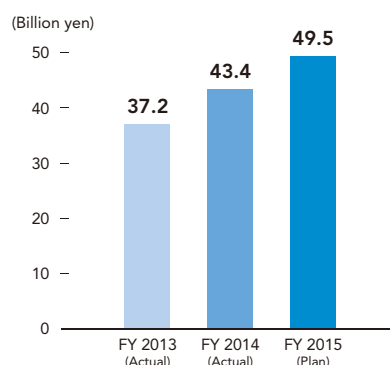
Market Environment and Results

In the electric home appliance and IT fields, sales of conveyance materials for LCD panels made using PIOCELAN (polystyrene-polyolefin hybrid resin foam) and other materials increased in the second half of the year due to new orders from China and Taiwan. In addition, sales of TECHPOLYMER (organic particle polymer) for use in LCD panels, LED lighting, and other light diffusion applications increased thanks in part to greater demand for new applications. In automobile-related fields, the adoption of PIOCELAN and other materials for component materials applications in Japan, the United States, and other markets steadily increased.

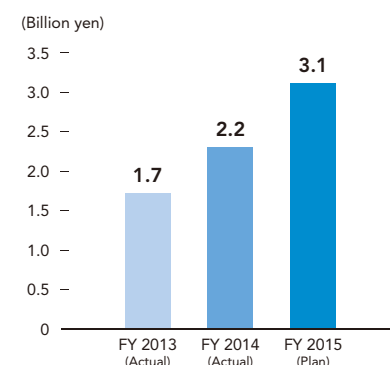
Strategies and Measures

- Fully utilize molding and processing bases, which are being expanded and upgraded globally, and work to increase sales by capitalizing on existing resources.
- For PIOCELAN, deploy newly developed and improved products globally. Expand adoptions for use in automotive component materials and open up new markets for conveyance materials for LCD panels in Japan and overseas.
- For TECHPOLYMER, continue to improve the different varieties in response to customer needs and increase sales of molded articles for industrial LED lighting.
- Undertake rapid expansion of markets for developed products such as composite structural component materials that combine carbon fiber-reinforced plastic (CFRP) and foam and snow-melting heaters.

Net Sales



Recurring Income



Sekisui Plastics has begun marketing LED lighting equipment.

LED chips account for a high proportion of the cost of LED lighting equipment, and manufacturers are developing chips with strong light emitting power in an attempt to reduce costs. However, with highly directed LED light, a problem occurs: when light emitting power is increased, the light becomes too glaring.

Sekisui Plastics has long offered TECHPOLYMER, particles that take advantage of the diffusion properties of light. Since it is possible to reduce the glare from LED chips using the high luminance and high diffusion properties of TECHPOLYMER, we have developed and commenced sales of LED lighting equipment. We have developed three types of LED lighting equipment: a type that suppresses light in the blue light spectrum found in LED light, a low insect-attracting type that suppresses insect-attracting ultraviolet light, and a type that replaces mercury lamps. Furthermore, we not only sell equipment, but have also established a lighting total solutions proposal system that utilizes an integrated structure extending from lighting design to installation.



Blue light-cutting type (top),
Low insect-attracting type (bottom)



Mercury-lamp type

CSR Initiatives

In the 100-Year Vision formulated in October 2009, the Group included the CSR declaration, "The Sekisui Plastics Group, expanding our dreams for people and the Earth." The Group is endeavoring to carry out its social responsibility toward all stakeholders, including the global environment, and to contribute to the sustainable development of societies worldwide.

Green Wall Activities and Green Wave Activities

A total of 34 of the Group's business sites participated in greening activities which the Ministry of the Environment encourages as a summertime power-saving and CO₂ reduction measure. We also held a green curtain photo contest in which contestants compete by submitting photographs of the results of their green curtain efforts, and it helped the participants improve their planting techniques.



A total of 13 business sites of ten Group companies participated in Green Wave 2014 activities promoted by the Ministry of the Environment, planting trees and flowering plant seedlings.



Activity Report at the Kick-Off Forum for the Midpoint in the United Nations Decade of Biodiversity

At the Kick-Off Forum for the Midpoint in the United Nations Decade of Biodiversity, sponsored by the Ministry of Environment and held on February 20, 2015 at Keidanren Hall in Tokyo, we presented an activity report on Sekisui Plastics Group's environmental preservation activities, focusing on Green Wave activities.



Support for Reconstruction of the Tohoku Region

The Sekisui Plastics Group is collaborating with Sekisui Chemical and Sekisui Jushi in providing support for reconstruction of the Tohoku region. We formed the Tohoku Reconstruction CS Team, whose members are mainly drawn from Sekisui Plastics Tohoku, a regional representative company in the Tohoku region, and have stepped up contributions to the reconstruction through business activities, such as total solutions proposals in the civil engineering-related domain (as in infrastructure development) and in the agriculture- and marine-related domains.

In addition, we have donated Sekisui Plastics Group products (such as simple food containers) for use at earthquake reconstruction events, and Group employees participated in the Millennium Hope Hills Tree-Planting Festival. We will continue to contribute to the prompt reconstruction of the Tohoku region through these activities.



Group employees participated in the Millennium Hope Hills Tree-Planting Festival.

Contribution to the Expansion of Renewable Energy

To make an environmental contribution through the effective use of land, the Sekisui Plastics Group has opened mega-solar power plants in the city of Nakatsu, Oita Prefecture, and in Nara, Nara Prefecture, jointly with Kyushu Eternal Energy Co., Ltd. (Oita) and OR Solar Seven K.K. (Nara).

The combined projected annual power generation of the two power plants is 3.1 million kWh (equivalent to the annual power consumption of 8.6 million households). The plants are expected to contribute to the expansion of renewable energy and reduce CO₂ emissions and environmental impact.



Sekisui Plastics Kyushu Solar Power Plant



Sekisui Plastics Nara Solar Power Plant

Corporate Governance

Sekisui Plastics aspires to be “a plastics solution company trusted by customers around the world.” The most important management task in the realization of this aspiration is to create a management structure that ensures effective corporate governance and management transparency and soundness, and is capable of rapidly responding to changes in the operating environment.

Characteristics of the Governance Structure

The Board of Directors consists of eight directors (including two outside directors) who aim to engage in rational and efficient management decision making. Matters of importance are determined by the Board of Directors as well as by the Executive Committee. The management responsibility of directors is clearly defined, and the term of office of directors has been set at one year for the purpose of developing a management system capable of rapidly responding to changes in the business environment. Furthermore, committees have been established for each important management issue to promote swift, rational decision making while complementing the divisional system. This structure ensures mutual supervision with respect to compliance, ethics, and other governance-related matters.

The Company’s outside directors play an important role in the oversight and advisory functions in all aspects of the Company’s management, drawing on a wealth of experience and broad insight as corporate managers. The system for appropriately conveying information to outside directors involves the advance distribution of documents relating to matters for deliberation by the Board of Directors and explanation by the Corporate Planning Department and more detailed explanation of especially important agenda items by internal directors.

Board of Corporate Auditors and Internal Auditing

Sekisui Plastics is a company with corporate auditors. The Company engages in each of the principal activities of business execution, oversight and supervision through its Board of Directors and Board of Corporate Auditors. Of the Company’s five-member Board of Corporate Auditors, three are appointed from outside the Company. In ensuring the timely and relevant disclosure of important information to corporate auditors and the Board of Corporate Auditors, we are bolstering the audit function. At the same time, this reporting system helps to secure the validity, transparency and equity of management decisions.

Furthermore, Sekisui Plastics has established an internal control system that includes an Audit Department based on its Basic Policy Regarding the Internal Control System. In this manner, we have put in place a structure that is charged with the responsibility of overseeing the implementation status of internal audits and internal control systems. Sekisui Plastics is committed to strengthening management oversight and supervision through a variety of measures including collaboration between the Audit Department and corporate auditors.

Management

(As of June 23, 2015)

Board of Directors

President
Masato Kashiwabara

Directors
Yoshihide Sano
Hiroshi Tsujimura
Tetsuya Ikegaki
Masanobu Sasaki

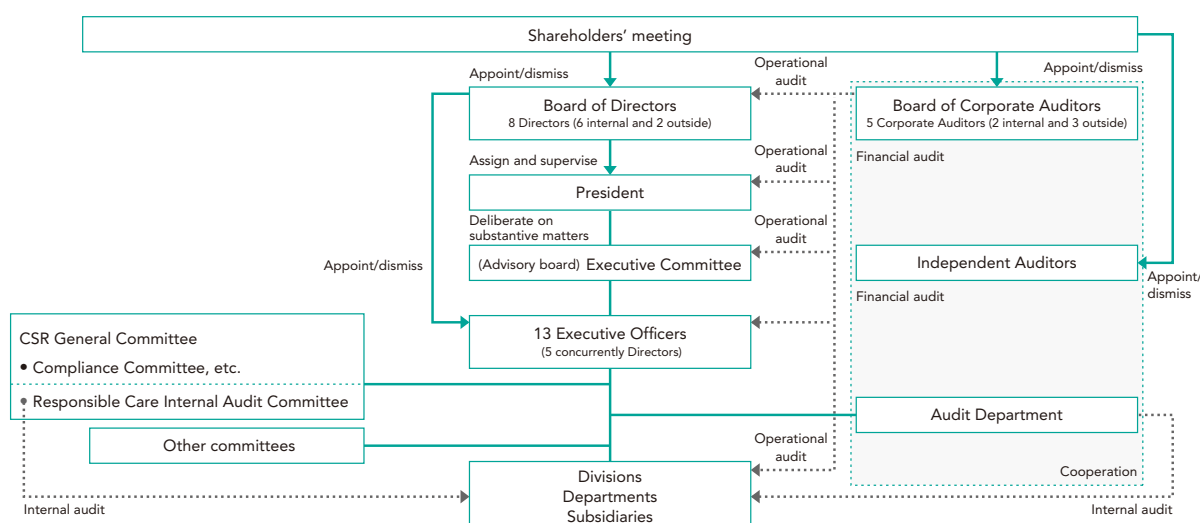
Director & Adviser
Keizo Ono

Outside Director
Katsuya Amimoto
Hiroyuki Baba

Board of Corporate Auditors

Corporate Auditors
Masayuki Moriya
Katsunori Numakura

Outside Corporate Auditors
Kiyotaka Tsuji
Morinobu Nagahama
Keizo Kousaka



Compliance and Risk Management

Sekisui Plastics continues to promote increased awareness, acceptance and understanding of corporate ethics, to prevent any breach of laws and regulations and to strengthen compliance. In addition, the Company is implementing a variety of measures aimed at addressing business risks. These include efforts to enhance its management structure and systems as well as education and training initiatives.

Compliance

Sekisui Plastics established the Compliance Committee and has put together a structure to ensure that the Group adheres strictly to all relevant laws and regulations. The Compliance Committee meets on a regular, twice-yearly basis to deliberate on important issues as they relate to the Group. At the same time, the Committee coordinates with officers who have been appointed to each Group company to oversee and promote the compliance function. Moreover, compliance committees of a comparable scale and nature as the Company's are established at Group companies of a certain scale and size. In an effort to better fulfill its corporate social responsibility and enhance both internal communication and reporting, the Company set up a hotline with direct links to the Compliance Committee Secretariat and legal counsel. Through these and other means, Sekisui Plastics is steadily building an equitable and vibrant compliance structure and systems. In addition, the Company has executed an advisory agreement with an established legal firm. Under the agreement, the Company receives guidance and advice as and when required, which forms a part of the overall decision-making process with respect to corporate management as well as day-to-day operations.

Risk Management

Sekisui Plastics has formulated a variety of specific rules and regulations, which cover such issues as quality, safety, the environment and information security. In its efforts to address the wide range of risks inherent in its ongoing business activities, the Company has established individual committees to address each of the aforementioned issues, while calling on general managers of each division to independently manage miscellaneous risks.

At the same time, Sekisui Plastics has produced a "Crisis Management Manual." In taking steps to ensure that directors and employees are familiar with and conversant in this Manual, the Company is endeavoring to prevent the occurrence of risk. In the event of an emergency situation, Sekisui Plastics has established emergency response measure procedures that include the immediate launch of an emergency task force. Under the direction of the president, this task force is charged with the responsibility of crisis management.

Security, Safety, and Health Initiatives

Sekisui Plastics Group places the highest priority on the health and safety of its employees and local community residents and organizes activities on prevention of accidents and injuries.

Safety-Related Activities

In addition to safety patrols of the workplace and tours of the premises by business site managers, we implement the following safety-related activities.

1 Safety briefings with managers

Managers conduct safety-related briefings with all employees. (Some business sites utilize the results of a safety response survey conducted by the Japan Industrial Safety and Health Association.)

2 Designation of daily safety managers

All Group companies designate daily safety managers with the aim of increasing safety awareness and the sense of responsibility for a safe workplace among employees and identifying and correcting unsafe conditions.

3 Production section safety meetings

Group companies that have similar production facilities and production operations get together to devise and carry out safety measures pertaining to shared issues.

Safety-Related Activities at Overseas Business Sites

Taiwan Sekisui Yunchu Co., Ltd.'s Miaoli Plant and PT. Sekisui Plastics Indonesia, which began operations in fiscal 2015, engage in safety-related activities using a safety calendar, safety education videos, and other tools.



Safety-Related and Health Activities

We conduct periodic training and safety education and emergency response drills to hone employee abilities and skills and maintain and improve safety and health.

First-aid training

We engage outside instructors to periodically conduct first-aid training at Group companies.



Sekisui Giken Meihan Ogura Plant

Consolidated Financial Highlights

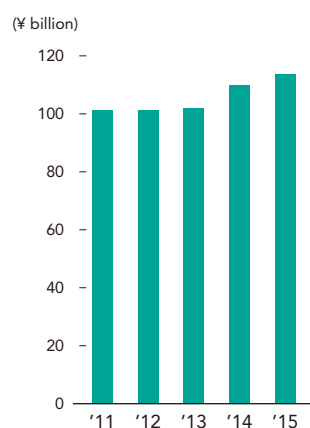
Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	2005	2006	2007	2008	2009
For the year:					
Net sales	¥85,244	¥89,254	¥94,896	¥98,561	¥96,102
Operating income	2,922	2,992	3,174	2,028	4,119
Recurring income	2,839	3,049	2,924	1,463	3,881
Net income	1,634	1,800	1,868	712	2,111
Capital expenditures	3,551	5,568	4,293	4,281	5,500
Depreciation and amortization	3,296	3,250	3,720	4,050	4,060
Research and development costs	1,770	1,914	1,998	2,034	2,150
At year-end:					
Total assets	¥86,641	¥91,900	¥94,869	¥91,342	¥92,553
Total net assets	—	—	48,186	45,551	45,285
Total shareholders' equity	44,514	46,437	—	—	—
Interest-bearing debt	11,597	12,441	11,298	12,196	17,151
Amounts per share:					
Net income	¥ 16.00	¥ 17.71	¥ 18.92	¥ 7.25	¥ 21.74
Net assets	444.98	468.83	481.19	455.82	467.38
Cash dividends	7.00	7.00	8.00	8.00	10.00
Key ratios:					
Operating income ratio (%)	3.4%	3.4%	3.3%	2.1%	4.3%
ROE (%)	3.7	4.0	4.0	1.5	4.7
ROA ^{*2} (%)	3.3	3.4	3.1	1.6	4.2
Equity ratio (%)	51.4	50.5	49.9	48.9	48.0
Employees	1,432	1,429	1,486	1,540	1,568

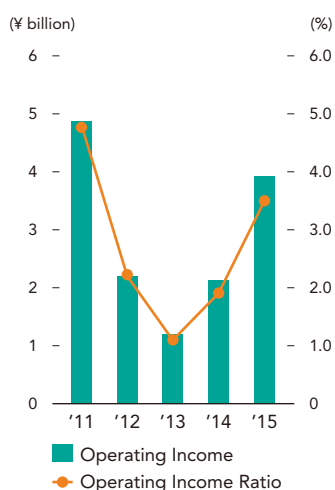
^{*1} U.S. dollar amounts represent translations of Japanese yen, for readers' convenience only, at the rate of ¥120.17 = U.S.\$1.00, the prevailing exchange rate at March 31, 2015.

^{*2} Ratio of recurring income to total assets.

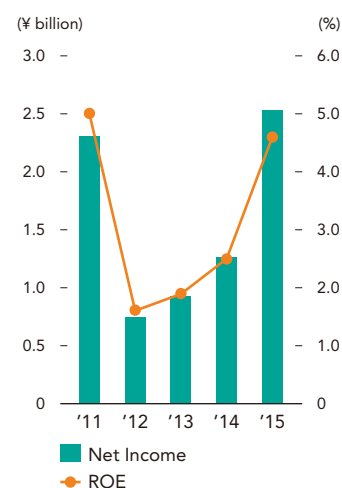
Net Sales



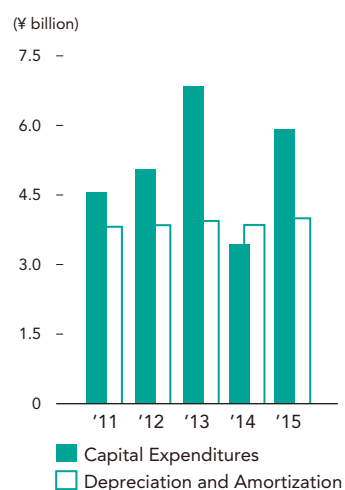
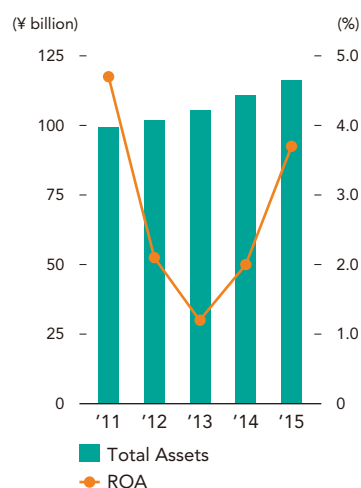
Operating Income/ Operating Income Ratio



Net Income/ROE



Millions of yen						Thousands of U.S. dollars*1
2010	2011	2012	2013	2014	2015	2015
¥100,744	¥101,418	¥101,350	¥101,784	¥109,923	¥113,660	\$945,826
5,118	4,876	2,271	1,152	2,124	3,930	32,703
4,475	4,628	2,107	1,237	2,206	4,180	34,784
2,393	2,306	744	926	1,264	2,530	21,053
3,735	4,561	5,059	6,849	3,434	5,908	49,163
3,886	3,814	3,848	3,940	3,856	3,999	33,277
2,044	2,237	2,261	1,993	1,936	1,877	15,169
¥ 97,008	¥ 99,263	¥101,889	¥105,562	¥110,687	¥116,201	\$966,971
46,848	48,165	48,911	50,929	54,036	58,275	484,938
—	—	—	—	—	—	—
17,126	17,175	17,068	18,492	18,566	19,467	161,995
						U.S. dollars*1
¥ 25.29	¥ 24.54	¥ 7.92	¥ 9.86	¥ 13.48	¥ 27.07	\$ 0.22
488.64	502.81	510.63	531.84	568.26	615.68	5.12
10.00	10.00	6.00	4.00	7.00	9.00	0.07
5.1%	4.8%	2.2%	1.1%	1.9%	3.5%	
5.3	5.0	1.6	1.9	2.5	4.6	
4.7	4.7	2.1	1.2	2.0	3.7	
47.4	47.6	47.1	47.4	48.0	49.5	
1,637	1,719	1,757	1,813	1,833	1,859	



Consolidated Balance Sheet

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2015	2015
Assets			
Current assets:			
Cash and cash equivalents (Note 4)	¥ 6,278	¥ 7,030	\$ 58,500
Short-term investments (Note 4)	21	2	16
Notes and accounts receivable (Note 4)	31,292	29,776	247,782
Less allowance for doubtful accounts	(42)	(57)	(474)
Inventories (Note 6)	9,754	10,128	84,280
Deferred income taxes (Note 8)	938	1,047	8,712
Other current assets	632	751	6,249
Total current assets	48,875	48,680	405,092
Property, plant and equipment (Note 16):			
Land (Note 11)	20,282	20,665	171,964
Buildings and structures	39,294	40,440	336,523
Machinery and equipment	71,439	73,840	614,462
Construction in progress	630	1,414	11,766
	131,647	136,360	1,134,725
Less accumulated depreciation	(85,952)	(88,940)	(740,118)
Property, plant and equipment, net	45,695	47,419	394,599
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	910	897	7,464
Investments in securities (Notes 4 and 5)	9,263	12,221	101,697
Long-term loans receivable	11	6	49
Deferred income taxes (Note 8)	622	613	5,101
Asset for retirement benefits (Note 9)	3,984	4,559	37,937
Software	515	466	3,877
Other assets	917	1,391	11,575
Less allowance for doubtful accounts	(108)	(55)	(457)
Total investments and other assets	16,116	20,101	167,271
Total assets (Note 16)	¥ 110,687	¥ 116,201	\$ 966,971

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2015	2015
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable (Note 4)	¥ 24,271	¥ 23,151	\$ 192,652
Short-term loans (Notes 4 and 7)	6,314	4,895	40,733
Current portion of long-term debt (Notes 4, 7 and 14)	2,771	1,733	14,421
Accrued expenses	2,306	2,416	20,104
Accrued income and enterprise taxes (Note 8)	625	832	6,923
Allowance for bonuses to employees	850	917	7,630
Allowance for bonuses to directors and corporate auditors	22	29	241
Allowance for product warranty	70	102	848
Deferred income taxes (Note 8)	0	0	0
Other current liabilities	1,718	2,141	17,816
Total current liabilities	38,951	36,221	301,414
Long-term liabilities:			
Long-term debt less current portion (Notes 4, 7 and 14)	9,480	12,839	106,840
Liability for retirement benefits (Note 9)	2,377	2,538	21,120
Deferred income taxes (Note 8)	5,031	5,792	48,198
Other long-term liabilities	809	534	4,443
Total long-term liabilities	17,698	21,704	180,610
Net assets:			
Shareholders' equity (Note 10):			
Common stock:			
Authorized: 249,502,000 shares			
Issued: 95,976,218 shares at March 31, 2014 and 2015	16,533	16,533	137,580
Capital surplus	17,261	17,261	143,638
Retained earnings (Note 17)	13,137	14,091	117,258
Less treasury stock, at cost:			
2,488,497 shares at March 31, 2014			
2,494,902 shares at March 31, 2015	(794)	(796)	(6,623)
Total shareholders' equity	46,137	47,089	391,853
Accumulated other comprehensive income:			
Net unrealized holding gain on securities (Notes 5 and 12)	4,050	6,176	51,393
Surplus arising from land revaluation (Notes 8, 11 and 12)	1,204	1,384	11,517
Translation adjustments	447	923	7,680
Retirement benefits liability adjustments	1,284	1,981	16,484
Total accumulated other comprehensive income	6,987	10,465	87,084
Minority interests	910	720	5,991
Total net assets	54,036	58,275	484,938
Total liabilities and net assets	¥ 110,687	¥ 116,201	\$ 966,971

See notes to consolidated financial statements.

Consolidated Statement of Income

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2015	2015
Net sales (Note 16)	¥ 109,923	¥ 113,660	\$ 945,826
Cost of sales	89,284	90,703	754,789
Gross profit	20,639	22,957	191,037
Selling, general and administrative expenses (Note 13)	18,514	19,026	158,325
Operating income	2,124	3,930	32,703
Other income (expenses):			
Interest income (Note 16)	12	14	116
Dividend income	190	187	1,556
Insurance fee	14	128	1,065
Interest expense (Note 16)	(186)	(185)	(1,539)
Equity in losses of affiliates (Note 16)	(8)	(9)	(74)
Foreign exchange gain, net	371	443	3,686
Compensation expenses	(89)	(75)	(624)
Loss on impairment of property, plant and equipment (Note 16)	(37)	(33)	(274)
Gain on negative goodwill (Note 16)	1	231	1,922
Loss on cancellation of contracts	–	(177)	(1,472)
Loss on withdrawal from welfare pension plans	–	(59)	(490)
Other, net	(125)	(265)	(2,205)
Income before income taxes and minority interests	2,267	4,130	34,367
Income taxes (Note 8):			
Current	869	1,194	9,935
Deferred	53	326	2,712
	923	1,520	12,648
Income before minority interests	1,344	2,609	21,710
Minority interests	(80)	(78)	(649)
Net income	¥ 1,264	¥ 2,530	\$ 21,053

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2014 and 2015

		Millions of yen	Thousands of U.S. dollars (Note 3)
	2014	2015	2015
Income before minority interests	¥ 1,344	¥ 2,609	\$ 21,710
Other comprehensive income:			
Net unrealized holding gain on securities	517	2,125	17,683
Surplus arising from land revaluation	—	178	1,481
Translation adjustments	901	485	4,035
Retirement benefits liability adjustments	—	696	5,791
Total other comprehensive income (Note 12)	1,419	3,486	29,008
Comprehensive income	¥ 2,764	¥ 6,095	\$ 50,719
Comprehensive income attributable to:			
Shareholders of the Company	¥ 2,648	¥ 6,007	\$ 49,987
Minority interests	115	88	732

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2014 and 2015

	Millions of yen			
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at April 1, 2013	¥ 16,533	¥ 17,261	¥ 12,531	¥ (654)
Cash dividends	—	—	(657)	—
Net income	—	—	1,264	—
Acquisition of treasury stock	—	—	—	(139)
Other changes	—	—	—	—
Balance at April 1, 2014	16,533	17,261	13,137	(794)
Cumulative effects of accounting change (Note 2)	—	—	(869)	—
Balance at April 1, 2014 as adjusted	16,533	17,261	12,268	(794)
Cash dividends	—	—	(701)	—
Net income	—	—	2,530	—
Reversal of surplus arising from land revaluation	—	—	(1)	—
Decrease resulting from exclusion of subsidiaries from consolidation	—	—	(5)	—
Acquisition of treasury stock	—	—	—	(2)
Other changes	—	—	—	—
Balance at March 31, 2015	¥ 16,533	¥ 17,261	¥ 14,091	¥ (796)

	Millions of yen					
	Net unrealized holding gain on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Minority interests	Total net assets
Balance at April 1, 2013	¥ 3,532	¥ 1,204	¥ (419)	¥ —	¥ 940	¥ 50,929
Cash dividends	—	—	—	—	—	(657)
Net income	—	—	—	—	—	1,264
Acquisition of treasury stock	—	—	—	—	—	(139)
Other changes	517	—	867	1,284	(29)	2,640
Balance at April 1, 2014	4,050	1,204	447	1,284	910	54,036
Cumulative effects of accounting change (Note 2)	—	—	—	—	—	(869)
Balance at April 1, 2014 as adjusted	4,050	1,204	447	1,284	910	53,167
Cash dividends	—	—	—	—	—	(701)
Net income	—	—	—	—	—	2,530
Reversal of surplus arising from land revaluation	—	—	—	—	—	(1)
Decrease resulting from exclusion of subsidiaries from consolidation	—	—	—	—	—	(5)
Acquisition of treasury stock	—	—	—	—	—	(2)
Other changes	2,125	179	475	696	(190)	3,286
Balance at March 31, 2015	¥ 6,176	¥ 1,384	¥ 923	¥ 1,981	¥ 720	¥ 58,275

	Thousands of U.S. dollars (Note 3)			
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at April 1, 2014	\$ 137,580	\$ 143,638	\$ 109,320	\$ (6,607)
Cumulative effects of accounting change (Note 2)	—	—	(7,231)	—
Balance at April 1, 2014 as adjusted	137,580	143,638	102,088	(6,607)
Cash dividends	—	—	(5,833)	—
Net income	—	—	21,053	—
Reversal of surplus arising from land revaluation	—	—	(8)	—
Decrease resulting from exclusion of subsidiaries from consolidation	—	—	(41)	—
Acquisition of treasury stock	—	—	—	(16)
Other changes	—	—	—	—
Balance at March 31, 2015	\$ 137,580	\$ 143,638	\$ 117,258	\$ (6,623)

	Thousands of U.S. dollars (Note 3)					
	Net unrealized holding gain on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Minority interests	Total net assets
Balance at April 1, 2014	\$ 33,702	\$ 10,019	\$ 3,719	\$ 10,684	\$ 7,572	\$ 449,662
Cumulative effects of accounting change (Note 2)	—	—	—	—	—	(7,231)
Balance at April 1, 2014 as adjusted	33,702	10,019	3,719	10,684	7,572	442,431
Cash dividends	—	—	—	—	—	(5,833)
Net income	—	—	—	—	—	21,053
Reversal of surplus arising from land revaluation	—	—	—	—	—	(8)
Decrease resulting from exclusion of subsidiaries from consolidation	—	—	—	—	—	(41)
Acquisition of treasury stock	—	—	—	—	—	(16)
Other changes	17,683	1,489	3,952	5,791	(1,581)	27,344
Balance at March 31, 2015	\$ 51,393	\$ 11,517	\$ 7,680	\$ 16,484	\$ 5,991	\$ 484,938

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2015	2015
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 2,267	¥ 4,130	\$ 34,367
Adjustments for:			
Depreciation and amortization	3,856	3,999	33,277
Loss on impairment of property, plant and equipment	37	33	274
Decrease in allowance for doubtful accounts	(33)	(42)	(349)
Interest and dividend income	(203)	(201)	(1,672)
Interest expense	186	185	1,539
Equity in losses of affiliates	8	9	74
Increase in allowance for bonuses to employees	104	67	557
Changes in liability for retirement benefits, net	167	159	1,323
(Decrease) increase in allowance for product warranty	(6)	31	(257)
Gain on sales of investments in securities	(126)	(0)	(0)
Loss on impairment of investments in securities	20	4	33
Loss on disposal or sales of property, plant and equipment	59	52	432
(Increase) decrease in notes and accounts receivable	(782)	1,895	15,769
Increase in inventories	(1,057)	(193)	(1,606)
Decrease in notes and accounts payable	(95)	(1,953)	(16,251)
Other	(629)	(1,104)	(9,186)
Subtotal	3,776	7,072	58,849
Interest and dividends received	215	210	1,747
Interest paid	(183)	(205)	(1,705)
Proceeds from casualty insurance claims	14	127	1,056
Income taxes	(582)	(988)	(8,221)
Net cash provided by operating activities	¥ 3,239	¥ 6,216	\$ 51,726
Cash flows from investing activities			
Increase in short-term investments	¥ (1)	¥ (0)	\$ (0)
Decrease in short-term investments	121	22	183
Purchases of property, plant and equipment	(3,081)	(5,243)	(43,629)
Proceeds from sales of property, plant and equipment	179	180	1,497
Purchases of investments in securities	(4)	(83)	(690)
Proceeds from sales of investments in securities	402	44	366
Short-term and long-term loans receivable made	(46)	(23)	(191)
Collection of short-term and long-term loans receivable	105	35	291
Increase in investments in consolidated subsidiaries	(7)	(79)	(657)
Other	(38)	88	732
Net cash used in investing activities	(2,369)	(5,058)	(42,090)
Cash flows from financing activities			
Net decrease in short-term loans	(1,070)	(1,478)	(12,299)
Proceeds from long-term debt	5,744	5,004	41,641
Repayment of long-term debt	(4,800)	(2,790)	(23,217)
Purchases of treasury stock	(139)	(1)	(8)
Cash dividends paid	(658)	(701)	(5,833)
Cash dividends paid to minority shareholders	(139)	(48)	(399)
Other	(424)	(665)	(5,533)
Net cash used in financing activities	(1,488)	(681)	(5,666)
Effect of exchange rate changes on cash and cash equivalents	334	288	2,396
Net (decrease) increase in cash and cash equivalents	(283)	765	6,365
Cash and cash equivalents at beginning of the year	6,562	6,278	52,242
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(13)	(108)
Cash and cash equivalents at the end of the year	¥ 6,278	¥ 7,030	\$ 58,500

Notes to Consolidated Financial Statements

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
March 31, 2015

1. Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of Sekisui Plastics Co., Ltd. (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reportable Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2014 to the 2015 presentation. Such reclassifications had no effect on consolidated net income.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the consolidated financial statements do not necessarily agree with the sum of the individual yen and U.S. dollar amounts.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries' Affiliates

The consolidated financial statements include the accounts of the Company and its 36 and 32 significant consolidated subsidiaries (collectively, the "Group") for the years ended March 31, 2014 and 2015, respectively. The Company has applied the equity method to its investment in a significant affiliate for the purpose of the consolidated financial statements for the years ended March 31, 2014 and 2015.

The principles of consolidation are to include significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. In addition, significant affiliates, over which the Group exercises substantial control in various ways, are accounted for by the equity method.

Other subsidiaries and affiliates are not significant in terms of their total assets, net income or loss, and retained earnings. Accordingly, these other subsidiaries and affiliates have not been consolidated nor are they accounted for by the equity method. Investments in such subsidiaries and affiliates are stated at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Goodwill arising from the difference between the purchase cost and the underlying equity in net assets at the respective dates of acquisition is amortized by straight-line method over a period of 5 years. Goodwill is included in other assets.

Effective the year ended March 31, 2015, Sekisui Plastics (Shanghai) Precision Forming Co., Ltd., whose shares were additionally acquired by the Company's subsidiary, has been newly included in consolidation. Its fiscal year end is December 31, and it has been consolidated using provisional financial statements at March 31, 2015.

Effective the year ended March 31, 2015, Sekisui Plastics Tochigi Co., Ltd., Sekisui Plastics Sakura Co., Ltd., and Sekisui Plastics Package Co., Ltd., whose shares were additionally acquired by Sekisui Plastics Ibaraki Co., Ltd., have been eliminated from consolidation. Sekisui Plastics Ibaraki Co., Ltd. changed its company name to Sekisui Plastics Toubu Co., Ltd.

Effective the year ended March 31, 2015, Taiwan Sekisui Centex Co., Ltd., whose shares were additionally acquired by Taiwan Sekisui Yunchu Co., Ltd., has been eliminated from consolidation. Taiwan Sekisui Yunchu Co., Ltd. changed its company name to Sekisui Plastics Taiwan Co., Ltd.

Until the year ended March 31, 2014, 13 overseas consolidated subsidiaries were consolidated on the basis of fiscal year ending December 31, which differs from the balance sheet date of the Company. Accordingly, adjustments had been made for any significant intercompany transactions which took place during the period between the year-end of these overseas consolidated subsidiaries and the year-end of the Company.

Effective from the year ended March 31, 2015, however, the fiscal year-end of certain overseas consolidated subsidiaries has been changed. The fiscal year end of 8 overseas consolidated subsidiaries has been changed to March 31, 2015. The fiscal year-end of 3 overseas consolidated subsidiaries has not been changed, but these consolidated subsidiaries have been consolidated using provisional financial statements at March 31, 2015. The fiscal year-end of 2 overseas consolidated subsidiaries has not been changed and necessary adjustments have been made, the same as in previous fiscal years.

As a result, the consolidated financial statements have been prepared based on financial statements for a 15-month period from January 1, 2014 to March 31, 2015. Net sales, operating income and loss before income taxes and minority interests of these overseas consolidated subsidiaries for the 3 months from January 1, 2014 to March 31, 2014 were ¥3,174 million (\$26,412 thousand), ¥27 million (\$224 thousand) and ¥5 million (\$41 thousand), respectively.

(c) Foreign Currency Translation

The financial statements of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except that the components of net assets excluding minority interests are translated at their historical exchange rates. Differences resulting from translating the financial statements of the overseas consolidated subsidiaries are not included in the determination of net income but are reported as translation adjustments and minority interests in net assets in the consolidated balance sheet.

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates of exchange in effect at the respective transaction dates.

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and gain or loss on each translation is credited or charged to income.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and other highly liquid investments with a maturity of 3 months or less when purchased.

(e) Allowance for Doubtful Accounts

The Group provides an allowance for doubtful accounts at an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

(f) Inventories

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

(g) Securities

Securities are classified into three categories: trading securities, held-to-maturity debt securities and other securities. Trading securities, consisting of debt and marketable equity securities are stated at fair value. Gain or loss, both realized and unrealized, is credited or charged to income. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of accumulated other comprehensive income (loss). Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

(h) Property, Plant and Equipment (except for leased assets)

Property, plant and equipment are stated at cost.

Depreciation of buildings (other than structures attached to the buildings) is principally calculated by the straight-line method over the estimated useful lives of the respective assets. Depreciation of other property, plant and equipment is computed by the declining-balance method, except for certain subsidiaries which compute depreciation by the straight-line method over the estimated useful lives of the respective assets.

The estimated useful lives of major property, plant and equipment are summarized as follows:

Buildings	principally 31 to 38 years
Machinery	principally 8 years

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

(i) Leased Assets

Leased assets under finance lease contracts that do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the term of the contract as the useful life.

(j) Income Taxes

Income taxes are calculated on taxable income and charged to income on an accrual basis. Certain temporary differences exist between taxable income and income reported for financial statement purposes which enter into the determination of taxable income in a different period. The Group has recognized the tax effect of such temporary differences in the consolidated financial statements.

The Company and certain domestic consolidated subsidiaries have applied the consolidated taxation system, which allows companies to file tax returns based on the combined profits or losses of the parent company and wholly owned domestic subsidiaries.

(k) Allowance for Bonuses to Employees

Allowance for bonuses to employees is provided at the estimated amount of bonuses to be paid to the employees in the following year which has been allocated to the current fiscal year.

(l) Allowance for Bonuses to Directors and Corporate Auditors

Allowance for bonuses to directors and corporate auditors is calculated based on the estimated amount of bonuses to be paid to directors and corporate auditors.

(m) Allowance for Product Warranty

Allowance for product warranty is provided based on an estimated amount which is expected to be incurred subsequent to the balance sheet date.

(n) Retirement Benefit Plans

i) Method of attributing expected benefits to each period

The retirement benefit obligation for employees is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.

ii) Amortization method of prior service or service cost and actuarial gain or loss

Prior service cost is amortized by the straight-line method over a period of 5 years, which is within the estimated average remaining years of service of

the eligible employees.

Actuarial gain or loss is amortized from the year following the year in which the gain or loss is recognized by the straight-line method over a period of 5 years, which is within the estimated average remaining years of service of the eligible employees.

(o) Software

Expenditures relating to computer software developed for internal use are charged to income when incurred, except if these are deemed to contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their respective estimated useful lives, generally a period of 5 years.

(p) Research and Development Costs

Research and development costs are charged to income when incurred.

(q) Hedge Accounting

Derivative financial instruments consist principally of interest-rate currency swaps, which are entered into in order to reduce the risk of interest rate and foreign currency exchange rate fluctuations on long-term debt denominated in foreign currencies.

(a) Hedge accounting method

Interest-rate currency swaps that meet special matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income, and the long-term debt hedged by the swap agreements is translated at the swap contract rate ("integral hedge accounting").

(b) Hedging instruments and hedged items

Hedging instruments: Interest-rate currency swaps

Hedged items: Long-term debt denominated in foreign currencies

(c) Hedging policy

Rules with respect to granting authority to enter into derivative transactions are defined in the Company's internal regulations. The exposure to interest-rate risk and foreign currency exchange risk is hedged in compliance with these regulations.

(d) Assessing hedge effectiveness

With regard to interest-rate currency swaps accounted for by integral hedge accounting, the evaluation of hedge effectiveness is omitted.

(r) Distribution of Retained Earnings

Under the Corporation Law of Japan, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period do not, therefore, reflect such distributions (see Note 17).

2. Accounting Change

The Company and its domestic subsidiaries adopted Section 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012) and the main clause of Section 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012) effective from April 1, 2014. As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following respects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weight-average discount rate reflecting the expected timing and amount of benefit payments.

3. U.S. Dollar Amounts

The U.S. dollar amounts in the consolidated financial statements have been translated from yen solely for convenience and, as a matter of arithmetic computation only, at ¥120.17 = U.S.\$1.00, the exchange rate prevailing on March 31,

The cumulative effect of changing the methods for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, the asset for retirement benefits decreased by ¥1,349 million (\$11,225 thousand), liabilities for retirement benefits increased by ¥0 million (\$0 thousand), and retained earnings decreased by ¥869 million (\$7,231 thousand) at April 1, 2014, and operating income and income before income taxes and minority interests for the year ended March 31, 2015 increased by ¥52 million (\$432 thousand). Further information regarding the impact of the accounting change on amounts per share can be found in Note 15.

2015. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Financial Instruments

(a) Status of Financial Instruments

The Group manages fund surpluses only through short-term financial assets. In addition, the Group currently raises capital through bank borrowings. Derivative transactions are not used for speculation, but only used to hedge various risks.

In accordance with the internal business management rules of the Company for managing credit risk arising from notes and accounts receivable, each business section and the sales supervisory department monitor credit worthiness of their customers periodically, and monitor due dates and outstanding balances. Subsidiaries of the Company also manage credit risk in accordance with the Company's business management rules.

Investments in securities are exposed to market risk. Those securities are composed of mainly the shares of common stock of other companies with which the Group has business relationships. The accounting department, on a quarterly basis, reviews the fair value of such financial instruments.

All notes and accounts payable have payment due dates within one year.

Short-term loans are raised mainly in connection with operating activities, and long-term debt is taken out principally for the purpose of making capital investments. Long-term debt with variable interest rates is exposed to

interest-rate fluctuation risk.

Interest-rate currency swaps are used to hedge the risk of interest rate and foreign currency exchange rate fluctuations on the Group's long-term debt denominated in foreign currencies.

Derivative transactions are not used for speculation, but only used to manage various market risks and to reduce those risks.

Further information regarding the method of hedge accounting can be found in Note 1(q).

Trade payables, short-term loans and long-term debt are exposed to liquidity risk. The Company has established a commitment line, and makes efforts to ensure diverse sources of financing. Each component of the Group also prepares monthly cash flow plans to manage liquidity risk.

(b) Estimated Fair Value of Financial Instruments

Carrying amount, estimated fair value and the difference between them for financial instruments on the consolidated balance sheet as of March 31, 2014 and 2015 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen					
	2014			2015		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Cash and cash equivalents	¥ 6,278	¥ 6,278	¥ -	¥ 7,030	¥ 7,030	¥ -
Short-term investments	21	21	-	2	2	-
Notes and accounts receivable	31,292	31,292	-	29,776	29,776	-
Investments in securities	9,092	9,092	-	12,046	12,046	-
Total assets	¥ 46,685	¥ 46,685	¥ -	¥ 48,856	¥ 48,856	¥ -
Notes and accounts payable	¥ 24,271	¥ 24,271	¥ -	¥ 23,151	¥ 23,151	¥ -
Short-term loans	6,314	6,314	-	4,895	4,895	-
Long-term debt*	12,251	12,326	74	14,572	14,658	86
Total liabilities	¥ 42,837	¥ 42,911	¥ 74	¥ 42,619	¥ 42,705	¥ 86

	Thousands of U.S. dollars		
	2015		
	Carrying amount	Estimated fair value	Difference
Cash and cash equivalents	\$ 58,500	\$ 58,500	\$ -
Short-term investments	16	16	-
Notes and accounts receivable	247,782	247,782	-
Investments in securities	100,241	100,241	-
Total assets	\$ 406,557	\$ 406,557	\$ -
Notes and accounts payable	\$ 192,652	\$ 192,652	\$ -
Short-term loans	40,733	40,733	-
Long-term debt*	121,261	121,977	715
Total liabilities	\$ 354,655	\$ 355,371	\$ 715

*Includes current portion of long-term debt of ¥2,771 million and ¥1,733 million (\$14,421 thousand) at March 31, 2014 and 2015, respectively.

Methods to determine the estimated fair value of financial instruments and other matters related to securities are as follows:

Assets:

Cash and cash equivalents, short-term investments and notes and accounts receivable:

Since cash and cash equivalents, short-term investments and notes and accounts receivable are settled in a short period of time, their carrying amounts approximate the fair value.

Investments in securities:

The fair values of other investments in securities are based on quoted market prices. For information on securities classified by purpose of holding, please refer to Note 5.

Liabilities:

Notes and accounts payable and short-term loans:

Since notes and accounts payable and short-term loans are settled in a short period of time, their carrying amounts approximate the fair value.

Long-term debt:

The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into. The fair value of long-term debt with variable interest rates hedged with interest-rate swaps which qualify for hedge accounting and meet special matching criteria is calculated by discounting the sum of principal and interest, including the difference paid or received under the swap agreements, with the rate which would be applied if a similar new borrowing were entered into.

Unlisted equity securities in the amount of ¥1,081 million and ¥1,072 million (\$8,920 thousand) at March 31, 2014 and 2015 are not included in investments in securities in the preceding table since it is extremely difficult to determine their fair value at March 31, 2014 and 2015.

The redemption schedule at March 31, 2015 for deposits and notes and accounts receivable with maturity dates is summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2015	2015
	Within 1 year	Within 1 year
Deposits	¥ 6,999	\$ 58,242
Notes and accounts receivable	29,776	247,782
Total	¥ 36,776	\$ 306,033

The redemption schedule for long-term debt is disclosed in Note 7.

5. Investments in Securities

Marketable securities classified as other securities at March 31, 2014 and 2015 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	2014			2015		
	Acquisition cost	Carrying value	Unrealized holding gain (loss)	Acquisition cost	Carrying value	Unrealized holding gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥ 2,933	¥ 8,663	¥ 5,729	¥ 3,438	¥ 12,046	¥ 8,608
Securities whose acquisition cost exceeds their carrying value:						
Equity securities	438	428	(9)	—	—	—
Total	¥ 3,372	¥ 9,092	¥ 5,720	¥ 3,438	¥ 12,046	¥ 8,608

	Thousands of U.S. dollars		
	2015		
	Acquisition cost	Carrying value	Unrealized holding gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	\$ 28,609	\$ 100,241	\$ 71,631
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	—	—	—
Total	\$ 28,609	\$ 100,241	\$ 71,631

Unlisted equity securities in the amount of ¥170 million and ¥174 million (\$1,447 thousand) at March 31, 2014 and 2015 are not included in equity securities in the above table since it is extremely difficult to determine their fair value at March 31, 2014 and 2015.

The proceeds from sales of, and gross realized gain or loss on, investments in securities for the years ended March 31, 2014 and 2015 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2015
Proceeds from sales	¥ 402	¥ 44
Gross realized gain	126	0

6. Inventories

Inventories at March 31, 2014 and 2015 were composed of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Merchandise, finished goods semi-finished goods	¥ 6,987	¥ 7,646	\$ 63,626
Work in process goods	174	96	798
Raw materials and supplies	2,591	2,385	19,846
Total	¥ 9,754	¥ 10,128	\$ 84,280

7. Short-Term Loans and Long-Term Debt

Short-term loans at March 31, 2014 and 2015 represented loans in the form of deeds and overdrafts at interest rates ranging from 0.36% to 3.82% and from 0.34% to 3.20% per annum, respectively.

Long-term debt at March 31, 2014 and 2015 was composed of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unsecured loans from banks and insurance companies, payable in Japanese yen, at rates ranging from 0.15% to 1.93%	¥ 8,460	¥ 12,900	\$ 107,347
Unsecured loans from banks, payable in U.S. dollars, at rates ranging from 0.73% to 2.48%	3,253	706	5,875
Unsecured loans from banks, payable in Euro, at a rate of 1.33%	322	222	1,847
Unsecured loans from banks, payable in Taiwan dollars, at a rate of 4.25%	–	576	4,793
Unsecured loans from banks, payable in Thai baht, at a rate of 4.25%	216	166	1,381
Total	12,251	14,572	121,261
Less current portion	(2,771)	(1,733)	(14,421)
	¥ 9,480	¥ 12,839	\$ 106,840

The aggregate annual maturities of long-term debt subsequent to March 31, 2015 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending March 31,	2015	2015
2016	¥ 1,733	\$ 14,421
2017	2,735	22,759
2018	2,524	21,003
2019	5,509	45,843
2020 and thereafter	2,069	17,217
Total	¥ 14,572	\$ 121,261

8. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries consist of corporation, enterprise and inhabitants' taxes. The statutory tax rates in

Japan for the years ended March 31, 2014 and 2015 were, in the aggregate, approximately 38.0% and 35.6%, respectively.

A reconciliation of the statutory and effective tax rate for the year ended March 31, 2014 as a percentage of income before income taxes and minority interests was presented as follows:

	2014
Statutory tax rate	38.0%
Nondeductible expenses	4.2
Dividends received deduction	(1.9)
Per capita portion of inhabitants' taxes	1.5
Tax credit of research and development costs	(2.2)
Loss on impairment of investments in securities	(0.3)
Effect of changes in corporate tax rate	2.1
Other	(0.7)
Effective tax rate	40.7%

A reconciliation of the statutory and effective tax rate for the year ended March 31, 2015 has been omitted because the difference between the

statutory tax rate and the Group's effective tax rate for financial reportable purposes was less than 5% of the statutory tax rate.

Deferred income taxes reflect the net tax effect of the temporary differences between the carrying amounts of the assets and liabilities for financial reportable purposes and the corresponding amounts for income tax purposes. The significant components of the Group's deferred tax assets and liabilities at March 31, 2014 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Deferred tax assets:			
Liability for retirement benefits	¥ 929	¥ 1,066	\$ 8,870
Tax loss carryforwards	760	793	6,598
Allowance for bonuses to employees	306	302	2,513
Unrealized profit on intercompany transactions	461	511	4,252
Loss on impairment of investments in securities	476	419	3,486
Loss on devaluation of inventories	58	78	649
Other	396	410	3,411
Gross deferred tax assets	3,389	3,583	29,816
Valuation allowance	(951)	(923)	(7,680)
Total deferred tax assets	2,438	2,660	22,135
Deferred tax liabilities:			
Differences on land revaluation	(1,029)	(944)	(7,855)
Surplus arising from land revaluation	(1,870)	(1,690)	(14,063)
Net unrealized holding gain on securities	(1,669)	(2,431)	(20,229)
Gain on marketable securities contributed to employees' retirement benefit trust	(241)	(221)	(1,839)
Asset for retirement benefits	(710)	(940)	(7,822)
Other	(388)	(562)	(4,676)
Total deferred tax liabilities	(5,908)	(6,791)	(56,511)
Net deferred tax liabilities	¥ (3,470)	¥ (4,131)	\$ (34,376)

The "Act for Partial Amendment of the Income Tax Act" (Act No. 9, 2015) was promulgated on March 31, 2015.

As the result, the effective statutory tax rate used to measure the Group's deferred tax assets and liabilities was changed from 35.6% to 33.0% and 32.2% for the temporary differences expected to be realized or settled in the year beginning April 1, 2015 and for the temporary differences expected to be realized or settled from April 1, 2016, respectively.

As a result of this change, the net amount of deferred tax assets (net of

deferred tax liabilities) decreased by ¥223 million (\$1,855 thousand) and income tax-deferred and unrealized holding gain on securities increased by ¥33 million (\$274 thousand) and ¥256 (\$2,130 thousand), respectively, as of and for the year ended March 31, 2015.

In addition, the amount of deferred tax liability on surplus arising from land revaluation decreased by ¥178 million (\$1,481 thousand) and surplus arising from land revaluation increased by ¥178 million (\$1,481 thousand) as of and for the year ended March 31, 2015.

9. Retirement Benefit Plans

(a) Outline of adopted retirement benefit plans for employees

The Company and its domestic consolidated subsidiaries adopt plans similar to cash balance pension plans, corporate pension plans (all funded plans) and retirement lump-sum payment plans as defined benefits plans. Further, the

Company and its domestic subsidiaries may pay premium benefits to employees on retirement. The Company also has established retirement benefit trusts. Certain overseas consolidated subsidiaries adopt defined contribution plans.

(b) Defined benefit plans for the years ended March 31, 2014 and 2015

(i) Excluding amounts presented in note (iii), the changes in the retirement benefit obligation for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Retirement benefit obligation at beginning of the year	¥ 8,528	¥ 8,496	\$ 70,699
Cumulative effects of accounting change	–	1,349	11,225
Balance as adjusted	8,528	9,845	81,925
Service cost	198	246	2,047
Interest cost	196	86	715
Actuarial loss	69	292	2,429
Retirement benefit paid	(526)	(578)	(4,809)
Other	28	37	307
Retirement benefit obligation at the end of the year	¥ 8,496	¥ 9,930	\$ 82,632

(ii) Excluding amounts presented in note (iii), the changes in plan assets at fair value for the years ended March 31, 2014 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Plan assets at fair value at beginning of the year	¥ 11,557	¥ 12,469	\$ 103,761
Expected return on plan assets	296	258	2,146
Actuarial gain	668	1,839	15,303
Contributions by the employer	470	467	3,886
Retirement benefit paid	(523)	(577)	(4,801)
Plan assets at fair value at the end of the year	¥ 12,469	¥ 14,456	\$ 120,296

(iii) The changes in accrued retirement benefits for employees based on the amount which would be payable at the year end if all eligible employees terminated their services voluntarily for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Liability for retirement benefits at beginning of the year	¥ 2,192	¥ 2,365	\$ 19,680
Retirement benefit expense	334	297	2,471
Retirement benefit paid	(133)	(144)	(1,198)
Contribution to defined contribution pension plans	(32)	(26)	(216)
Other	3	12	99
Liability for retirement benefit at the end of the year	¥ 2,365	¥ 2,505	\$ 20,845

(iv) Including the amounts presented note (iii), the balance of retirement benefit obligation and plan assets at fair value, liabilities and assets recognized in the consolidated balance sheets for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Funded retirement benefit obligation	¥ 8,631	¥ 10,061	\$ 83,723
Plan assets at fair value	(12,576)	(14,605)	(121,536)
	(3,945)	(4,544)	(37,813)
Unfunded retirement benefit obligation	2,337	2,523	20,995
Net amount of liability and asset recognized in the consolidated balance sheet	(1,607)	(2,020)	(16,809)
Liability for retirement benefits	2,377	2,538	21,120
Asset for retirement benefits	(3,984)	(4,559)	(37,937)
Net amount of liability and asset recognized in the consolidated balance sheet	¥ (1,607)	¥ (2,020)	\$ (16,809)

(v) The components of retirement benefit expense for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Service cost	¥ 198	¥ 246	\$ 2,047
Interest cost	196	86	715
Expected return on plan assets	(296)	(258)	(2,146)
Amortization of actuarial loss	(189)	(619)	(5,151)
Retirement benefit expenses calculated by simplified method	334	297	2,471
Retirement benefit expenses	¥ 243	¥ (246)	\$ (2,047)

(vi) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the year ended March 31, 2015 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Actuarial loss	¥ (926)	\$ (7,705)

(vii) The components of retirement benefits liability adjustments included in accumulated other comprehensive income before deduction of the tax effect as of March 31, 2014 and 2015 were as follows:

	2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Unrecognized actuarial loss	¥ (1,995)	¥ (2,922)	\$ (24,315)

(viii) The plan assets by major category consist of the following:

	2014	2015
Equities	30%	33%
Bonds	48	45
General accounts at life insurance companies	15	15
Other	7	7
Total	100%	100%

The expected long-term rates of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and in the future, and the long-term expected rate of return from multiple plan assets at present and in the future.

(ix) The assumptions used in accounting for the defined benefit plans for the years ended March 31, 2014 and 2015 are as follows:

	2014	2015
Discount rates	2.3%	0.6%
Expected long-term rates of return on plan assets	2.9%	2.1%
Rates of salary increase	2.4%	2.4%

(c) Defined contribution pension plans for the years ended March 31, 2014 and 2015 are as follows:

	2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Contributions to defined contribution pension plans	¥ 4	¥ 4	\$ 33

10. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the

shareholders, or by the Board of Directors if certain conditions are met.

Retained earnings include the legal reserve provided in accordance with the provisions of the Corporation Law of Japan. The legal reserve of the Company included in retained earnings amounted to ¥1,370 million and ¥1,370 million (\$11,400 thousand) at March 31, 2014 and 2015, respectively.

Common stock and treasury stock

Movements in shares of common stock and treasury stock during the years ended March 31, 2014 and 2015 are summarized as follows:

	2014			
	Number of shares			March 31, 2014
	April 1, 2013	Increase	Decrease	
Common stock	95,976,218	—	—	95,976,218
Treasury stock	1,983,405	505,092	—	2,488,497

The increase in treasury stock of 505,092 shares is due to the purchase of 500,000 shares by the decision of board of directors, the purchase of 2,499

fractional shares of less than one trading unit and 2,593 shares attributable to the Company acquired by its affiliates under the equity method.

	2015			
	Number of shares			March 31, 2015
	April 1, 2014	Increase	Decrease	
Common stock	95,976,218	—	—	95,976,218
Treasury stock	2,488,497	6,405	—	2,494,902

The increase in treasury stock of 6,405 shares is due to the purchase of 4,324 fractional shares of less than one trading unit and 2,081 shares attributable to

the Company acquired by its affiliates under the equity method.

11. Land Revaluation

In accordance with the "Law Concerning Revaluation of Land" promulgated on March 31, 1998, land used for business was revalued at March 31, 2002, and the related unrealized gain was reported as "Surplus arising from land revaluation" deducted after the relevant tax effect. The method followed for this revaluation was determined in accordance with the "Land Revaluation Tax Law" as stipulated in the "Enforcement Act Concerning Land Revaluation"

and other regulations.

The carrying values of ¥9,564 million and ¥9,545 million (\$79,429 thousand) for the purpose of land revaluation exceeded the land's estimated market values by ¥3,253 million and ¥3,360 million (\$27,960 thousand) at March 31, 2014 and 2015, respectively.

12. Other Comprehensive Income

Reclassification adjustments and tax effects on components of other comprehensive income for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Net unrealized holding gain on securities:			
Gain arising during the year	¥ 879	¥ 2,888	\$ 24,032
Reclassification adjustments	(104)	(0)	(0)
Before tax effect	775	2,888	24,032
Tax effect	(257)	(762)	(6,341)
Net unrealized holding gain on securities	517	2,125	17,683
Surplus arising from land revaluation:			
Gain arising during the year	—	—	—
Before tax effect	—	—	—
Tax effect	—	178	1,481
Surplus arising from land revaluation	—	178	1,481
Translation adjustments:			
Gain arising during the year	901	485	4,035
Before tax effect	901	485	4,035
Tax effect	—	—	—
Translation adjustments	901	485	4,035
Retirement benefits liability adjustments:			
Gain arising during the year	—	1,546	12,865
Reclassification adjustments	—	(619)	(5,151)
Before tax effect	—	926	7,705
Tax effect	—	(230)	(1,913)
Retirement benefits liability adjustments	—	696	5,791
Total other comprehensive income	¥ 1,419	¥ 3,486	\$ 29,008

13. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2014 and 2015 amounted to ¥1,936

million and ¥1,877 million (\$15,619 thousand), respectively.

14. Derivatives and Hedge Accounting

The estimated fair value of derivative instruments outstanding at March 31, 2015 for which hedge accounting has been applied is summarized as follows:

	Millions of yen		
	2015		
	Notional amount		
	Total	Maturing after one year	Fair value
Interest-rate currency swaps hedging long-term debt, accounted for by integral hedge accounting:			
Receivable/floating and U.S. dollar	¥ 3,000	¥ 3,000	(*)
Payable/fixed and Japanese yen			

	Thousands of U.S. dollars		
	2015		
	Notional amount		
	Total	Maturing after one year	Fair value
Interest-rate currency swaps hedging long-term debt, accounted for by integral hedge accounting:			
Receivable/floating and U.S. dollar	\$ 24,964	\$ 24,964	(*)
Payable/fixed and Japanese yen			

(*) Fair value of interest-rate currency swaps accounted for by integral hedge accounting is included in the estimated fair value of the underlying long-term debt in Note 4.

15. Amounts per Share

	Yen		U.S. dollars
	2014	2015	2015
Basic net income	¥ 13.48	¥ 27.07	\$ 0.22
Net assets	568.26	615.68	5.12
Cash dividends	7.00	9.00	0.07

Basic net income per share has been computed based on net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share has not been presented for the years ended March 31, 2014 and 2015 since neither the Company nor any of the consolidated subsidiaries had any potentially dilutive shares at March 31, 2014 and 2015.

The amounts per share of net assets have been computed based on the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

The financial data used in the computation of basic net income per share based on the above method for the years ended March 31, 2014 and 2015 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Net income	¥ 1,264	¥ 2,530	\$ 21,053
Adjusted net income available for distribution to common stockholders	¥ 1,264	¥ 2,530	\$ 21,053
	Thousands of shares		
	2014	2015	
Weighted-average number of shares of common stock outstanding	93,798	93,484	

The financial data used in the computation of net assets per share based on the above method at March 31, 2014 and 2015 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Total net assets	¥ 54,036	¥ 58,275	\$ 484,938
Deductions from total net assets:			
Minority interests	910	720	5,991
Total net assets available to common stockholders	¥ 53,125	¥ 57,554	\$ 478,938
	Thousands of shares		
	2014	2015	
Number of shares of common stock used in the calculation of net assets per share	93,487	93,481	

As described in Note 1(n) concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Section 37 of the standard, the effects of such changes in the year ended March 31, 2015 have been recorded in retirement benefits liability adjustments

through accumulated other comprehensive income. As a result, net assets per share decreased by ¥9.30 (\$0.07) and net income per share increased ¥0.56 (\$0.00) as of and for the year ended March 31, 2015.

16. Segment Information

(a) Outline of segment information

The Group's business mainly involves the manufacturing and sales of plastic products. The Company has established departments based on product markets or product function for global development in the two fields of "Human Life" and "Industry." Each department has works closely with subsidiaries to plan overall strategies and operate its business.

Accordingly, the Group's reportable segments are "Human Life" and "Industry."

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

The main products in the Human Life segment are boxes/trays for agricultural/fishery products, food containers, housing and civil engineering

materials, etc., while the main products in the Industry segment are automobile components, digital consumer electronics components, packaging materials, and other related products.

(b) Calculation methods used for sales, income, assets and other items of each reportable segment

The accounting policies of the segments are substantially the same as those described in significant accounting policies in Note 1.

Segment income represents ordinary income, which consists of operating income and nonoperating income/expenses. Nonoperating income/expenses mainly include interest income, dividend income, interest expense, equity in net income (loss) of affiliates. Intersegment sales are recorded at the same price used in transactions with third parties.

(c) Information on sales, income, assets and other items of each reportable segment

Information by reportable segment for the years ended March 31, 2014 and 2015 is as follows:

Millions of yen					
2014					
Reportable segments					
	Human Life	Industry	Total	Adjustments and eliminations ^(*)	Consolidated
Sales, income and assets by reportable segments:					
Sales to third parties	¥ 72,703	¥ 37,219	¥ 109,923	¥ –	¥ 109,923
Inter-segment sales and transfers	2,437	1,614	4,052	(4,052)	–
Total	¥ 75,141	¥ 38,834	¥ 113,975	¥ (4,052)	¥ 109,923
Segment income ^(*)2)	¥ 1,339	¥ 1,705	¥ 3,044	¥ (837)	¥ 2,206
Segment assets	68,107	30,018	98,126	12,561	110,687
Other items:					
Depreciation and amortization	¥ 2,075	¥ 1,300	¥ 3,376	¥ 479	¥ 3,856
Amortization of goodwill	(1)	–	(1)	–	(1)
Interest income	0	9	9	3	12
Interest expense	793	227	1,021	(835)	186
Equity in losses of affiliates	8	–	8	–	8
Gain on negative goodwill	–	1	1	–	1
Loss on impairment of fixed assets	37	–	37	–	37
Investments in affiliates accounted for by the equity method	375	–	375	–	375
Increase in property, plant and equipment and intangible assets	1,665	1,537	3,203	231	3,434
Millions of yen					
2015					
Reportable segments					
	Human Life	Industry	Total	Adjustments and eliminations ^(*)	Consolidated
Sales, income and assets by reportable segments:					
Sales to third parties	¥ 70,201	¥ 43,458	¥ 113,660	¥ –	¥ 113,660
Inter-segment sales and transfers	3,078	2,196	5,275	(5,275)	–
Total	¥ 73,280	¥ 45,655	¥ 118,935	¥ (5,275)	¥ 113,660
Segment income ^(*)2)	¥ 2,083	¥ 2,289	¥ 4,373	¥ (192)	¥ 4,180
Segment assets	66,411	37,010	103,422	12,778	116,201
Other items:					
Depreciation and amortization	¥ 1,914	¥ 1,669	¥ 3,584	¥ 415	¥ 3,999
Amortization of goodwill	(1)	–	(1)	–	(1)
Interest income	0	12	12	1	14
Interest expense	785	221	1,007	(821)	185
Equity in losses of affiliates	9	–	9	–	9
Gain on negative goodwill	–	231	231	–	231
Loss on impairment of fixed assets	–	11	11	22	33
Investments in affiliates accounted for by the equity method	365	–	365	–	365
Increase in property, plant and equipment and intangible assets	1,854	3,761	5,615	293	5,908

Thousands of U.S. dollars

	2015			
	Reportable segments			
	Human Life	Industry	Total	Adjustments and eliminations ^(*)
Sales, income and assets by reportable segments:				
Sales to third parties	\$ 584,180	\$ 361,637	\$ 945,826	\$ -
Inter-segment sales and transfers	25,613	18,274	43,896	(43,896)
Total	\$ 609,802	\$ 379,920	\$ 989,722	\$ (43,896)
Segment income ^(*)	\$ 17,333	\$ 19,048	\$ 36,390	\$ (1,597)
Segment assets	552,642	307,980	860,630	106,332
Other items:				
Depreciation and amortization	\$ 15,927	\$ 13,888	\$ 29,824	\$ 3,453
Amortization of goodwill	(8)	-	(8)	-
Interest income	0	99	99	8
Interest expense	6,532	1,839	8,379	(6,831)
Equity in losses of affiliates	74	-	74	-
Gain on negative goodwill	-	1,922	1,922	-
Loss on impairment of fixed assets	-	91	91	183
Investments in affiliates accounted for by the equity method	3,037	-	3,037	-
Increase in property, plant and equipment and intangible assets	15,428	31,297	46,725	2,438

(*1) Adjustments and eliminations in the preceding tables were as follows:

- (i) Segment income in the amounts of ¥837 million and ¥192 million (\$1,597 thousand) for the years ended March 31, 2014 and 2015 consist of elimination of inter-segment transactions in the amounts of ¥0 million and ¥0 million (\$0 thousand), unallocable expenses in the amounts of ¥838 million and ¥192 million (\$1,597 thousand) and unrealized gain on property, plant and equipment in the amounts of ¥0 million and ¥(0) million (\$0 thousand), respectively.
- (ii) Segment assets in the amounts of ¥12,561 million and ¥12,778 million (\$106,332 thousand) for the years ended March 31, 2014 and 2015, respectively, mainly consisted of investments in securities and assets related to administrative departments and the Central R&D Laboratory owned by the Company.
- (iii) Depreciation and amortization in the amounts of ¥479 million and ¥415 million (\$3,453 thousand) for the years ended March 31, 2014 and 2015, respectively, include amortization of long-term prepaid expenses. In addition, these amounts mainly consisted of depreciation of assets related to administrative departments and the Central R&D Laboratory owned by the Company.
- (iv) Interest expenses were the difference between allocated internal interest expenses and actual interest expenses.
- (v) Increase in property, plant and equipment and intangible assets in the amounts of ¥231 million and ¥293 million (\$2,438 thousand) for the years ended March 31, 2014 and 2015, respectively, mainly consisted of assets related to the Central R&D Laboratory owned by the Company.

(*2) Segment income was adjusted for the ordinary income as described in "(b) Calculation methods used for sales, income, assets and other items of each reportable segment."

(*3) Items related to Reporting Segment Change

As disclosed in Note 1 (b), effective from the year ended March 31, 2015, the fiscal year end of certain overseas consolidated subsidiaries has been changed.

As a result, the financial statements of these overseas consolidated subsidiaries are prepared for a 15-month period from January 1, 2014 to March 31, 2015. In the Industry segment, net sales and segment loss of these overseas consolidated subsidiaries for the 3 months from January 1, 2014 to March 31, 2014 were ¥3,174 million (\$26,412 thousand) and ¥5 million (\$41 thousand), respectively.

(d) Geographical information

Sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2014 and 2015 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Japan	¥ 95,701	¥ 92,790	\$ 772,156
Asia	11,940	17,495	145,585
Other	2,281	3,374	28,076
Total	¥ 109,923	¥ 113,660	\$ 945,826

Property, plant and equipment by countries or areas grouped according to geographical classification at March 31, 2014 and 2015 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Japan	¥ 40,466	¥ 40,333	\$ 335,632
Asia	3,569	4,672	38,878
Other	1,659	2,413	20,079
Total	¥ 45,695	¥ 47,419	\$ 394,599

Information by major customer for the years ended March 31, 2014 and 2015 was summarized as follows:

		Millions of yen		Thousands of U.S. dollars
Customer	Related segment	2014	2015	2015
FP Corporation	Human Life	¥ 13,257	¥ 14,270	\$ 118,748

(e) Loss on impairment of property, plant and equipment for the years ended March 31, 2014 and 2015.

				Millions of yen
				2014
	Human Life	Industry	Adjustments and eliminations	Consolidated
	¥ 37	¥ –	¥ –	¥ 37
				Millions of yen
				2015
	Human Life	Industry	Adjustments and eliminations	Consolidated
	¥ –	¥ 11	¥ 22	¥ 33
				Thousands of U.S. dollars
				2015
	Human Life	Industry	Adjustments and eliminations	Consolidated
	\$ –	\$ 91	\$ 183	\$ 274

(f) Information on goodwill included in other assets per reportable segment

				Millions of yen
				2014
	Human Life	Industry	Adjustments and eliminations	Consolidated
Amortization	¥ (1)	–	–	¥ (1)
Balance at end of year	¥ (1)	–	–	¥ (1)
				Millions of yen
				2015
	Human Life	Industry	Adjustments and eliminations	Consolidated
Amortization	¥ (1)	–	–	¥ (1)
Balance at end of year	–	–	–	–
				Thousands of U.S. dollars
				2015
	Human Life	Industry	Adjustments and eliminations	Consolidated
Amortization	\$ (8)	–	–	\$ (8)
Balance at end of year	–	–	–	–

Gain on negative goodwill in the Human Life segment in the amount of ¥1 million for the year ended March 31, 2014 incurred from the additional acquisition of shares of consolidated subsidiaries.

Gain on negative goodwill in the Industry segment in the amount of ¥231 million (\$1,922 thousand), for the year ended March 31, 2015 resulted from the additional acquisition of shares of consolidated subsidiaries.

17. Subsequent Event

The following distribution of retained earnings of the Company, which has not been reflected in the consolidated financial statements for the year ended March 31, 2015, was approved at a shareholders' meeting held on June 23, 2015:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥5.50 (U.S.\$0.04) per share)	¥ 514	\$ 4,277

Independent Auditor's Report



Ernst & Young ShinNihon LLC

Independent Auditor's Report

The Board of Directors
Sekisui Plastics Co., Ltd.

We have audited the accompanying consolidated financial statements of Sekisui Plastics Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

June 23, 2015
Osaka, Japan

Ernst & Young Shin Nihon LLC

Sekisui Plastics Group's Network (As of July 23, 2015)



Overseas Subsidiaries

South Korea

- ① **Sekisui Plastics Korea Co., Ltd.**
 (Hong-Ik Univ., Kangnam-Kwan, Banpo-dong)
 8F, 215 Seochojungang-ro, Seocho-gu, Seoul, 137-802 Korea
 Tel. +82-2-521-4100

Taiwan

- ② **Taiwan Sekisui Centex Co., Ltd.**
 4F-A, No. 183 Zhouzi St., Neihu Hi-Technology Business Park,
 Taipei City, 114 Taiwan
 Tel. +886-2-8797-8355

China

- ③ **Tianjin Sekisui Plastics Co., Ltd.**
 No. 26 Taishan Road, Hangu Modern Industrial Park, TEDA, Tianjin,
 300480 China
 Tel. +86-22-6716-1801
- ④ **Suzhou Sekisui Plastics Co., Ltd.**
 No. 10 Jingdong Street, Suzhou Industrial Park, 215121 China
 Tel. +86-512-6936-5525
- ⑤ **Sekisui Plastics (Shanghai) International Trading Co., Ltd.**
 Room 1004 Regus Shanghai Eco City 1788 West Nanjing Road,
 Jing'an District, Shanghai, 200040 China
 Tel. +86-21-6287-1827~9
- ⑥ **Sekisui Plastics (Shanghai) Precision Forming Co., Ltd.**
 4ST Floor, 173 Mei Sheng Road, Wai Gao Qiao Pilot Free Trade Zone,
 Shanghai, 200131 China
 Tel. +86-21-5868-1661

Hong Kong

- ⑦ **Sekisui Plastics (Hong Kong) Trading Co., Ltd.**
 Room 1003, 10/F, Yue Shing Commercial Building,
 15-16 Queen Victoria Street, Central, Hong Kong
 Tel. +852-2117-9831

Indonesia

- ⑧ **PT. Sekisui Plastics Indonesia**
 Ruko CBD Jababeka-2, Block D No.8, Jalan Niaga Raya Kav. AA3,
 Cikarang, Bekasi, 17750 Indonesia
 Tel. +62-21-3327-3379

Singapore

- ⑨ **Sekisui Plastics S.E.A. Pte. Ltd.**
 43, Shipyard Road, Singapore 628135
 Tel. +65-6267-3214

Thailand

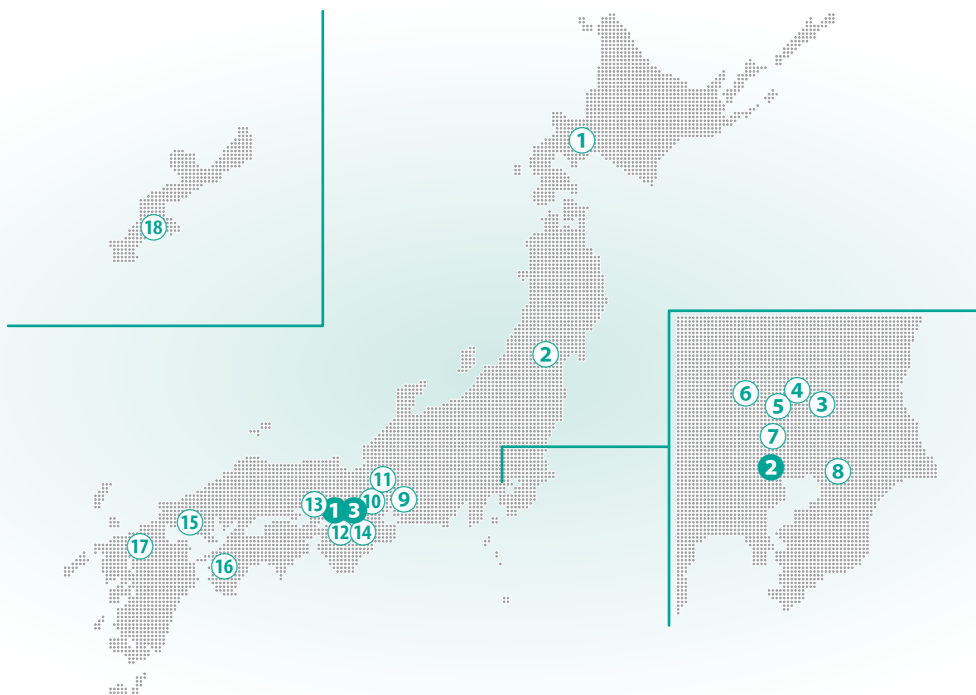
- ⑩ **Sekisui Plastics (Thailand) Co., Ltd.**
 11th Floor Ramaland Building, 952 Rama 4 Road,
 Suriyawong, Bangrak Bangkok, 10500 Thailand
 Tel. +66-2632-8600

U.S.A.

- ⑪ **Sekisui Plastics U.S.A., Inc.**
 110 Clifton Way, Mt. Pleasant, TN 38474 U.S.A.
 Tel. +1-931-379-0300

The Netherlands

- ⑫ **Sekisui Plastics Europe B.V.**
 Bedrijvenpark Twente 449, 7602 KM, Almelo,
 the Netherlands
 Tel. +31-546-473976



■ Business Offices in Japan

1 Head Office

2-4-4, Nishitenma, Kita-ku, Osaka,
Osaka 530-8565, Japan
Tel. +81-6-6365-3014

2 Headquarters

2-7-1, Nishishinjuku, Shinjuku-ku,
Tokyo 163-0727, Japan
Tel. +81-3-3347-9615

3 Central R&D Laboratory

670, Morimoto-cho, Tenri,
Nara 632-8505, Japan
Tel. +81-743-65-0504

■ Domestic Subsidiaries

1 Sekisui Plastics Hokkaido Co., Ltd.
779-3, Kitashinano,
Chitose, Hokkaido
Tel. +81-123-23-5571

2 Sekisui Plastics Tohoku Co., Ltd.
3-1-1, Kokubu-cho, Aoba-ku,
Sendai, Miyagi
Tel. +81-22-262-4175

3 Sekisui Plastics Toubu Co., Ltd.
1370, Tsukazaki, Sakai-machi,
Sashima-gun, Ibaraki
Tel. +81-280-87-0515

4 Sekisui Urethane Kako Co., Ltd.
1250-4, Shimohemi,
Koga, Ibaraki
Tel. +81-280-32-6522

5 Sekisui Plastics Kanto Co., Ltd.
1336-2, Shimohemi,
Koga, Ibaraki
Tel. +81-280-32-2411

6 Sekisui Plastics Gunma Co., Ltd.
3-3-1, Sakada, Ohizumi-machi,
Oura-gun, Gunma
Tel. +81-276-62-3361

7 Sekisui Plastics Saitama Co., Ltd.
4100, Uruido,
Hasuda, Saitama
Tel. +81-48-766-1433

8 Shonan Sekisui Kogyo Co., Ltd.
581-1, Mutsuzaki,
Sakura, Chiba
Tel. +81-43-484-2101

9 Sekisui Plastics Chubu Co., Ltd.
3-1-1, Sakae, Naka-ku,
Nagoya, Aichi
Tel. +81-52-269-3595

10 Sekisui Plastics Ohmi Co., Ltd.
1439-33, Ukawa, Minakuchi-cho,
Koka, Shiga
Tel. +81-748-62-7546

11 Sekisui Plastics Shiga Co., Ltd.
1259, Izumi, Minakuchi-cho,
Koka, Shiga
Tel. +81-748-62-8701

12 Sekisui Plastics Sakai Co., Ltd.
1, Takumi-cho, Sakai-ku,
Sakai, Osaka
Tel. +81-72-320-9130

13 Sekisui Giken Co., Ltd.
1-11-5, Konoike,
Itami, Hyogo
Tel. +81-72-780-1510

14 Sekisui Plastics Tenri Co., Ltd.
670, Morimoto-cho,
Tenri, Nara
Tel. +81-743-65-0501

15 Sekisui Plastics Yamaguchi Co., Ltd.
75-1, Hamakata,
Hofu, Yamaguchi
Tel. +81-835-23-1212

16 Sekisui Plastics Shikoku Co., Ltd.
140, Tada,
Ozu, Ehime
Tel. +81-893-26-1111

17 Sekisui Plastics Kyushu Co., Ltd.
4-1-1, Tenjin, Chuo-ku,
Fukuoka, Fukuoka
Tel. +81-92-771-3766

18 Sekisui Plastics Okinawa Co., Ltd.
1178-2, Enobi,
Uruma, Okinawa
Tel. +81-98-972-5085

Corporate Data (As of March 31, 2015)

Company name	Sekisui Plastics Co., Ltd.
Founded	October 1, 1959
Paid-in capital	¥16,533 million
Number of employees	1,859 (consolidated)
Osaka Head office	2-4-4, Nishitenma, Kita-ku, Osaka, Osaka 530-8565, Japan Tel. +81-6-6365-3014
Tokyo Head office	2-7-1, Nishishinjuku, Shinjuku-ku, Tokyo 163-0727, Japan Tel. +81-3-3347-9615
URL	http://www.sekisuiplastics.com

Investor Information (As of March 31, 2015)

Stock Information

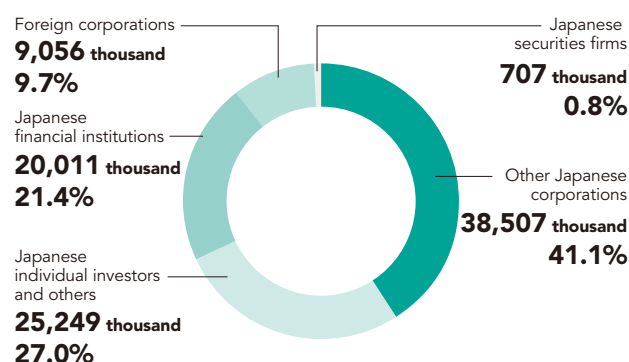
Common stock—authorized	249,502,000 shares
Common stock—issued	95,976,218 shares
Unit of trading	1,000 shares
Number of shareholders	4,419
Securities code	4228
Listings	First Section, Tokyo Stock Exchange
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Major Shareholders

Name	Numbers of shares held (thousands)	Percentage of shares held (%)
Sekisui Chemical Co., Ltd.	20,337	21.74
The Dai-ichi Life Insurance Company, Limited	6,063	6.48
Japan Trustee Services Bank, Ltd. (Trust Account)	3,780	4.04
Employees' Shareholding	3,727	3.98
Sekisui Jushi Corporation	2,839	3.03
Daido Life Insurance Company	2,836	3.03
FP Corporation	2,697	2.88
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,655	2.83
Asahi Kasei Chemicals Corporation	2,500	2.67
Sumitomo Chemicals Co., Ltd.	2,500	2.67

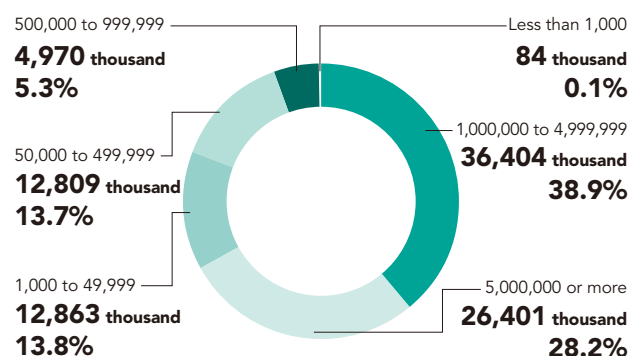
Note: Calculated after deducting treasury stock holdings of 2,445 thousand shares.

Shareholdings by Type of Shareholder



Note: Calculated after deducting treasury stock holdings of 2,445 thousand shares.

Shareholders by Number of Shares Held



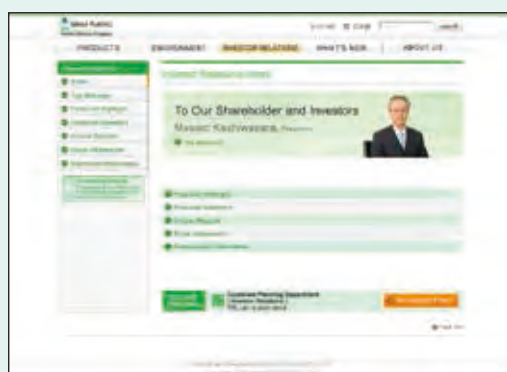
Note: Calculated after deducting treasury stock holdings of 2,445 thousand shares.

Sekisui Plastics: Fostering Communication

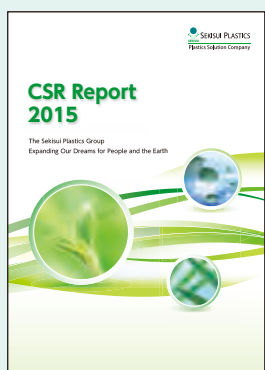
Sekisui Plastics posts a wide and diverse range of information on its website, including corporate, shareholder and investor relations information, details of its products and activities aimed at improving the environment, as well as the latest information. In order to gain a deeper understanding of the Group's activities, all stakeholders are directed to the Group's CSR Report.



Sekisui Plastics Corporate Website
<http://www.sekisuiplastics.com>



Investor Relations Website
<http://www.sekisuiplastics.com/ir/index/>



CSR Report
<http://www.sekisuiplastics.com/ir/csr/index.html>

Results forecasts, plans, business strategies, awareness and assessments of facts, and other forward-looking statements concerning the Company or the Group are assumptions that the Company's management believes to be reasonable based on currently available information. Actual outcomes may differ materially from those expressed in these forward-looking statements due to various factors. The Company undertakes no obligation to publish revised forward-looking statements to reflect new events, conditions, or circumstances.

Sekisui Plastics Co., Ltd.
<http://www.sekisuiplastics.com>



1508SD249-6-1000
1408SD249-5-2300
1008SD249-1-1000