

Annual Report 2016
For the year ended March 31, 2016

Providing Plastics as Solutions 

Providing Plastics *as Solutions*



▶ Management Philosophy

**We, Sekisui Plastics, practice
"Zen-in Keiei"
based on respect and mutual trust.
We are always innovating in our aim 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's 100th 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 "Zen-in Keiei."



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10 100th Year Vision

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Sekisui Plastics Group is active across two broad business segments: 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.

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Entering a next "stage" through a recurring cycle of creation, growth, change, and intensification

The trends in Sekisui Plastics' earnings to date can be broadly divided into three periods.

During the period of "establishment," earnings continued to grow in line with the rapid popularity of polystyrene foam (Styrofoam). During the period "from growth to maturity," earnings fluctuated along with the ebb and flow of Japanese economy, and during the period "from rebuilding to rebirth" we achieved record-high earnings based on new businesses and the globalization of our business. From 2016, we are entering a new "stage" with the commencement of a mid-term management plan—*Make Innovations 60*.

Providing Plastics as Solutions

Growth to Maturity Period

The Company continued to collapse of the bubble economy, operating losses recorded for four switched direction from a policy of that emphasizes "selection and businesses and early retirement

- 1989: Okayama plant (the current Prefecture
- 1994: Ibaraki Shimodate Plant (the built in Ibaraki Prefecture Acquired Giken Kasei Co.,Ltd.
- 1995: With land expropriated by Nara
- 1996: Sekisui Plastics S.E.A. Pte.Ltd.

Sekisui Plastics' First 20 years ▶▶▶

Establishment Period

Sekisui Sponge Industries Co., Ltd. (the current Sekisui Plastics Co., Ltd.) was established in 1959. The following year, we began manufacturing and selling the first expandable polystyrene beads using technology developed in Japan.

Our business underwent rapid growth, driven by Eslen Beads and Eslen Sheets, and our shares were listed after five years in business. We overcame the obstacles presented by the 1973 oil crisis and the movement to ban polystyrene foam, and in 1978 we listed our shares on the First Section of the Tokyo Stock Exchange.

- 1959: Sekisui Sponge Industries Co., Ltd. established, commenced expandable polystyrene beads and vinyl chloride foam businesses
- 1961: Kanto Plant (the current Sekisui Plastics Kanto Co., Ltd.) built in Ibaraki Prefecture
- 1964: Shares listed on the Second Section of the Osaka Securities Exchange
- 1966: Tenri Plant (the current Sekisui Plastics Tenri Co., Ltd.) built in Nara Prefecture
- 1969: Company name changed to Sekisui Plastics Co., Ltd. Shiga Plant (the current Sekisui Plastics Shiga Co., Ltd.) built in Shiga Prefecture
- 1970: Kasahara Kasei Co.,Ltd. (the current Sekisui Plastics Toubu Co., Ltd.) established in Ibaraki Prefecture
- 1973: Shares listed on the Second Section of the Tokyo Stock Exchange
- 1976: Hokkaido Eslen Co., Ltd. (the current Sekisui Plastics Hokkaido Co., Ltd.) established in Hokkaido
- 1978: Oita Plant (the current Sekisui Plastics Kyushu Co., Ltd. Oita Plant) built in Oita Prefecture Assigned to the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange



PIOCELAN
(Polystyrene/polyolefin hybrid resin foam)



ESLEN Sheet
(Foamed polystyrene sheet)



The first manufacturing plant for expandable polystyrene beads

Net sales
(Billions of yen)

100

50

0

1960

1970

1980

Rebuilding to Rebirth Period

Years 21 to 40 ▶▶▶

develop in line with Japan's economic growth, but with the our earnings grew progressively weaker, with consolidated consecutive years from 1995. Against this backdrop, we multifaceted expansion of our existing businesses to one concentration." Various measures including withdrawals from programs were implemented.

Sekisui Plastics Tenri Co., Ltd. Okayama Factory) built in Okayama

current Sekisui Plastics Kanto Co., Ltd., Shimodate Production Group)

(the current Sekisui Giken Co., Ltd.)

City, Nara plant closed

established in Singapore



TECHPOLYMER
(Acrylic polymer microparticles)



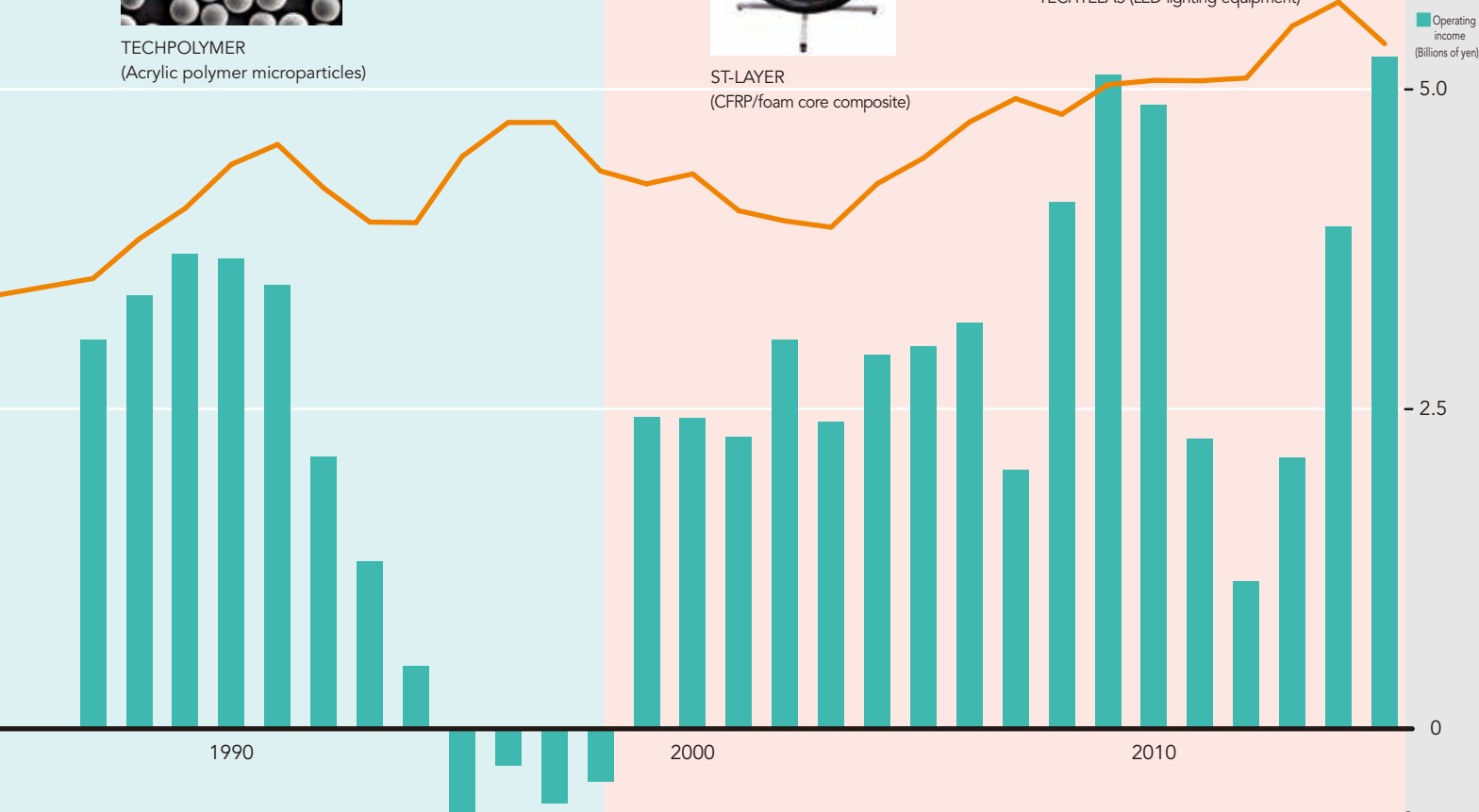
ST-LAYER
(CFRP/foam core composite)



TECHTELAS (LED lighting equipment)

As new businesses including PIOCELAN and TECHPOLYMER began to contribute to earnings, we moved from rebuilding businesses to a return to growth. To build on this growth, we began full-scale global business development, and despite a surge in the price of crude oil and a global recession, we achieved our long-held goal of consolidated net sales of ¥100 billion, with ¥5 billion of consolidated operating income in fiscal 2009. In fiscal 2015, we achieved record highs in operating income (for the first time in 6 years) and net income (for the first time in 25 years).

- 2004: Sekisui Plastics Yamaguchi Co., Ltd. established in Yamaguchi Prefecture
Sekisui Plastics (Shanghai) International Trading Co., Ltd. and Tianjin Sekisui Plastics Co., Ltd. established in China
- 2006: Sekisui Plastics U.S.A., Inc. established in the United States
- 2007: Sekisui Plastics Europe B.V. established in the Netherlands
Suzhou Sekisui Plastics Co., Ltd. established in China
Sekiwoo Plastics Korea Co., Ltd. (the current Sekisui Plastics Korea Co., Ltd.) established in Korea
- 2008: Taiwan Sekisui Centex Co., Ltd. (the current Sekisui Plastics Taiwan Co., Ltd.) established in Taiwan
- 2009: Sekisui Plastics Saitama Co., Ltd. established in Saitama Prefecture
Marking 50th anniversary, formulated the Sekisui Plastic Group's 100th Year Vision
- 2010: Consolidated local manufacturing and sales companies in Kyushu and established Sekisui Plastics Kyushu Co., Ltd. in Fukuoka Prefecture
- 2012: Consolidated local Group sales offices in Chubu Region and established Sekisui Plastics Chubu Co., Ltd. in Aichi Prefecture
Sekisui Plastics (Thailand) Co., Ltd. established in Thailand
- 2013: Sekisui Plastics Tohoku Co., Ltd. established in Miyagi Prefecture
- 2014: Consolidated Kanto Group offices and established Sekisui Plastics Toubu Co., Ltd.
Consolidated Group companies in Taiwan and established Sekisui Plastics Taiwan Co., Ltd.



Our Business

Providing Plastics
as Solutions 

Plastics Solutions That Add Value to Customers and Society

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, 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 Sekisui Plastics Group's full range of products and services.

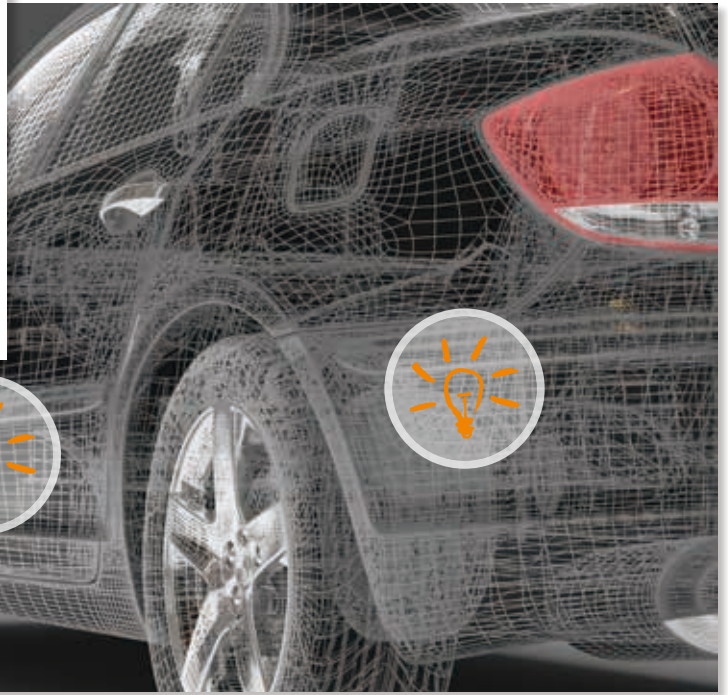
and Strengths

1

Our Business
and Strengths

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.



2

Our Business
and Strengths

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.

Plastics Solutions That Add Value to Customers and Society

3

Our Business
and Strengths

Providing Essential Component Materials for Information Technology



TECHPOLYMER is a spherical polymer particle produced by using 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 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.

4

Our Business
and Strengths

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.



5

Our Business
and Strengths

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

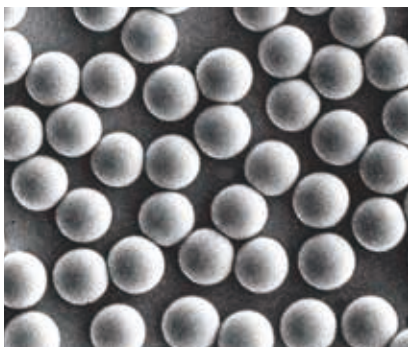
2

3

4

5

1. Tool box
2. Packing material for delivery of automobile parts
3. TECHPOLYMER
4. Fruit Pack
5. AQUAROAD (Underground Stormwater tank)



Our Technologies and Products

Built around the world-class foam technologies, 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 trusted by customers around the world and to support people's day-to-day lives, society as a whole, as well as the environment.

Technologies

Foaming

Polymerization

Extrusion

Molding

● Human Life

Major Products **ESLEN Sheet** **ESLEN Beads**

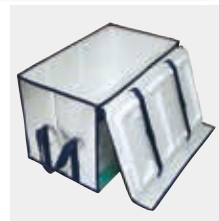
Sekisui Plastics Group's products take full advantage of the excellent lightweight, thermal insulation and shock absorption properties of foamed plastics. Among a host of applications, the Group's products can be found in the packaging field, beginning with food containers, and in diverse heat insulating 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 **ST-LAYER**
ST-gel **FOAMAC**

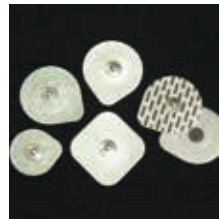
Sekisui Plastics Group has built a reputation that is synonymous with value by proposing business solutions that help to improve the operations, workflow and efficiency of its corporate customers while delivering innovation to client product systems. Looking ahead, the Group will continue to enhance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



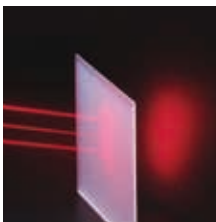
Automobile components



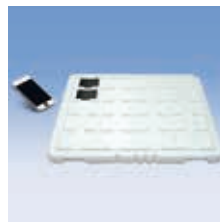
Vehicle parts packing materials



Medical materials



LCD component



Electronic products and parts packing materials



Cosmetic materials

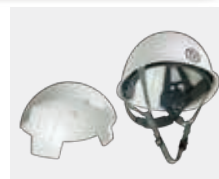
● Environment and Energy

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

With the core of its product activity based in foamed plastics, a natural resource-saving material, 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.



Recycled resin foams



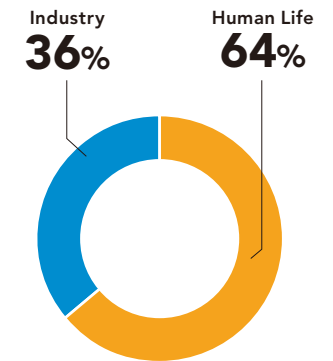
Plant-derived resin foams

Business Structure

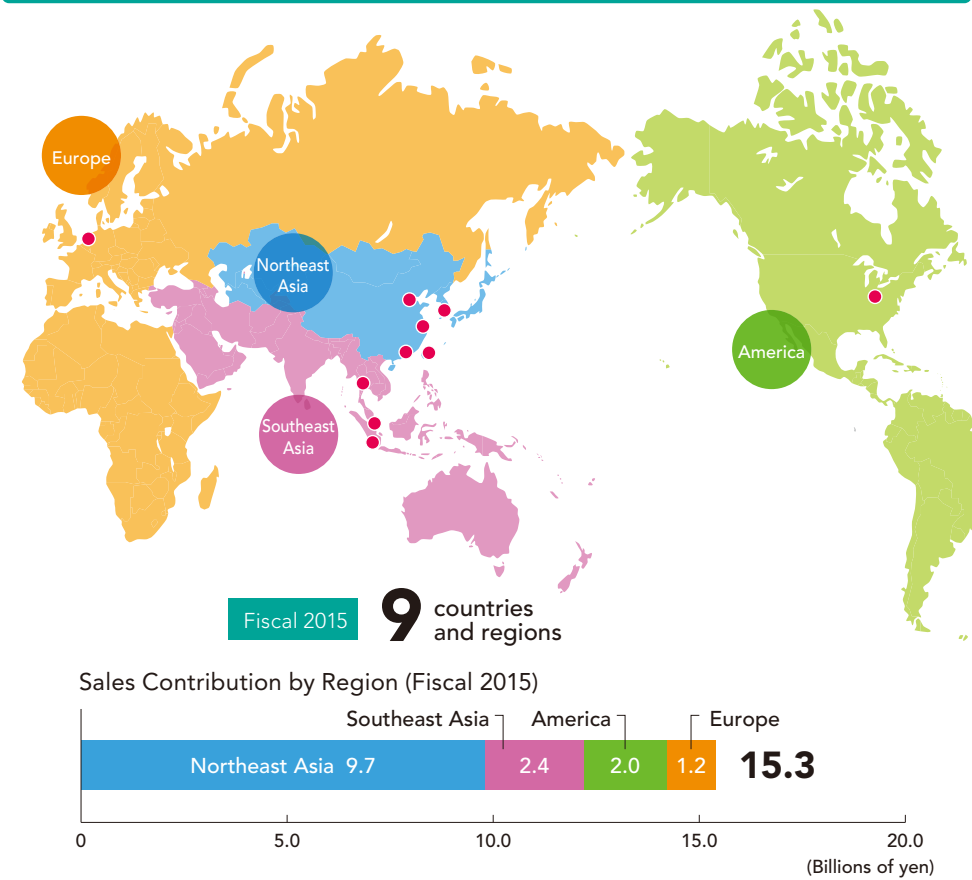
Sekisui Plastics Group’s businesses are classified under two business segments: Human Life and Industry. In addition to Japan, the Group does business in Northeast Asia, Southeast Asia, the Americas, and Europe.

Business Segments

Net Sales (Fiscal 2015)

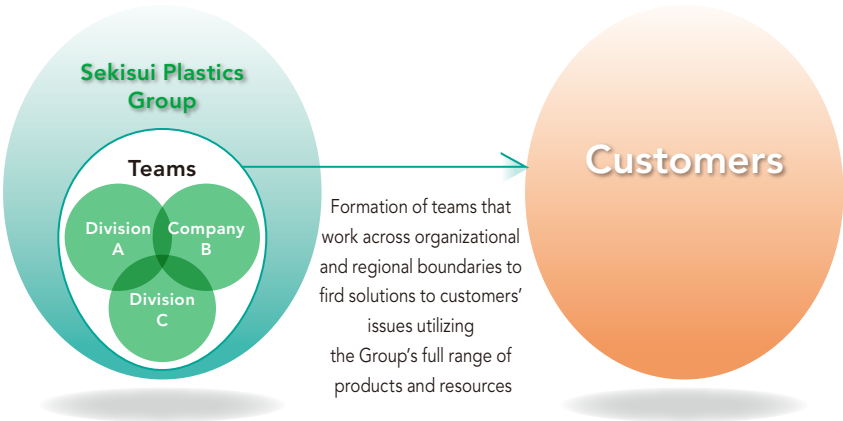


Global Development to Accelerate Realization of the 100th Year Vision



A Plastics Solution Company

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 100th Year Vision

The mid-term management plan launched in fiscal 2016 is based on the Sekisui Plastics Group's 100th Year Vision.



Sekisui Plastics Group's 100th Year Vision

Sekisui Plastics Group's corporate vision for the 100th 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 *Zen-in Keiei*.

New Management Philosophy

We, Sekisui Plastics, practice “*Zen-in Keiei*” based on respect and mutual trust. We are always innovating in our aim of “new happiness”.

Founding Spirit

For happiness of people working for the company



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

Situation Goal

A plastics solution company trusted by customers around the world

Scale Goal

Consolidated sales revenue scale
¥500 billion or more

Corporate Domain

Sekisui Plastics Group Solutions

Plastics based



Technology that creates added value



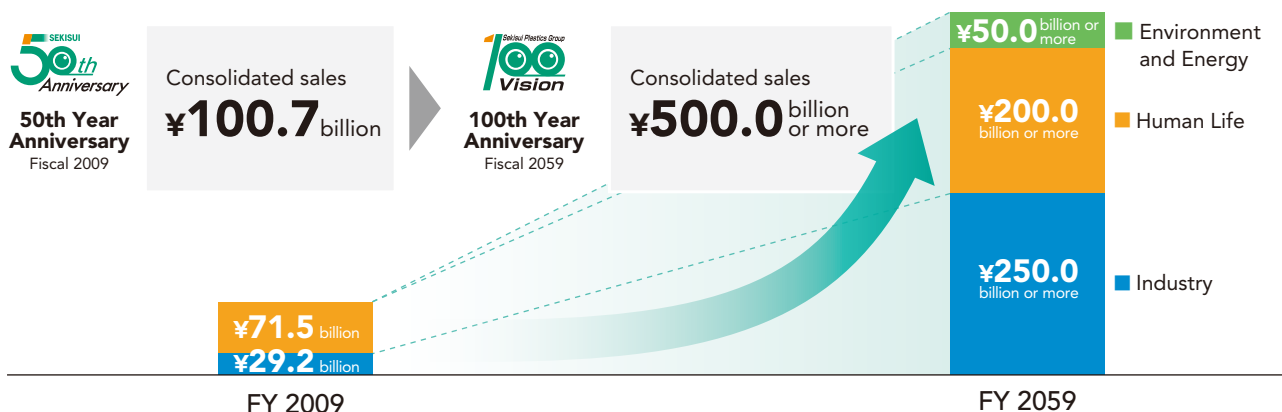
By systemizing, know-how and providing information



Contributions to Industry: Contributing to the growth and development of the 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 Segments



4

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

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

Responsibility to Stakeholders

Stakeholders	Responsibilities of the Sekisui Plastics Group
Responsibility to Customers	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	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	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	Sekisui Plastics Group makes efforts to improve its corporate value and meets expectations for shareholder returns. In addition, we actively disclose management information and place emphasis on continual dialogue with the shareholders.
Responsibility to Business Partners	The motto of 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	Sekisui Plastics Group makes active efforts 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

Culture Vision—*Zen-in Keiei*

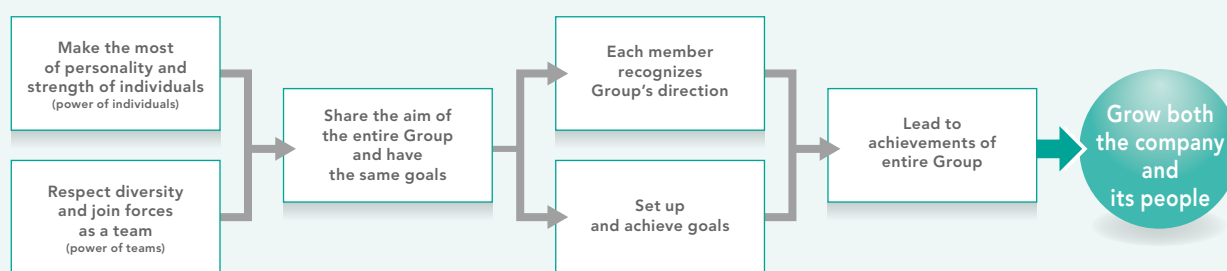
4 keywords for the practice of *Zen-in Keiei*

Under the concept of *Zen-in Keiei*, each member thinks by themselves, proposes, and makes voluntary actions, not forced by top-down instructions. Under the Sekisui Plastics Group culture, we value brainstorm with other members for extending personality and strength of individuals.

Furthermore, for recognizing the aim of the entire Group and realizing them, we have been making each member acts with the spirit of Entrepreneur and Industrialist.

All members, including managements and employees in general, of Sekisui Plastics Group always recognize the 4 keywords, “Innovation”, “Speed”, “Teamwork” and “Respect for Diversity” as starting point of achievement by making the most of strength and improving the weakness.

■ *Zen-in Keiei*



Mid-Term Management Plan

Make Innovations 60

Transforming the business model
for our 60th anniversary

“Implement the Business Portfolio Transformation and the Earnings Structure Reform based on the 100th Year Vision”

Purpose of *Make Innovations 60*

The Sekisui Plastics Group’s 100th Year Vision

Sekisui Plastics Group formulated the 100th Year Vision for further development through 2059, the 100th anniversary of the company’s establishment. With six years having passed since its formulation, the vision has been partially revised to reflect changes in the operating environment during that time, but with the continued goal of becoming “a plastics solution company trusted by customers around the world.”

Corporate Goal

“a plastics solution company trusted by customers around the world”

2013-2015 ENS2000-Challenge—Mid-term management plan

Sales: Sales fell short of the ¥120.0 billion target from the effects of changes in the operating environment

Operating/recurring/net Incomes: With measures including flexible pricing that reflected declines in raw material prices, profit targets were met



2016-2018 *Make Innovations 60*—Mid-term management plan

Period of business structural reform

Concept

Toward our 60th anniversary in 2019, we, all the Group members, will innovate thought, action and structure, and transform the business model.

Business Model Transformation

To innovate thought, action and structure by all the Group members



**60th Anniversary
(2019)**

Pursue steady sales growth and strengthen the profitable structure

- For steady expanding sales and strengthening profitability, evolve our solution-proposals more by concentrating management resources in sales activities and development.
- Implement cultivating new markets and reforming sales methods, and restructure the business portfolio by expanding business domains and getting more customers.
- Take a global approach to effectively utilize production sites in each country and flexibly allocate human resources, and share information worldwide to increase business opportunities.
- In addition to transforming the development promotion system, proactively invest in development to further accelerate the commercialization of new products and businesses. Take advantage of M&A and business tie-ups and strengthen and expand business domains.
- Promote cost reductions by reforming manufacturing and logistics and introducing energy-saving activities and further strengthen the earnings structure.
- Further strengthen development of the Group company personnel who implements these measurements.

Quantitative Targets		(Billions of yen)	
	Fiscal 2015 results	Fiscal 2016 plan	Fiscal 2018 plan
Sales	101.6	103.0	124.0
(Overseas sales)	(15.3)	(17.5)	(25.0)
(Overseas sales ratio)	(15.1%)	(17.0%)	(20.2%)
Operating income	5.1	5.5	7.7
(Operating income ratio)	(5.0%)	(5.3%)	(6.2%)
Recurring income	4.9	5.4	7.6
Net income attributable to owners of the parent	3.1	3.3	5.0
ROE	5.4%	6.0%	8.0%

High-Priority Policies

1

Business portfolio transformation

- Develop the Human Life segment steadily and Industry segment aggressively. (Raise the sales ratio of the Industry segment)
- Expand sales of new products and strategic merchandise.
- Implement proactive M&A and business tie-ups.

2

Speed-up of the business model transformation

- Transform the global businesses—accelerate business expansions and localize the businesses through dynamic personnel deployment.
- Accelerate transformations such as processing-business developments by expanding molding/processing bases and solution-proposals by a close-relationship with customers.

3

Strengthening of development capabilities by transforming development promotion system

- Accelerate strategic merchandise development and market launch through the “New Business Application Development Center”.
- Invest in development proactively.

4

Reinforcing of the competitiveness to build a high-profitable structure

- Transform logistics costs. (expand own warehouse facilities and reduce logistics cost of key Group companies)
- Enhance productivity through the DH activities and energy-saving activities.

5

Personnel portfolio transformation/human resource development

- Increase the numbers of sales and development personnel and strengthen the development-sales ability.
- Develop the global management personnel and the next-generation leaders through the “Sekisui Plastics Cram School”.



President **Masato Kashiwabara**

Overview of Mid-Term Management Plan—ENS2000-Challenge

Fiscal 2015 was the final year of ENS2000-Challenge, which is the three-year mid-term management plan started from Fiscal 2013. Under the plan, positioned as a roadmap for renewed challenges toward a growth trajectory, we targeted the following consolidated results for fiscal 2015: net sales of ¥120 billion and net income attributable to owners of the parent of ¥2.6 billion. For the year, we achieved all of our earnings targets—operating income, recurring income, and net income attributable to owners of the parent—thanks to flexible pricing policies in response to declining raw materials prices. However, we fell short of our ¥120 billion consolidated net sales target because of the effects of changing business environment.

As a main measure, we have reorganized our business structure into two business segments: Human Life and Industry. At the same time, we restructure our domestic

Group into nine regional representative Group companies to gain a better understanding of local needs. We also expanded our production bases in Taiwan, Thailand, Indonesia, the United States, and elsewhere. On the earnings side, we deployed SPENS activities and CS teams to adopt a Groupwide approach to existing and new customers. As for production, we deployed DH activities to raise productivity, which began delivering results, and through our SKIT activities we developed new materials at our R&D.

However, action reforms aimed at strengthening our competitiveness have been inadequate, and we were neither able to achieve satisfactory outcomes with respect to identifying business opportunities that reflect varying market needs, nor make new materials and other proposals and increase the speed of business expansion.

ENS2000-Challenge

	Fiscal 2012 results	Fiscal 2013 results	Fiscal 2014 results	Fiscal 2015 results	Fiscal 2015 plan	(Billions of yen) Difference with actual results
Sales	101.8	109.9	110.5	101.6	120.0	-18.4
(Overseas sales) (11.2) (Overseas sales ratio) (11.0%)		(14.2) (12.9%)	(17.7) (16.0%)	(15.3) (15.1%)	(20.0) (16.7%)	(-4.7) (-1.6%)
Operating income	1.2	2.1	3.9	5.1	4.3	+0.8
Recurring income	1.2	2.2	4.2	4.9	4.0	+0.9
Net income attributable to owners of the parent	0.9	1.3	2.5	3.1	2.6	+0.5

Approach behind Mid-Term Management Plan—*Make Innovations 60*

On October 1, 2009, Sekisui Plastics Group formulated its 100th Year Vision to further growth and development through 2059, its centenary year.

In October 2015, six years after formulation, we partially modified the vision to reflect changing business environment. Nevertheless, we will continue aspiring to be “a plastics solution company trusted by customers around the world.”

We began operating under our new mid-term management plan, *Make Innovations 60*, in April 2016. We have positioned the three-year period covered by the plan as one for implementing a business structural reform. Following a review of ENS2000-Challenge, innovations in thought and

actions as well as structure by all the Group members and the business model transformation, as we approach the 60th anniversary of the establishment in 2019.

The main concepts of the 100th Year Vision are “Business Portfolio Transformation” and “Earnings Structure Reform.” Based on these concepts, we set forth the five high-priority policies: (1) Business portfolio transformation (2) Speed-up of the business model transformation (3) Strengthening of development capabilities by transforming development promotion system (4) Reinforcing of the competitiveness to build a high-profitable structure (5) Personnel portfolio transformation/human resource development.

(1) Business portfolio transformation

- In the Industry segment, we will target aggressive growth by investing resources. In the Human Life segment, we will target steady growth. As a result, we will increase the sales ratio of the Industry segment and improve income margins.
- Targeting areas earmarked for future expansion, we will position highly profitable products as “strategic merchandises” and bolster sales.

	Fiscal 2015 results	Fiscal 2018 target
Industry segment sales ratio	36%	50%
Strategic merchandises sales ratio	5%	20%

Overview of Mid-Term Management Plan

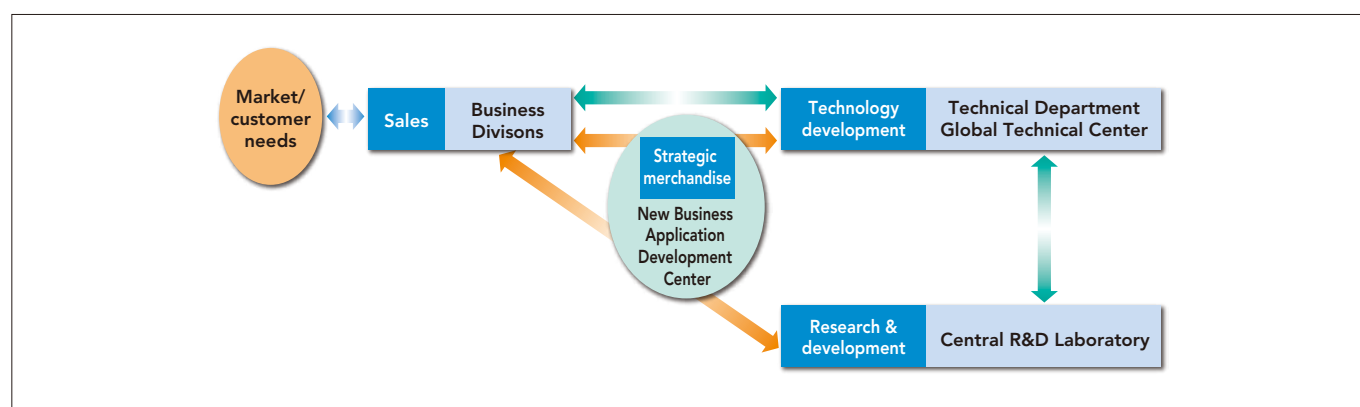
(2) Speed-up of the business model transformation

- We will implement global business transformations, and control and effectively utilize our network, which, as of fiscal 2015, has expanded to encompass four regions (Northeast Asia, Southeast Asia, North America, and Europe). We will also vertically start-up our molding and processing bases scheduled to be reinforced in fiscal 2016. Seeking to strengthen our sales capabilities, we will expedite business expansion through flexible human resource allocation while emphasizing localization.
- By further evolving our solution proposal business while cultivating new markets and reforming our sales methods, we will broaden our business domains and our customer base.

	Fiscal 2015 results	Fiscal 2018 target
Overseas sales ratio	15%	25%

(3) Strengthening of development capabilities by transforming development promotion system

- By establishing a new department (New Business Application Development Center) capable of coordinating all processes related to strategic merchandises—from R&D and technology development to promotion and sales—in a planned manner, we will promote development and market development simultaneously and speed-up the commercialization process.



- We will set themes for the development of next-generation technologies and proactively invest in development.

	Fiscal 2016–18 Plan–Total
Investment for development	¥3.0 billion

(4) Reinforcing of the competitiveness to build a high-profitable structure

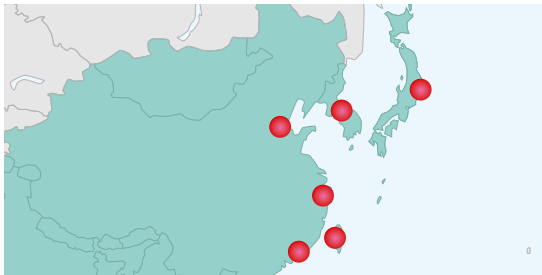
- We will implement logistics cost reforms. Specifically, we will expand and upgrade our own warehouses to reduce external outflows, and implement a plan aimed at cutting logistics costs of key Group companies by 20% or more.
- We will globally broaden DH productivity improvement activities and energy-saving activities to achieve cost reductions.

(5) Personnel portfolio transformation/human resource development

- We will increase the number of sales and development personnel and strengthen the development-sales ability.
- We will develop the global management personnel and the next-generation leaders through the “Sekisui Plastics Cram School”.

	Fiscal 2015 results	Fiscal 2018 target
Ratio of sales personnel	15%	20%

Northeast Asia



China

- 2004 Establishment of a sales base in Shanghai
- 2005 Establishment of PIOCELAN foaming plant in Tianjin
- 2009 Establishment of PIOCELAN foaming plant in Suzhou
- 2015 Acquisition of a sheet forming company in Shanghai

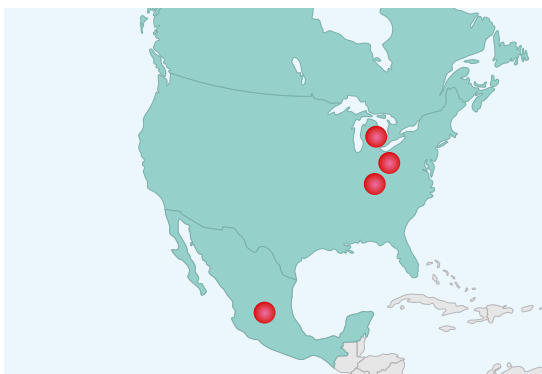
Taiwan

- 2006 Operation start of PIOCELAN polymerization facility (Taiwan Sekisui Yunchu Co., Ltd.)
- 2008 Establishment of Taiwan Sekisui Centex Co., Ltd. as a sales base
- 2014 Establishment of an integrated manufacturing and sales structure through the merger of the two local companies
- 2015 Completion of a multipurpose molding and processing plant in Taichung neighborhood

South Korea

- 2007 Establishment of Sekisui Plastics Korea Co.,Ltd. as a sales base
- Establishment of a molding and processing plant under consideration

North America



- 2006 Establishment of Sekisui Plastics U.S.A.,Inc. in Tennessee as a sales base
- 2006 Establishment of PIOCELAN foaming plant on the same site
- 2011 Establishment of a molding and processing plant on the next site
- 2013 Establishment of a sales base in Michigan
- 2014 Expansion of a warehouse attached to the molding and processing plant in Tennessee
- 2015 Completion of a molding and processing plant in Ohio
- 2016 Operation start of a molding and processing plant in Mexico

Southeast Asia



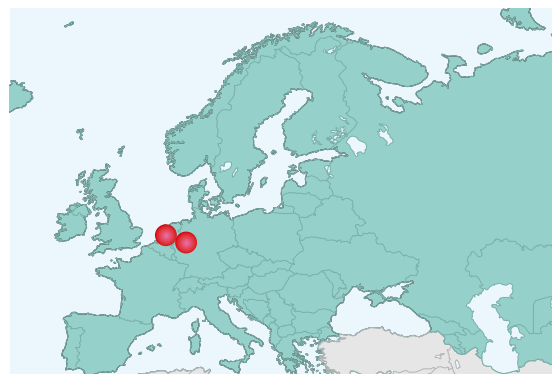
Thailand

- 2012 Establishment of Sekisui plastics (Thailand) Co.,Ltd. as a sales base
- 2013 Establishment of a molding and processing plant in Bangkok's northern suburbs
- 2014 Increase of plant facility capacity
- Establishment of a new molding and processing base in Bangkok's southern suburbs under consideration

Indonesia

- 2012 Establishment of PT. Sekisui Plastics Indonesia as a sales base
- 2015 Completion of a molding and processing plant in Jakarta's eastern suburbs

Europe



- 2007 Establishment of Sekisui Plastics Europe B.V. in the Netherlands as a sales base
- 2008 Establishment of PIOCELAN foaming plant on the same site
- 2016 Expansion of a PIOCELAN production capacity
- 2016 Establishment of development and a sales base in Germany
- Establishment of foaming, and molding and processing bases in vicinity of Germany

Human Life



Market Environment and Results

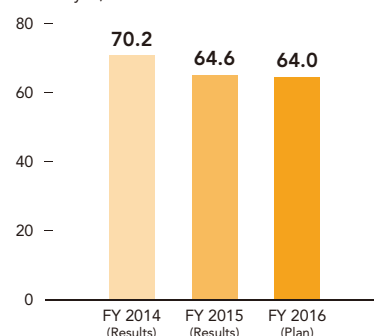
Demand related to products/materials of marine, construction and civil engineering was weak, but demand for food trays became stronger in the food packaging field. The sales volume of our main ESLEN Sheet product rose year on year, while the sales volume of ESLEN Beads was roughly unchanged from the prior year. Our flexible pricing policies that take into account fluctuations in raw material prices, combined with lower sales of related purchased products, resulted in a decline in net sales for the year.

Strategies and Measures

- Increase our in-store share at existing customers for ESLEN Sheet and ESLEN Beads
- Invest in products developed for functionality (microwavable food containers, containers with barrier properties, high heat-resistant materials, materials for preserving freshness)
- Become involved in import/export businesses (promote materials for agricultural and marine products)
- Develop a processing business (develop local representative Group companies)
- Reduce costs through improved productivity and lower logistics expenses

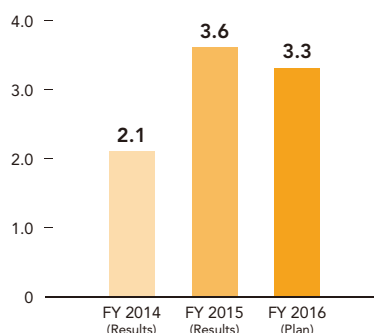
Net Sales

(Billions of yen)



Recurring Income

(Billions of yen)



CELPET (foamed PET sheet) has been used for major supermarkets

CELPET is made from PET resin, which is difficult to foam, but by using our proprietary technology, we have been able to make foamed sheets that can be molded into containers with a variety of shapes.

CELPET is a foamed sheet of PET resin which is difficult to be foamed but foamed by our proprietary technology, and can be formed in a variety of shapes.

This material is also heat- and cold-resistant, maintaining its shape at temperatures of up to roughly 220°C, making it superior to materials like paper in terms of thermal insulation and heat retention.

Also, it is resistant to heat and cold so it maintains its shape under up to roughly 220°C, Compared with other materials such as paper, it has better insulation and heat retention properties.

Thanks to these properties, CELPET has been used in packaging by convenience stores as it allows food to be cooked by a jet oven at around 200°C, and frozen or chilled in the same container for sale. In recognition of this product's track record at convenience stores, major supermarkets have also begun to use CELPET.

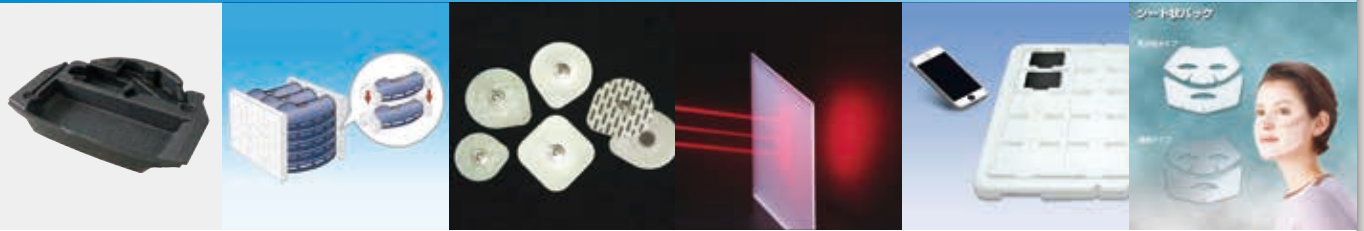


Container itself cannot be hot easily after heating



Container can be used in a jet oven

Industry



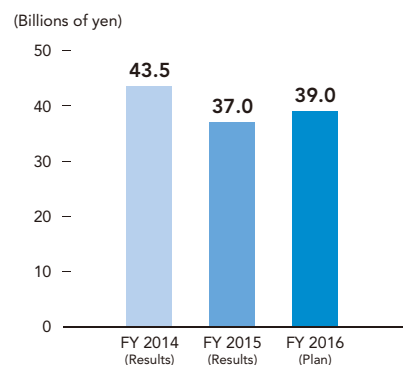
Market Environment and Results

In the electric home appliance and IT fields, the increase in sales of transport materials for LCD panels made using PIOCELAN that had continued from the second half of the previous year due to new orders from China and Taiwan leveled off, and this combined with production adjustments at a major customer in the second half of the year resulted in a sales decline. Sales of TECHPOLYMER, used for light diffusion in LCD panels and other equipment, also declined because of customers' protracted production adjustments. In the automotive field, the usage of PIOCELAN etc. for automobile components increased in markets including Japan and the United States, but sales for use as transport materials for parts declined.

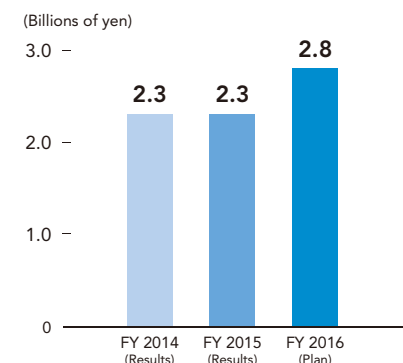
Strategies and Measures

- Expand global bases (Mexico, Germany)
- Proactively invest in new products/goods (ST-LAYER, ELASTIL, TECHEATER)
- Spread existing products to other Group companies and increase in-store share (PIOCELAN moldings, TECHPOLYMER, ST-gel)

Net Sales



Recurring Income

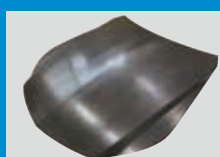


Development of new products: ST-LAYER and ELASTIL

■ ST-LAYER: CFRP*/foam core composites

ST-LAYER is a new material which is a composite of a foam core and CFRP and has properties of foams and CFRP. This structural material has excellent characteristics such as high strength, lightweight, and shape flexibility, and can be used in a wide range of applications.

* Carbon Fiber Reinforced Plastic



Hood/Bonnet



Wind turbine

■ ELASTIL: Flexible/soft, high bounce/elasticity foams
ELASTIL, thermoplastic elastomeric bead foam, has the outstanding elasticity as rubbers, and is lightweight as polystyrene foams and flexible/soft as polyurethane foams. It's highly regarded for its lightweight, flexibility, and bounce/elasticity properties, so it is watched as a new material alternative to conventional soft foam.



Flexibility



Elasticity

CSR Initiatives

In the 100th Year Vision formulated in October 2009, Sekisui Plastics Group set forth the CSR declaration, "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.

Alien plant Eradication Activities

To preserve the biodiversity of Lake Biwa, since fiscal 2011, neighboring Group companies have been regularly participating in Shiga Prefecture's activities to remove alien plants.



A thank-you letter from the Shiga Prefecture Lake Biwa Beautification Association.

Nationwide Survey of Local Water Environments

Sekisui Plastics Group continues to participate in the Nationwide Simultaneous Survey of Familiar Water Environments with the aims of ascertaining the state of local water environments near business sites, residences and other locations, and contributing to activities to preserve water environments.

The 12th Survey was conducted at 35 river locations nationwide, and the 13th Survey in June 2016 was conducted at 37 locations.



Showcasing Initiatives at Green Wave 2016 Kick-Off Forum Ahead of COP13

Sekisui Plastics Group presented its Green Wave activities at the United Nations Decade on Biodiversity, Green Wave Kick-Off Forum, which was hosted by the United Nations University (Tokyo) on March 1, 2016.

The presentation was followed by a panel discussion entitled "Linking and Spreading Green Wave Worldwide Ahead of COP13," where our representative participated as a panelist and joined an invaluable discussion on activities to communicate the importance of biodiversity worldwide.



Green Curtain (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 six business sites from six Group companies participated in Green Wave 2015 activities promoted by the Ministry of the Environment, planting trees and flowering plant seedlings.



Sekisui Plastics Fund Established as Part of Mirai Fund Ibaraki

To expand the activities of the Sekisui Plastics Fund nationwide, a new fund for the Kanto region was established in May 2016 with a contribution to the Mirai Fund Ibaraki, which is managed by the Ibaraki NPO Center Commons.

In fiscal 2016, the fund is supporting the activities of the nonprofit organization Koga Satoyama Preservation Association, which is engaged in restoring and preserving abandoned wooded areas near the city of Koga in Ibaraki Prefecture.



Corporate Governance

Sekisui Plastics aspires to be “a plastics solution company trusted by customers around the world.”

With Japan’s Corporate Governance Code having taken effect from June 2015 for companies listed on the Tokyo Stock Exchange, Sekisui plastics Group has formulated its own “Corporate Governance Guidelines” outlining the Group’s policies and activities regarding corporate governance. These Guidelines form the starting point for the effective functioning of corporate governance, to maintain management transparency and soundness, and establish a management structure that is able to address 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 24, 2016)

Board of Directors

President
Masato Kashiwabara

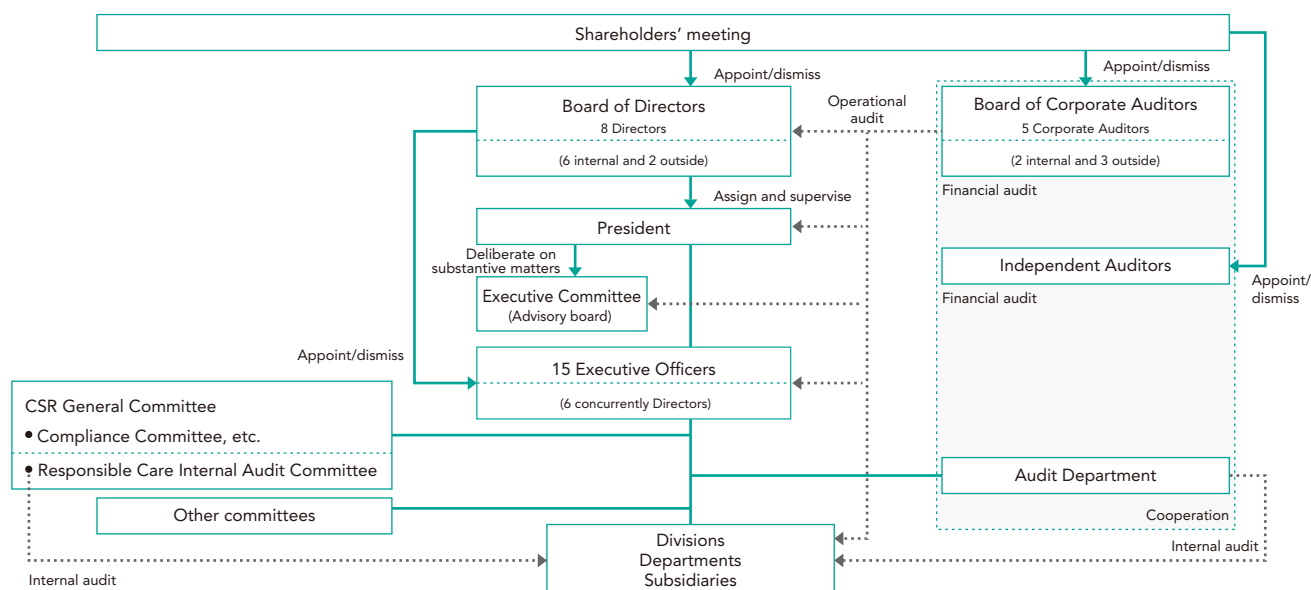
Directors
Yoshihide Sano
Hiroshi Tsujimura
Tetsuya Ikegaki
Tetsuharu Hirota
Nobuyuki Tsujiwaki

Outside Directors
Katsuya Amimoto
Hiroyuki Bamba

Board of Corporate Auditors

Corporate Auditors
Masayuki Moriya
Katsunori Numakura

Outside Corporate Auditors
Yuichi Hamabe
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

We have safety-related measures in place at our Japanese business operations, and we are incrementally applying these to our overseas business sites.



Monitor showing no accidents



Safety training



Safety meeting

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.

Safety training halls

Safety training halls, where employees can experience simulated accidents, exist at five Sekisui Plastics locations in Japan as educational facilities to raise safety awareness among individual employees and impart safety skills.

The training halls are utilized to periodically provide hands-on education and enable all employees to learn the basics of safety.

We are also establishing these at our global business sites, including the Tennessee plant at Sekisui Plastics U.S.A., Inc.



Consolidated Financial Highlights

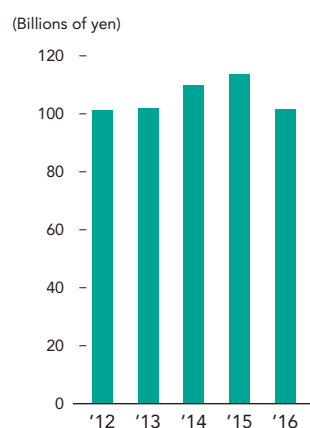
Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	2006	2007	2008	2009	2010
For the year:					
Net sales	¥89,254	¥94,896	¥98,561	¥96,102	¥100,744
Operating income	2,992	3,174	2,028	4,119	5,118
Recurring income	3,049	2,924	1,463	3,881	4,475
Net income attributable to owners of the parent	1,800	1,868	712	2,111	2,393
Capital expenditures	5,568	4,293	4,281	5,500	3,735
Depreciation and amortization	3,250	3,720	4,050	4,060	3,886
Research and development costs	1,914	1,998	2,034	2,150	2,044
At year-end:					
Total assets	¥91,900	¥94,869	¥91,342	¥92,553	¥ 97,008
Total net assets	—	48,186	45,551	45,285	46,848
Total shareholders' equity	46,437	—	—	—	—
Interest-bearing debt	12,441	11,298	12,196	17,151	17,126
Amounts per share:					
Net income	¥ 17.71	¥ 18.92	¥ 7.25	¥ 21.74	¥ 25.29
Net assets	468.83	481.19	455.82	467.38	488.64
Cash dividends	7.00	8.00	8.00	10.00	10.00
Key ratios:					
Operating income ratio (%)	3.4%	3.3%	2.1%	4.3%	5.1%
ROE (%)	4.0	4.0	1.5	4.7	5.3
ROA ^{*2} (%)	3.4	3.1	1.6	4.2	4.7
Equity ratio (%)	50.5	49.9	48.9	48.0	47.4
Employees	1,429	1,486	1,540	1,568	1,637

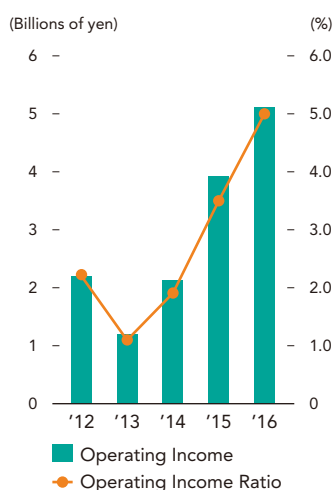
^{*1} U.S. dollar amounts represent translations of Japanese yen, for readers' convenience only, at the rate of ¥112.68 = U.S.\$1.00, the prevailing exchange rate at March 31, 2016.

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

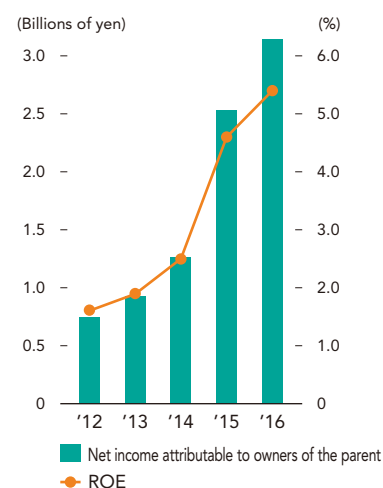
Net Sales



Operating Income/ Operating Income Ratio



Net income attributable to owners of the parent/ROE



Consolidated Balance Sheet

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2016	2016
Assets			
Current assets:			
Cash and cash equivalents (Note 4)	¥ 7,030	¥ 7,137	\$ 63,338
Short-term investments (Note 4)	2	9	79
Notes and accounts receivable (Note 4)	29,776	29,432	261,199
Inventories (Note 6)	10,128	9,230	81,913
Deferred income taxes (Note 8)	1,047	1,004	8,910
Other current assets	751	965	8,564
Less allowance for doubtful accounts	(57)	(93)	(825)
Total current assets	48,680	47,687	423,207
Property, plant and equipment (Note 17):			
Land (Note 11)	20,665	20,591	182,738
Buildings and structures	40,440	40,728	361,448
Machinery and equipment	73,840	74,833	664,119
Construction in progress	1,414	1,895	16,817
	136,360	138,048	1,225,133
Less accumulated depreciation	(88,940)	(91,008)	(807,667)
Property, plant and equipment, net	47,419	47,040	417,465
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	897	1,092	9,691
Investments in securities (Notes 4 and 5)	12,221	13,816	122,612
Deferred income taxes (Note 8)	613	607	5,386
Assets for retirement benefits (Note 9)	4,559	2,993	26,561
Software	466	541	4,801
Other assets	1,398	1,202	10,667
Less allowance for doubtful accounts	(55)	(90)	(798)
Total investments and other assets	20,101	20,164	178,949
Total assets (Note 17)	¥ 116,201	¥ 114,892	\$ 1,019,630

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2016	2016
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable (Note 4)	¥ 23,151	¥ 22,020	\$ 195,420
Short-term loans (Notes 4 and 7)	4,895	4,662	41,373
Current portion of long-term debt (Notes 4, 7 and 15)	1,733	2,630	23,340
Accrued expenses	2,416	2,687	23,846
Accrued income and enterprise taxes (Note 8)	832	1,044	9,265
Provision for bonuses to employees	917	1,043	9,256
Provision for bonuses to directors and audit and supervisory board members	29	36	319
Provision for product warranty	102	–	–
Deferred income taxes (Note 8)	0	1	8
Other current liabilities	2,141	1,931	17,137
Total current liabilities	36,221	36,058	320,003
Long-term liabilities:			
Long-term debt less current portion (Notes 4, 7 and 15)	12,839	10,981	97,452
Liabilities for retirement benefits (Note 9)	2,538	2,706	24,014
Deferred income taxes (Note 8)	5,792	5,395	47,878
Provision for product warranty	–	549	4,872
Other long-term liabilities	534	399	3,541
Total long-term liabilities	21,704	20,032	177,777
Net assets:			
Shareholders' equity (Note 10):			
Common stock:			
Authorized: 249,502,000 shares			
Issued: 95,976,218 shares at March 31, 2015 and 2016	16,533	16,533	146,725
Capital surplus	17,261	17,261	153,186
Retained earnings (Note 18)	14,091	16,257	144,275
Less treasury stock, at cost:			
2,494,902 shares at March 31, 2015			
2,499,948 shares at March 31, 2016	(796)	(798)	(7,082)
Total shareholders' equity	47,089	49,253	437,105
Accumulated other comprehensive income:			
Net unrealized holding gain on securities (Notes 5 and 12)	6,176	6,187	54,907
Surplus arising from land revaluation (Notes 8, 11 and 12)	1,384	1,479	13,125
Translation adjustments	923	275	2,440
Retirement benefits liability adjustments	1,981	914	8,111
Total accumulated other comprehensive income	10,465	8,856	78,594
Non-controlling interests	720	691	6,132
Total net assets	58,275	58,800	521,831
Total liabilities and net assets	¥ 116,201	¥ 114,892	\$ 1,019,630

See notes to consolidated financial statements.

Consolidated Statement of Income

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2016	2016
Net sales (Note 17)	¥ 113,660	¥ 101,559	\$ 901,304
Cost of sales	90,703	77,386	686,776
Gross profit	22,957	24,173	214,527
Selling, general and administrative expenses (Note 13)	19,026	19,054	169,098
Operating income	3,930	5,118	45,420
Other income (expenses):			
Interest income (Note 17)	14	10	88
Dividend income	187	207	1,837
Interest expense (Note 17)	(185)	(138)	(1,224)
Equity in (losses) earnings of affiliates (Note 17)	(9)	2	17
Foreign exchange gain (loss), net	443	(107)	(949)
Loss on sales or disposal of equipment	(56)	(68)	(603)
Compensation expenses	(75)	(86)	(763)
Gain on sales of investments in securities (Note 5)	0	80	709
Gain on cancellation of retirement benefit trusts	–	448	3,975
Provision for product warranty	–	(518)	(4,597)
Loss on impairment of property, plant and equipment (Notes 14 and 17)	(33)	(136)	(1,206)
Gain on negative goodwill (Note 17)	231	–	–
Loss on cancellation of contracts	(177)	–	–
Loss on withdrawal from welfare pension plans	(59)	(110)	(976)
Other, net	(80)	(41)	(363)
Profit before income taxes	4,130	4,659	41,347
Income taxes (Note 8):			
Current	1,194	1,487	13,196
Deferred	326	53	470
	1,520	1,540	13,667
Profit	2,609	3,119	27,680
Profit attributable to:			
Non-controlling interests	(78)	27	239
Owners of parent	¥ 2,530	¥ 3,147	\$ 27,928

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2015 and 2016

		Millions of yen	Thousands of U.S. dollars (Note 3)
	2015	2016	2016
Profit	¥ 2,609	¥ 3,119	\$ 27,680
Other comprehensive income (Note 12):			
Net unrealized holding gain on securities	2,125	10	88
Surplus arising from land revaluation	178	94	834
Translation adjustments	485	(648)	(5,750)
Retirement benefits liability adjustments	696	(1,066)	(9,460)
Total other comprehensive income (loss)	3,486	(1,609)	(14,279)
Comprehensive income	¥ 6,095	¥ 1,510	\$ 13,400
Comprehensive income (loss) attributable to:			
Owners of parent	¥ 6,007	¥ 1,538	\$ 13,649
Non-controlling interests	88	(28)	(248)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2015 and 2016

	Millions of yen			
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at April 1, 2014, as originally reported	¥ 16,533	¥ 17,261	¥ 13,137	¥ (794)
Cumulative effects of accounting change	—	—	(869)	—
Balance at April 1, 2014 as adjusted	16,533	17,261	12,268	(794)
Cash dividends	—	—	(701)	—
Profit attributable to owners of parent for the year	—	—	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 April 1, 2015	16,533	17,261	14,091	(796)
Cash dividends	—	—	(981)	—
Profit attributable to owners of parent for the year	—	—	3,147	—
Acquisition of treasury stock	—	—	—	(2)
Other changes	—	—	—	—
Balance at March 31, 2016	¥ 16,533	¥ 17,261	¥ 16,257	¥ (798)

	Millions of yen					
	Net unrealized holding gain on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2014, as originally reported	¥ 4,050	¥ 1,204	¥ 447	¥ 1,284	¥ 910	¥ 54,036
Cumulative effects of accounting change	—	—	—	—	—	(869)
Balance at April 1, 2014 as adjusted	4,050	1,204	447	1,284	910	53,167
Cash dividends	—	—	—	—	—	(701)
Profit attributable to owners of parent for the year	—	—	—	—	—	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 April 1, 2015	6,176	1,384	923	1,981	720	58,275
Cash dividends	—	—	—	—	—	(981)
Profit attributable to owners of parent for the year	—	—	—	—	—	3,147
Acquisition of treasury stock	—	—	—	—	—	(2)
Other changes	10	94	(648)	(1,066)	(28)	(1,637)
Balance at March 31, 2016	¥ 6,187	¥ 1,479	¥ 275	¥ 914	¥ 691	¥ 58,800

	Thousands of U.S. dollars (Note 3)			
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at April 1, 2015	\$ 146,725	\$ 153,186	\$ 125,053	\$ (7,064)
Cash dividends	—	—	(8,706)	—
Profit attributable to owners of parent for the year	—	—	27,928	—
Acquisition of treasury stock	—	—	—	(17)
Other changes	—	—	—	—
Balance at March 31, 2016	\$ 146,725	\$ 153,186	\$ 144,275	\$ (7,082)

	Thousands of U.S. dollars (Note 3)					
	Net unrealized holding gain on securities	Surplus arising from land revaluation	Translation adjustments	Retirement benefits liability adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2015	\$ 54,810	\$ 12,282	\$ 8,191	\$ 17,580	\$ 6,389	\$ 517,172
Cash dividends	—	—	—	—	—	(8,706)
Profit attributable to owners of parent for the year	—	—	—	—	—	27,928
Acquisition of treasury stock	—	—	—	—	—	(17)
Other changes	88	834	(5,750)	(9,460)	(248)	(14,527)
Balance at March 31, 2016	\$ 54,907	\$ 13,125	\$ 2,440	\$ 8,111	\$ 6,132	\$ 521,831

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2016	2016
Cash flows from operating activities			
Profit before income taxes	¥ 4,130	¥ 4,659	\$ 41,347
Adjustments for:			
Depreciation and amortization	3,999	3,937	34,939
Loss on impairment of property, plant and equipment	33	136	1,206
(Decrease) increase in allowance for doubtful accounts	(42)	73	647
Interest and dividend income	(201)	(218)	(1,934)
Interest expense	185	138	1,224
Equity in losses (gains) of affiliates	9	(2)	(17)
Increase in provision for bonuses to employees	67	125	1,109
Changes in liabilities for retirement benefits, net	159	169	1,499
Increase in provision for product warranty	31	446	3,958
Gain on sales of investments in securities	(0)	(81)	(718)
Loss on impairment of investments in securities	4	1	8
Loss on disposal or sales of equipment	52	26	230
Decrease (increase) in notes and accounts receivable	1,895	(32)	(283)
(Increase) decrease in inventories	(193)	752	6,673
Decrease in notes and accounts payable	(1,953)	(290)	(2,573)
Other, net	(1,104)	(1,086)	(9,637)
Subtotal	7,072	8,755	77,697
Interest and dividends received	210	217	1,925
Interest paid	(205)	(177)	(1,570)
Proceeds from casualty insurance claims	127	14	124
Income taxes	(988)	(1,288)	(11,430)
Net cash provided by operating activities	¥ 6,216	¥ 7,521	\$ 66,746
Cash flows from investing activities			
Increase in short-term investments	¥ (0)	¥ (6)	\$ (53)
Decrease in short-term investments	22	-	-
Purchases of plant and equipment	(5,243)	(4,116)	(36,528)
Proceeds from sales of property, plant and equipment	180	17	150
Purchases of investments in securities	(83)	(3)	(26)
Proceeds from sales of investments in securities	44	155	1,375
Increase in short-term and long-term loans receivable	(23)	(835)	(7,410)
Collection of short-term and long-term loans receivable	35	25	221
Purchases of investments in consolidated subsidiaries	(79)	(211)	(1,872)
Other, net	88	208	1,845
Net cash used in investing activities	(5,058)	(4,766)	(42,296)
Cash flows from financing activities			
Net decrease in short-term loans	(1,478)	(116)	(1,029)
Proceeds from long-term debt	5,004	934	8,288
Repayment of long-term debt	(2,790)	(1,788)	(15,867)
Purchases of treasury stock	(1)	(1)	(8)
Dividends paid	(701)	(981)	(8,706)
Dividends paid to non-controlling shareholders	(48)	(0)	(0)
Other	(665)	(378)	(3,354)
Net cash used in financing activities	(681)	(2,332)	(20,695)
Effect of exchange rate changes on cash and cash equivalents	288	(315)	(2,795)
Net increase in cash and cash equivalents	765	106	940
Cash and cash equivalents at beginning of the year	6,278	7,030	62,389
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(13)	-	-
Cash and cash equivalents at the end of the year	¥ 7,030	¥ 7,137	\$ 63,338

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sekisui Plastics Co., Ltd. and Consolidated Subsidiaries
March 31, 2016

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, 2015 to the 2016 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 32 and 31 significant consolidated subsidiaries (collectively, the "Group") for the years ended March 31, 2015 and 2016, 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, 2015 and 2016.

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, profit 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 unless there has been a permanent decline in the value of such investments. In such case, the Company is required to write 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.

During the year ended March 31, 2016, Sekisui Plastics Agrisystem Co., Ltd., was merged into Sekisui Plastics Toubu Co., Ltd. As a result, Sekisui Plastics Agrisystem Co., Ltd. has been eliminated from consolidation.

Effective from the year ended March 31, 2016, the fiscal year end of PT.Sekisui Plastics Indonesia has been changed to March 31. Accordingly, the consolidated financial statements for the year ended March 31, 2016 includes the results of operations of PT.Sekisui Plastics Indonesia for a 15-month period from January 1, 2015 to March 31, 2016. Net sales, operating income and loss before income taxes of the subsidiary for the three months from January 1, 2015 to March 31, 2015 were immaterial.

Four overseas consolidated subsidiaries have been consolidated using provisional financial statements at March 31, 2016. For an overseas consolidated subsidiary whose fiscal year ends on December 31, necessary adjustments have been made for any significant intercompany transactions which took place during the period between the year end of the overseas consolidated subsidiary and the year end of the Company.

(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 non-controlling 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 profit but are reported as translation adjustments and non-controlling 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, deposits with banks withdrawable on demand and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(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 calculated by the straight-line method over the estimated useful lives of the respective assets. Depreciation of other property, plant and equipment is principally 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 (included in other 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) Provision for Bonuses to Employees

Provision 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) Provision for Bonuses to Directors and Audit and Supervisory Board Members

Provision for bonuses to directors and audit and supervisory board members is calculated based on the estimated amount of bonuses to be paid to directors and audit and supervisory board members.

(m) Provision for Product Warranty

Provision 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 actuarial gain or loss and prior service cost

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.

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.

(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

The Company has entered into interest-rate currency swaps to hedge the risk of interest rate and foreign currency exchange rate fluctuations on long-term debt denominated in foreign currencies. The Company has entered into forward foreign currency exchange contracts to hedge the risk of foreign currency exchange rate fluctuations on long-term accounts receivable denominated in foreign currency.

(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 by the swap agreements is translated at the swap contract rate ("integral hedge accounting").

Long-term account receivables hedged by forward foreign currency exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates ("allocation method").

(b) Hedging instruments and hedged items

Hedging instruments: Interest-rate currency swaps
Forward foreign currency exchange contracts

Hedged items: Long-term debt denominated in foreign currencies
Long-term accounts receivable denominated in foreign currencies

(c) Hedging policy

Derivative transactions are used to hedge the risk of interest-rate and foreign currency exchange rate fluctuations in accordance with the Company's risk management policy.

(d) Assessing hedge effectiveness

With regard to interest-rate currency swaps accounted for by integral hedge accounting and forward foreign currency exchange contracts accounted for by allocation method, 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 18).

2. Accounting Change

Accounting Standards for Business Combinations and Consolidated Financial Statements.

Effective from April 1, 2015, the Group adopted "Accounting Standard for Business Combinations" (ASBJ Statement No.21 revised on September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 revised on September 13, 2013) and "Accounting Standard for Business Divestitures" (ASBJ Statement No.7 revised on September 13, 2013).

With the application of the above standards, any differences resulting from changes in ownership interests in its subsidiaries are accounted for as changes in capital surplus as long as the parent company retains control over its subsidiaries and acquisition related costs are charged to expense of the period in which the costs are incurred and the related services received. In addition, the presentation of the consolidated statement of income was

changed and the reference to "minority interests" was changed to "non-controlling interests."

In order to reflect this change in presentation, certain accounts in the prior year's consolidated financial statements have been reclassified to conform to the current period's presentation.

"Accounting Standard for Business Combinations" and related guidance were applied in accordance with the transitional treatment specified in Section 58-2(4) of "Accounting Standard for Business Combinations," Section 44-5(4) of "Accounting Standard for Consolidated Financial Statements," and Section 57-4(4) of "Accounting Standard for Business Divestitures," with prospective application of these accounting standards effective from April 1, 2015.

The effects on consolidated financial statements as of and for the year ended March 31, 2016 were nil.

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 ¥112.68 = U.S. \$1.00, the exchange rate prevailing on March

31, 2016. 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 as addressed below.

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.

Trade payable, such as 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. Forward foreign currency exchange contracts are used to hedge the risk of foreign currency exchange rate fluctuations on the Group's long-term accounts receivables denominated in foreign currency.

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 makes efforts to facilitate financing and ensure diverse sources of financing. Each component of the Group also prepares monthly cash flow plans to manage liquidity risk.

(b) Fair Value of Financial Instruments

Carrying value, fair value and the difference between them for financial instruments on the consolidated balance sheets as of March 31, 2015 and 2016 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.

	2015			2016		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and cash equivalents	¥ 7,030	¥ 7,030	¥ -	¥ 7,137	¥ 7,137	¥ -
Short-term investments	2	2	-	9	9	-
Notes and accounts receivable	29,776	29,776	-	29,432	29,432	-
Investments in securities	12,046	12,046	-	13,645	13,645	-
Total assets	¥ 48,856	¥ 48,856	¥ -	¥ 50,224	¥ 50,224	¥ -
Notes and accounts payable	¥ 23,151	¥ 23,151	¥ -	¥ 22,020	¥ 22,020	¥ -
Short-term loans	4,895	4,895	-	4,662	4,662	-
Long-term debt*	14,572	14,658	86	13,611	13,721	110
Total liabilities	¥ 42,619	¥ 42,705	¥ 86	¥ 40,482	¥ 40,592	¥ 110

	2016		
	Carrying value	Fair value	Difference
Cash and cash equivalents	\$ 63,338	\$ 63,338	\$ -
Short-term investments	79	79	-
Notes and accounts receivable	261,199	261,199	-
Investments in securities	121,095	121,095	-
Total assets	\$ 445,722	\$ 445,722	\$ -
Notes and accounts payable	\$ 195,420	\$ 195,420	\$ -
Short-term loans	41,373	41,373	-
Long-term debt*	120,793	121,769	976
Total liabilities	\$ 359,265	\$ 360,241	\$ 976

*Includes current portion of long-term debt of ¥1,733 million and ¥2,630 million (\$23,340 thousand) at March 31, 2015 and 2016, 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 value 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 value 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 similar new borrowings were entered into.

¥1,263 million (\$11,208 thousand) at March 31, 2015 and 2016 are not included in investments in securities in the preceding table since it is extremely difficult to determine their fair value at March 31, 2015 and 2016.

Unlisted equity securities of affiliates in the amount of ¥1,072 million and

The redemption schedule at March 31, 2016 for deposits and notes and accounts receivable with maturity dates is summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2016	2016
	Within 1 year	Within 1 year
Deposits	¥ 7,113	\$ 63,125
Notes and accounts receivable	29,432	261,199
Total	¥ 36,546	\$ 324,334

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, 2015 and 2016 were as follows:

	Millions of yen					
	2015			2016		
	Acquisition cost	Carrying value	Unrealized holding gain	Acquisition cost	Carrying value	Unrealized holding gain
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥ 3,438	¥ 12,046	¥ 8,608	¥ 4,789	¥ 13,645	¥ 8,855
Securities whose acquisition cost exceeds their carrying value:						
Equity securities	—	—	—	—	—	—
Total	¥ 3,438	¥ 12,046	¥ 8,608	¥ 4,789	¥ 13,645	¥ 8,855

	Thousands of U.S. dollars		
	2016		
	Acquisition cost	Carrying value	Unrealized holding gain
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	\$ 42,500	\$ 121,095	\$ 78,585
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	—	—	—
Total	\$ 42,500	\$ 121,095	\$ 78,585

Unlisted equity securities other than securities of affiliates in the amount of ¥174 million and ¥171 million (\$1,517 thousand) at March 31, 2015 and 2016 are

not included in equity securities in the above table since it is extremely difficult to determine their fair value at March 31, 2015 and 2016.

The proceeds from sales of, and gross realized gain on investments in securities for the years ended March 31, 2015 and 2016 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2015	2016
Proceeds from sales	¥ 44	¥ 306
Gross realized gain	0	81

6. Inventories

Inventories at March 31, 2015 and 2016 were composed of the following:

	Millions of yen	Thousands of U.S. dollars
	2015	2016
Merchandise, finished goods and semi-finished goods	¥ 7,646	¥ 6,814
Work in process goods	96	89
Raw materials and supplies	2,385	2,326
Total	¥ 10,128	¥ 9,230

7. Short-Term Loans and Long-Term Debt

Short-term loans at March 31, 2015 and 2016 represented loans in the form of deeds and overdrafts at interest rates ranging from 0.34% to 3.20% and from

0.25% to 3.20% per annum, respectively.

Long-term debt at March 31, 2015 and 2016 was composed of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Unsecured loans from banks and insurance companies, payable in Japanese yen, at rates ranging from 0.15% to 1.31%	¥ 12,900	¥ 12,300	\$ 109,158
Unsecured loans from banks, payable in U.S. dollars, at rates ranging from 0.98% to 2.49%	706	633	5,617
Unsecured loans from banks, payable in Euro, at a rate of 1.33%	222	145	1,286
Unsecured loans from banks, payable in Taiwan dollars, at a rate of 4.25%	576	460	4,082
Unsecured loans from banks, payable in Thai baht, at a rate of 4.25%	166	71	630
Total	14,572	13,611	120,793
Less current portion	(1,733)	(2,630)	(23,340)
	¥ 12,839	¥ 10,981	\$ 97,452

The aggregate annual maturities of long-term debt subsequent to March 31, 2016 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending March 31,	2016	2016
2017	¥ 2,630	\$ 23,340
2018	3,622	32,144
2019	5,231	46,423
2020	1,989	17,651
2021 and thereafter	138	1,224
Total	¥ 13,611	\$ 120,793

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, 2015 and 2016 were, in the aggregate, approximately 35.6% and 33.00%, respectively.

A reconciliation of the statutory and effective tax rates for the years ended March 31, 2015 and 2016 has been omitted because the difference between the statutory tax rate and the Group's effective tax rates 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, 2015 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Deferred tax assets:			
Liabilities for retirement benefits	¥ 1,066	¥ 868	\$ 7,703
Tax loss carryforwards	793	637	5,653
Provision for bonuses to employees	302	330	2,928
Unrealized profit on intercompany transactions	511	506	4,490
Loss on impairment of investments in securities	419	110	976
Loss on devaluation of inventories	78	74	656
Other	410	492	4,366
Gross deferred tax assets	3,583	3,019	26,792
Valuation allowance	(923)	(568)	(5,040)
Total deferred tax assets	2,660	2,451	21,751
Deferred tax liabilities:			
Differences on land revaluation	(944)	(952)	(8,448)
Surplus arising from land revaluation	(1,690)	(1,596)	(14,164)
Net unrealized holding gain on securities	(2,431)	(2,668)	(23,677)
Gain on marketable securities contributed to employees' retirement benefit trust	(221)	(137)	(1,215)
Assets for retirement benefits	(940)	(399)	(3,541)
Other	(562)	(482)	(4,277)
Total deferred tax liabilities	(6,791)	(6,236)	(55,342)
Net deferred tax liabilities	¥ (4,131)	¥ (3,784)	\$ (33,581)

The "Act for Partial Revision of the Income Tax Act." (Act No.15 of 2016) and the "Act for Partial Revision of Local Tax Act etc." (Act No. 13 of 2016) were enacted during the Japanese Diet session on March 29, 2016. Accordingly, the statutory tax rates used for calculating deferred tax assets and liabilities will be reduced from 32.2%, used in the previous fiscal year, to 30.8%, 30.6% and 30.4% for temporary differences which are expected to be realized during the periods from April 1, 2016 to March 31, 2017, from April 1, 2017 to March 31, 2018 and on or after April 1, 2018, respectively.

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

deferred tax assets) decreased by ¥160 million (\$1,419 thousand) and income tax – deferred, unrealized holding gain on securities and retirement benefits liability adjustments increased by ¥20 million (\$177 thousand), ¥157 million (\$1,393 thousand) and ¥23 million (\$204 thousand), respectively, as of and for the year ended March 31, 2016.

In addition, the amount of deferred liability on surplus arising from land revaluation decreased by ¥ 94 million (\$834 thousand) and surplus arising from land revaluation increased by ¥94 million (\$834 thousand) as of and for the year ended March 31, 2016.

9. Retirement Benefit Plans

(a) Outline of adopted retirement benefit plans for employees

The Company and its 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 subsidiaries may pay premium benefits to employees on retirement. The Company also has established retirement benefit trusts. Certain consolidated

subsidiaries adopt defined contribution plans. Certain consolidated subsidiaries calculate the liabilities for retirement benefits and retirement benefit expense by using the simplified method which assumes the retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at the fiscal year end for the calculation of liabilities for retirement benefits and retirement benefit expenses.

(b) Defined benefit plans for the years ended March 31, 2015 and 2016

(i) Excluding amounts calculated by the simplified method, the changes in the retirement benefit obligation for the years ended March 31, 2015 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Retirement benefit obligation at a beginning of the year	¥ 8,496	¥ 9,930	\$ 88,125
Cumulative effects of accounting change	1,349	–	–
Balance as adjusted	9,845	9,930	88,125
Service cost	246	247	2,192
Interest cost	86	62	550
Actuarial loss	292	554	4,916
Retirement benefit paid	(578)	(611)	(5,422)
Other	37	39	346
Retirement benefit obligation at the end of the year	¥ 9,930	¥ 10,223	\$ 90,725

(ii) Excluding amounts calculated by the simplified method, the changes in plan assets at fair value for the years ended March 31, 2015 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Plan assets at fair value at beginning of the year	¥ 12,469	¥ 14,456	\$ 128,292
Expected return on plan assets	258	267	2,369
Actuarial gain	1,839	96	851
Contributions by the employer	467	453	4,020
Retirement benefit paid	(577)	(604)	(5,360)
Decrease due to cancellation of certain retirement benefit trusts	–	(1,498)	(13,294)
Plan assets at fair value at the end of the year	¥ 14,456	¥ 13,171	\$ 116,888

(iii) The change in liabilities for retirement benefits under the simplified method for the years ended March 31, 2015 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Liabilities for retirement benefits at beginning of the year	¥ 2,365	¥ 2,505	\$ 22,231
Retirement benefit expense	297	295	2,618
Retirement benefit paid	(144)	(155)	(1,375)
Contribution to defined contribution pension plans	(26)	(9)	(79)
Other	12	25	221
Liabilities for retirement benefit at the end of the year	¥ 2,505	¥ 2,661	\$ 23,615

(iv) Including the amounts presented calculated by the simplified method, 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, 2015 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Funded retirement benefit obligation	¥ 10,061	¥ 10,335	\$ 91,719
Plan assets at fair value	(14,605)	(13,314)	(118,157)
	(4,544)	(2,978)	(26,428)
Unfunded retirement benefit obligation	2,523	2,691	23,881
Net amount of liabilities and assets recognized in the consolidated balance sheet	(2,020)	(287)	(2,547)
Liabilities for retirement benefits	2,538	2,706	24,014
Assets for retirement benefits	(4,559)	(2,993)	(26,561)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ (2,020)	¥ (287)	\$ (2,547)

(v) The components of retirement benefit expense (credit) for the years ended March 31, 2015 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Service cost	¥ 246	¥ 247	\$ 2,192
Interest cost	86	62	550
Expected return on plan assets	(258)	(267)	(2,369)
Amortization of actuarial gain	(619)	(1,149)	(10,197)
Retirement benefit expenses calculated by the simplified method	297	295	2,618
Retirement benefit expense (credit)	¥ (246)	¥ (810)	\$ (7,188)

(vi) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2015 and 2016 were as follows:

	2015	Millions of yen 2016	Thousands of U.S. dollars 2016
Actuarial gain (loss)	¥ (926)	¥1,607	\$ 14,261

(vii) The components of retirement benefits liability adjustments included in accumulated other comprehensive income before deduction of the tax effect as of March 31, 2015 and 2016 were as follows:

	2015	Millions of yen 2016	Thousands of U.S. dollars 2016
Unrecognized actuarial gain	¥ (2,922)	¥ (1,314)	\$ (11,661)

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

	2015	2016
Bonds	33%	38%
Equities	45	40
General accounts at life insurance companies	15	17
Cash and deposits	1	1
Other	6	4
Total	100%	100%

The total pension plan assets includes 29% and 24% of the retirement benefits trust for the corporate pension fund plans as of March 31, 2015 and 2016, respectively.

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 rate 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, 2015 and 2016 are as follows:

	2015	2016
Discount rates	0.6%	0.3%
Expected long-term rates of return on plan assets	2.1%	1.9%
Rates of salary increase	2.4%	2.8%

(c) Defined contribution pension plans for the years ended March 31, 2015 and 2016 are as follows:

	2015	Millions of yen 2016	Thousands of U.S. dollars 2016
Contributions to defined contribution pension plans	¥ 4	¥ 5	\$ 44

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 (\$1,158 thousand) at March 31, 2015 and 2016, respectively.

Common stock and treasury stock

Movements in shares of common stock and treasury stock during the years ended March 31, 2015 and 2016 are summarized as follows:

	April 1, 2014	Increase	Decrease	2015 Number of shares March 31, 2015
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.

	April 1, 2015	Increase	Decrease	2016 Number of shares March 31, 2016
Common stock	95,976,218	—	—	95,976,218
Treasury stock	2,494,902	5,046	—	2,499,948

The increase in treasury stock of 5,046 shares is due to the purchase of 3,059 fractional shares of less than one trading unit and 1,987 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 ¥9,545 million and ¥9,545 million (\$84,708 thousand) for the purpose of land revaluation exceeded the land's estimated market values by ¥3,360 million and ¥3,493 million (\$30,999 thousand) at March 31, 2015 and 2016, respectively.

12. Other Comprehensive Income

Reclassification adjustments and tax effects on components of other comprehensive income for the years ended March 31, 2015 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Net unrealized holding gain on securities:			
Gain arising during the year	¥ 2,888	¥ 250	\$ 2,218
Reclassification adjustments	(0)	(3)	(26)
Before tax effect	2,888	247	2,192
Tax effect	(762)	(236)	(2,094)
Net unrealized holding gain on securities	2,125	10	88
Surplus arising from land revaluation:			
Gain arising during the year	—	—	—
Before tax effect	—	—	—
Tax effect	178	94	834
Surplus arising from land revaluation	178	94	834
Translation adjustments:			
Gain (loss) arising during the year	485	(648)	(5,750)
Before tax effect	485	(648)	(5,750)
Tax effect	—	—	—
Translation adjustments	485	(648)	(5,750)
Retirement benefits liability adjustments:			
Gain (loss) arising during the year	1,546	(458)	(4,064)
Reclassification adjustments	(619)	(1,149)	(10,197)
Before tax effect	926	(1,607)	(14,261)
Tax effect	(230)	541	4,801
Retirement benefits liability adjustments	696	(1,066)	(9,460)
Total other comprehensive income (loss)	¥ 3,486	¥ (1,609)	\$ (14,279)

13. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2015 and 2016 amounted to ¥1,877

million and ¥1,856 million (\$16,471 thousand), respectively.

14. Loss on Impairment of Property, Plant and Equipment

The disclosure of information on loss on impairment for the year ended March 31, 2015 has been omitted as it is immaterial.

The Group recorded loss on impairment the following asset groups for the year ended March 31, 2016.

Location	Use	Classification
Sakura-shi, Chiba	Idle asset	Land
Tianjin, China	Plant	Buildings and machineries

The Group categorizes assets for business use mainly based on the classification for management accounting unit. Idle assets are grouped on an individual basis.

For the year ended March 31, 2016, the Company recorded loss on impairment in the amount of ¥90 million (\$799 thousand) on land which was

classified as an idle asset. Because its fair value had significantly decreased, the net book value was writing down to the respective recoverable amount.

The recoverable amount of land was determined based on an appraisal value by real-estate appraisers.

The Company recorded loss on impairment in the amount of ¥45 million (\$399 thousand) on buildings and machinery within other expenses by writing down the net book value to the recoverable amount of plant assets due to a continuous downturn in the results of business operations of a consolidated subsidiary. The loss on impairment consisted of ¥25 million (\$222 thousand) for buildings, ¥13 million (\$115 thousand) for machinery and ¥5 million (\$44 thousand) for other.

The recoverable amounts of this asset group was measured at the estimated value in use, which was calculated based on future cash flows using a discount rate of 4.03%.

15. Derivatives and Hedge Accounting

The estimated fair value of derivative instruments outstanding at March 31, 2015 and 2016 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			
Payable / fixed and Japanese yen	¥ 3,000	¥ 3,000	(*1)
	Millions of yen		
	2016		
	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			
Payable / fixed and Japanese yen	¥ 3,000	¥ 3,000	(*1)
Forward foreign currency exchange contracts hedging long-term accounts receivable accounted for by allocation method:			
Selling / Hong Kong dollar	139	139	(*2)
	Thousands of U.S. dollars		
	2016		
	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			
Payable / fixed and Japanese yen	\$ 26,624	\$ 26,624	(*1)
Forward foreign currency exchange contracts hedging long-term accounts receivable accounted for by allocation method:			
Selling / Hong Kong dollar	1,233	1,233	(*2)

(*1) Because interest-rate currency swaps accounted for by integral hedge accounting are accounted for applying swap rates to underlying long-term debt, their fair value is included in that of the hedged long-term debt disclosed in Note 4.

(*2) When a forward foreign currency exchange contract meets the criteria for the allocation method, the net amount to be paid or received under the contract is added to or deducted from the amount of the hedged items. The fair value of the forward foreign currency exchange contract accounted for by the allocation method is included in that of the hedged long-term account receivables.

16. Amounts per Share

	Yen		U.S. dollars
	2015	2016	2016
Profit attributable to owners of parent	¥ 27.07	¥ 33.67	\$ 0.29
Net assets	615.68	621.65	5.51
Cash dividends	9.00	12.00	0.10

Profit attributable to owners of parent per share has been computed based on the profit attributable to owners of parent available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted profit attributable to owners of parent per share has not been presented for the years ended March 31, 2015 and 2016 since neither the Company nor any of the consolidated

subsidiaries had any potentially dilutive shares at March 31, 2015 and 2016.

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 declared as applicable to the respective years together with the interim cash dividends paid.

The financial data used in the computation of profit attributable to owners of parent per share based on the above method for the years ended March 31, 2015 and 2016 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Profit attributable to owners of parent	¥ 2,530	¥ 3,147	\$ 27,928
Adjusted profit attributable to owners of parent available for distribution to common stockholders	¥ 2,530	¥ 3,147	\$ 27,928
	Thousands of shares		
	2015	2016	
Weighted-average number of shares of common stock outstanding	93,484	93,478	

The financial data used in the computation of net assets per share based on the above method at March 31, 2015 and 2016 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Total net assets	¥ 58,275	¥ 58,800	\$ 521,831
Deductions from total net assets:			
Non-controlling interests	720	691	6,132
Total net assets available to owners of parent	¥ 57,554	¥ 58,109	\$ 515,699
	Thousands of shares		
	2015	2016	
Number of shares of common stock used in the calculation of net assets per share	93,481	93,476	

17. 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 for Human Life Segment are boxes/trays for agricultural/fishery products, food containers, housing and civil engineering materials, etc.,

while the main products for 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 non-operating income/expenses. Non-operating income/expenses mainly include interest income, dividend income, interest expense, equity in earnings (losses) 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, 2015 and 2016 is as follows:

	Millions of yen				
	2015				
	Reportable segments				
	Human Life	Industry	Total	Adjustments and eliminations ⁽¹⁾	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 property, plant and equipment	–	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

	Millions of yen				
	2016				
	Reportable segments			Adjustments and eliminations ^(*)	Consolidated
	Human Life	Industry	Total		
Sales, income and assets by reportable segments:					
Sales to third parties	¥ 64,589	¥ 36,969	¥ 101,559	¥ –	¥ 101,559
Inter-segment sales and transfers	3,397	1,593	4,991	(4,991)	–
Total	¥ 67,987	¥ 38,562	¥ 106,550	¥ (4,991)	¥ 101,559
Segment income ^{(*)2}	¥ 3,575	¥ 2,260	¥ 5,836	¥ (974)	¥ 4,862
Segment assets	¥ 69,749	¥ 33,236	¥ 102,986	¥ 11,905	¥ 114,892
Other items:					
Depreciation and amortization	¥ 1,865	¥ 1,633	¥ 3,498	¥ 438	¥ 3,937
Amortization of goodwill	–	–	–	–	–
Interest income	0	7	7	2	10
Interest expense	817	263	1,080	(941)	138
Equity in earnings of affiliates	2	–	2	–	2
Loss on impairment of property, plant and equipment	90	45	136	–	136
Investments in affiliates accounted for by the equity method	367	–	367	–	367
Increase in property, plant and equipment and intangible assets	1,665	2,263	3,929	494	4,424

	Thousands of U.S. dollars				
	2016				
	Reportable segments			Adjustments and eliminations ^(*)	Consolidated
	Human Life	Industry	Total		
Sales, income and assets by reportable segments:					
Sales to third parties	\$ 573,207	\$ 328,088	\$ 901,304	\$ –	\$ 901,304
Inter-segment sales and transfers	30,147	14,137	44,293	(44,293)	–
Total	\$ 603,363	\$ 342,225	\$ 945,598	\$ (44,293)	\$ 901,304
Segment income ^{(*)2}	\$ 31,727	\$ 20,056	\$ 51,792	\$ (8,643)	\$ 43,148
Segment assets	\$ 619,000	\$ 294,959	\$ 913,968	\$ 105,662	\$ 1,019,630
Other items:					
Depreciation and amortization	\$ 16,551	\$ 14,492	\$ 31,043	\$ 3,887	\$ 34,939
Amortization of goodwill	–	–	–	–	–
Interest income	0	62	62	17	88
Interest expense	7,250	2,334	9,584	(8,351)	1,224
Equity in earnings of affiliates	17	–	17	–	17
Loss on impairment of property, plant and equipment	798	399	1,206	–	1,206
Investments in affiliates accounted for by the equity method	3,257	–	3,257	–	3,257
Increase in property, plant and equipment and intangible assets	14,776	20,083	34,868	4,384	39,261

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

- (i) Segment income in the amounts of ¥192 million and ¥974 million (\$8,643 thousand) for the years ended March 31, 2015 and 2016 consisted of elimination of inter-segment transactions in the amounts of ¥(0) million and ¥8 million (\$70 thousand), unallocable expenses in the amounts of ¥192 million and ¥965 million (\$8,564 thousand) and unrealized gain (loss) on property, plant and equipment in the amounts of ¥0 million and ¥(0) million (\$0 thousand), respectively.
- (ii) Segment assets in the amounts of ¥12,778 million and ¥11,905 million (\$105,653 thousand) for the years ended March 31, 2015 and 2016, 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 ¥415 million and ¥438 million (\$3,887 thousand) for the years ended March 31, 2015 and 2016, 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. The Company allocates internal interest to each reportable segment according to the amount of assets of each reportable segment.
- (v) Increase in property, plant and equipment and intangible assets in the amounts of ¥293 million and ¥494 million (\$4,384 thousand) for the years ended March 31, 2015 and 2016, 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”.

Items related to Reporting Segment Change

As disclosed in Note 1 (b), effective from the year ended March 31, 2016, the fiscal year end of PT.Sekisui Plastics Indonesia has been changed to March 31 from December 31.

Accordingly, the consolidated financial statements for the year ended March 31, 2016 includes the results of operations of PT.Sekisui Plastics Indonesia for a 15-month period from January 1, 2015 to March 31, 2016. Net sales and segment income of PT.Sekisui Plastics Indonesia for the three months from January 1 to March 31, 2015 were immaterial.

(d) Geographical information

Sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2015 and 2016 were summarized as follows:

		Millions of yen	Thousands of U.S. dollars
	2015	2016	2016
Japan	¥ 92,790	¥ 86,280	\$ 765,708
Asia	17,495	12,138	107,720
Other	3,374	3,140	27,866
Total	¥ 113,660	¥ 101,559	\$ 901,304

Property, plant and equipment by countries or areas grouped according to geographical classification at March 31, 2015 and 2016 were summarized as follows:

		Millions of yen	Thousands of U.S. dollars
	2015	2016	2016
Japan	¥ 40,333	¥ 40,219	\$ 356,931
Asia	4,672	4,088	36,279
Other	2,413	2,732	24,245
Total	¥ 47,419	¥ 47,040	\$ 417,465

(e) Information by major customer

The information by major customer for the years ended March 31, 2015 and 2016 was summarized as follows:

Customer	Related segment		Millions of yen	Thousands of U.S. dollars
		2015	2016	2016
FP Corporation	Human Life	¥ 14,270	¥ 13,569	\$ 120,420

(f) Loss on impairment of property, plant and equipment for the years ended March 31, 2015 and 2016.

				Millions of yen
				2015
	Human life	Industry	Adjustments and eliminations	Consolidated
	¥ –	¥ 11	¥ 22	¥ 33
				Millions of yen
				2016
	Human life	Industry	Adjustments and eliminations	Consolidated
	¥ 90	¥ 45	¥ –	¥ 136
				Thousands of U.S. dollars
				2016
	Human life	Industry	Adjustments and eliminations	Consolidated
	\$ 798	\$ 399	\$ –	\$ 1,206

18. Subsequent Events

(a) Cash dividends

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, 2016, was approved at a shareholders' meeting held on June 24, 2016:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥7.00 (U.S.\$0.06) per share)	¥ 654	\$ 5,804

(b) Consolidation of shares and change in number of shares per unit

The Company decided at a meeting of its Board of Directors held on May 19, 2016 that a proposal for executing a consolidation of shares would be submitted to the 72nd Annual General Meeting of Shareholders held on June 24, 2016. The Company also decided to change the number of shares per unit at the meeting of its Board of Directors provided that the proposal outlined above would be approved at the annual general meeting of shareholders. On June 24, 2016, the proposal for executing the consolidation of shares was approved at the annual general meeting of shareholders.

i) Reason for the consolidation of shares

All the domestic stock exchanges in Japan jointly announced the "Action Plan for Consolidating Trading Units" with the final goal to change the minimum trading unit for ordinary shares of all domestic companies listed on securities markets in Japan to 100 shares. As a company listed on the Tokyo Stock Exchange, the Company respects the purpose of the action plan and will change its trading unit to 100 shares from 1,000 shares. In addition, the Company will consolidate its shares (one for every two shares) in order to make the trading unit of the Company's shares at a price level considered appropriate from ¥50,000 (\$443) or more and less than ¥500,000 (\$4,437) and optimize the total number of shares issued by the Company.

ii) Specific details on the consolidation of shares

Class of shares to be consolidated: Common stock

Method and ratio of consolidation of shares

As of October 1, 2016, shares owned by shareholders who are registered or recorded in the final register of shareholders as of September 30, 2016 will be consolidated on the basis of one for every two shares.

Decrease in number of shares due to consolidation of shares

The number of issued shares is expected to decrease by 47,988,109 shares from 95,976,218 issued shares at March 31, 2016 to 47,988,109 issued shares due to the consolidation of shares.

Note: The decrease in the number of shares due to the consolidation of shares is a theoretical number calculated on the basis of the total number of outstanding shares before the consolidation of shares and the ratio of consolidation.

iii) Treatment of any fractional units less than one share

If there are any fractional units less than one share resulting from the consolidation of shares, such shares will be collectively sold or purchased by the Company to be held as treasury stock and the proceeds from such sale will be delivered to the shareholders in proportion to the fractional amounts attributable to them in accordance with the provisions of the Company Act of Japan.

iv) Schedule of share consolidation and change in number of shares per unit

Date of the resolution by the Board of Directors

May 19, 2016

Date of the approval by the annual general meeting of shareholders

June 24, 2016

Effective date of share consolidation and change in number of shares per unit

October 1, 2016

v) Per share information

Per share information for the years ended March 31, 2015 and 2016 under the assumption that the share consolidation had been implemented on April 1, 2014 is as follows:

	Yen		U.S. dollars
	2015	2016	2016
Net assets per share	¥ 1,239.37	¥ 1,243.30	\$ 11.03
Profit attributable to owners of parent per share	54.14	67.33	0.59

As there are no dilutive shares, the disclosure of diluted profit attributable to owners of parent per share has been omitted.



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, 2016, 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, 2016, 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.

Ernst & Young ShinNihon LLC

June 24, 2016
Osaka, Japan

Sekisui Plastics Group's Network (As of September 1, 2016)



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 **Sekisui Plastics Taiwan 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**
 Jl. Science Timur 2 Blok B1F, Kawasan Industri Jababeka 5 Cikarang Desa
 Jayamukti Kec.Cikarang Pusat-Bekasi 17815 Indonesia
 Tel. +62-21-2851-8282

Singapore

- ⑨ **Sekisui Plastics S.E.A. Pte.Ltd.**
 The JTC Summit, 8 Jurong Town Hall Road, #30-02 Singapore 609434
 Tel. +65-6316-7632

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.

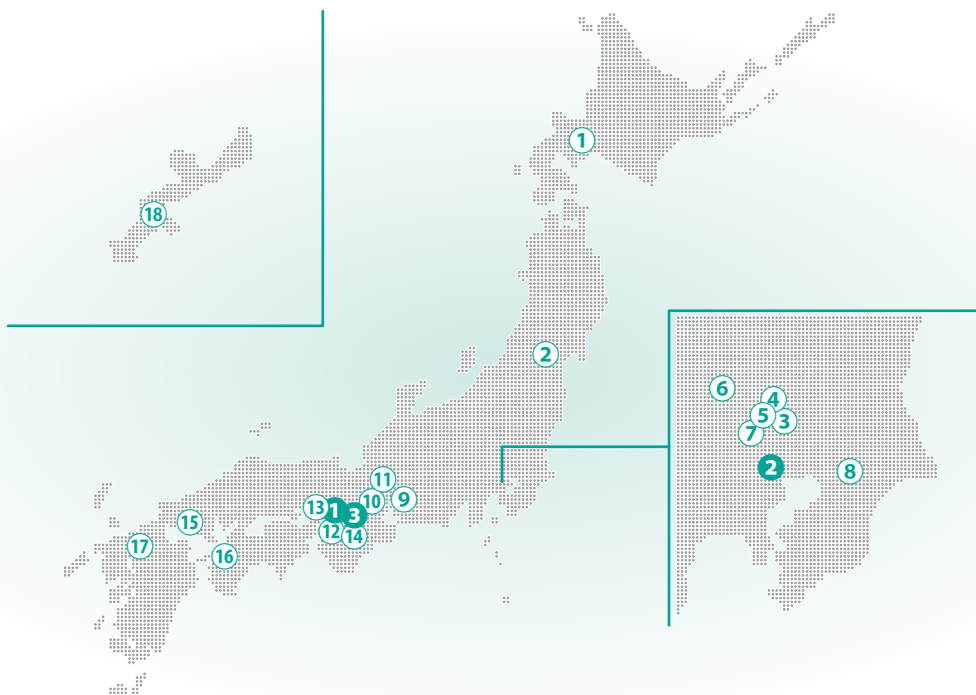
- ⑪ **Sekisui Plastics U.S.A., Inc.**
 110 Clifton Way, Mt. Pleasant, TN 38474 U.S.A.
 Tel. +1-931-379-0300

Mexico

- ⑫ **Sekisui Plastics Mexico S.A. de C.V.**
 Circuito Zelkova No.6 Parque Industrial Sendai Valle de Santiago, Gto.
 Postal Code: 3840 Mexico
 Tel. +52-1-464-64-35800

The Netherlands

- ⑬ **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 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, 2016)

Company name	Sekisui Plastics Co., Ltd.
Founded	October 1, 1959
Paid-in capital	¥16,533 million
Number of employees	1,895 (consolidated)
Osaka Head office	2-4-4, Nishitenma, Kita-ku, Osaka 530-8565, Japan Tel. +81-6-6365-3014
Tokyo Headquarters	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, 2016)

■ Stock Information

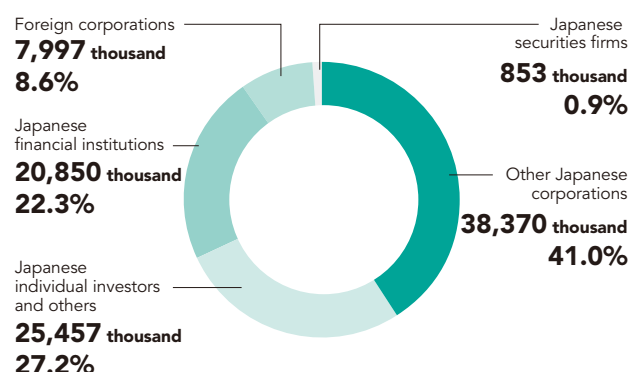
Common stock—authorized	249,502,000 shares
Common stock—issued	95,976,218 shares
Unit of trading	1,000 shares
Number of shareholders	4,759
Securities code	4228
Listings	First Section, Tokyo Stock Exchange
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, 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
Employees' Shareholding	3,585	3.83
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
Japan Trustee Services Bank, Ltd. (Trust Account)	2,446	2.61
Sumitomo Chemicals Co., Ltd.	2,370	2.53

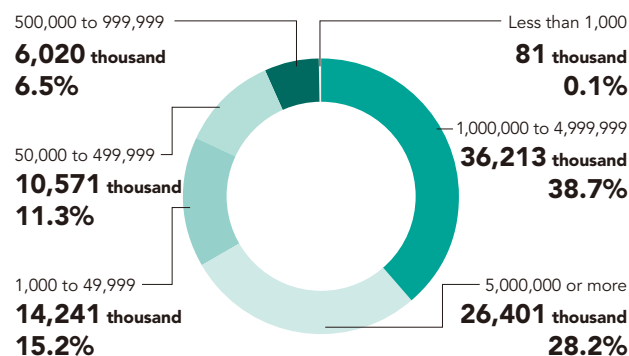
Note: The Company holds 2,449 thousand treasury stock shares, but is omitted from the above list of major shareholders.

■ Shareholdings by Type of Shareholder



Note: Calculated after deducting treasury stock holdings of 2,449 thousand shares

■ Shareholders by Number of Shares Held



Note: Calculated after deducting treasury stock holdings of 2,449 thousand shares

Sekisui Plastics: Fostering Communication

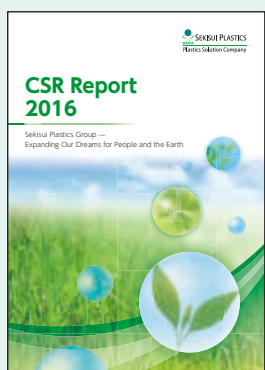
Sekisui Plastics posts a wide and diverse range of information on its website, including corporate, shareholder and investor relations information, details of its products and activities aimed at improving the environment, as well as the latest information. In order to gain a deeper understanding of 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>



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