Translation

MEMBERSHIP

May 1, 2015

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2015
<under Japanese GAAP>

Company name: **TAIYO HOLDINGS CO., LTD.**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 4626
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Scheduled date of ordinary general meeting of shareholders: June 19, 2015
Scheduled date to commence dividend payments: June 22, 2015
Scheduled date to file annual securities report: June 22, 2015
Preparation of supplementary results briefing material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(1) Operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2015	48,260	9.1	9,254	22.3	9,529	21.7	6,667	35.2
March 31, 2014	44,224	22.2	7,568	72.6	7,827	65.0	4,930	46.4

Note: Comprehensive income
For the fiscal year ended March 31, 2015: 10,199 million yen [26.1%]
For the fiscal year ended March 31, 2014: 8,090 million yen [43.2%]

	Net income per share	Diluted net income per share	Net income/ shareholders' equity	Ordinary income/ total assets	Operating income/ net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2015	264.05	－	16.7	15.9	19.2
March 31, 2014	193.83	－	12.8	15.3	17.1

Reference: Share of (profit) loss of entities accounted for using equity method
For the fiscal year ended March 31, 2015: – million yen
For the fiscal year ended March 31, 2014: 13 million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2015	61,241	41,312	63.8	1,703.14
March 31, 2014	58,369	42,655	69.6	1,596.45

Reference: Equity (Net assets excluding minority interests)
As of March 31, 2015: 39,073 million yen As of March 31, 2014: 40,610 million yen

(3) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2015	9,154	(2,835)	(9,919)	18,183
March 31, 2014	7,020	(3,839)	2,350	20,338

2. Cash dividends

	Annual cash dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2014	–	75.00	–	45.00	120.00	3,052	61.9	7.9
Fiscal year ended March 31, 2015	–	45.00	–	45.00	90.00	2,186	34.1	5.5
Fiscal year ending March 31, 2016 (Forecasts)	–	55.00	–	55.00	110.00		36.1	

Note: The dividend at end of the second quarter of the fiscal year ended March 31, 2014 includes payments of an ordinary dividend of 45 yen per share and a commemorative dividend of 30 yen per share.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	26,700	7.8	5,300	11.4	5,300	8.6	3,600	7.9	156.92
Fiscal year ending March 31, 2016	51,500	6.7	10,200	10.2	10,300	8.1	7,000	5.0	305.12

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

Note: For details see "5. Consolidated Financial Statements (7) Changes in accounting policies" on page 23 of the Attached Materials.

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2015	27,464,000 shares
As of March 31, 2014	27,464,000 shares

b. Number of treasury shares at the end of the period

As of March 31, 2015	4,521,990 shares
As of March 31, 2014	2,026,110 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2015	25,249,372 shares
Fiscal year ended March 31, 2014	25,438,048 shares

Note: The number of treasury shares includes the Company's shares held by The Master Trust Bank of Japan, Ltd. (trust account for the Employee Stock Ownership Plan (ESOP) grant stock).

*** Indication regarding execution of audit procedures**

The completion of audit procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this financial results report. At the time of disclosure of this financial results report, the audit procedures for financial statements are in progress.

*** Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company makes no promise regarding achievement of any content in the forward-looking statements. Actual business and other results may differ substantially due to various factors. Please refer to the section of "1. Analysis of operating results and financial position" on page 2 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of business results forecasts.

Attached Materials

Index

1. Analysis of operating results and financial position

- The following abbreviations of product group categories are used in this section.

Abbreviation	Meaning
PWB	Printed Wiring Board
SR	Solder Resist
PKG	Semiconductor Package
FPD	Flat Panel Display
PDP	Plasma Display Panel

- This financial report includes information on the fiscal year ended March 31, 2015 (12 months from April 1, 2014 to March 31, 2015). The following abbreviations for the quarters are used in this section.

Abbreviation	Meaning
First quarter	First quarter consolidated accounting period (3 months from April 1 to June 30)
Second quarter	Second quarter consolidated accounting period (3 months from July 1 to September 30)
Third quarter	Third quarter consolidated accounting period (3 months from October 1 to December 31)
Fourth quarter	Fourth quarter consolidated accounting period (3 months from January 1 to March 31)

(1) Analysis of operating results

In the global economy during the fiscal year ended March 31, 2015, the U.S. economy has been on solid upward trends, backed by bullish market confidence and a boost in consumer spending, and the European economy also showed signs of a recovery. On the other hand, in the Chinese economy, the speed for economic expansion slowed down, although the market sentiment of manufacturing industry temporarily recovered against the backdrop of the government's economic stimulus measures, etc. In the Japanese economy, the economic slump after the consumption tax hike has been fading and the economy remained on a moderate recovery track on the back of improvement in employment and income environment.

In the electronics components industry, in which the Group operates, demand for materials for smartphones, servers, and vehicle installation parts remained firm.

Under these conditions, net sales for the current fiscal year amounted to 48,260 million yen (up 9.1% year on year).

In the PWB (printed wiring board) materials market, the sales volume increased, reflecting firm sales of rigid board materials and PKG (semiconductor packages) board materials. The sales amount also increased year on year due to the favorable effect of foreign currency exchange rate. As a result, net sales of PWB materials were 44,475 million yen (up 16.3% year on year).

In the FPD (flat panel display) materials market, mainly consisting of PDP (plasma display panel) materials, sales volume decreased due to the effect of important clients withdrawing from the PDP business. As a result, net sales of FPD materials were 1,976 million yen (down 56.6% year on year).

As a result, operating income amounted to 9,254 million yen (up 22.3% year on year) with ordinary income at 9,529 million yen (up 21.7% year on year) and net income at 6,667 million yen (up 35.2% year on year).

Sales results by product group category

The following are sales results by product group category for the fiscal year ended March 31, 2015.

(Millions of yen)

Name of product group category		Previous fiscal year results	Current fiscal year results	Compared to the previous fiscal year	
				Change	Rate of change (%)
PWB materials	Rigid board materials	29,235	33,539	4,304	14.7
	PKG board and flexible board materials	7,965	9,844	1,878	23.6
	Build-up board materials	1,025	1,091	65	6.4
FPD materials	PDP materials	4,554	1,976	(2,577)	(56.6)
Other related products	–	1,443	1,808	365	25.3
Total		44,224	48,260	4,035	9.1

Results by segment are as follows.

1) Japan
The consolidated company comprising the Japan segment is TAIYO INK MFG. CO., LTD., a manufacturing and marketing subsidiary.
Both the sales volume and the sales amount increased year on year due to firm performance of high function products such as PKG board materials, mainly for smartphones.
As a result, net sales amounted to 15,786 million yen (up 12.7% year on year) with segment profit at 2,466 million yen (up 29.4% year on year).

2) China (including Hong Kong)
The consolidated companies comprising the China segment are TAIYO INK (SUZHOU) CO., LTD. and Onstatic Ink (Shenzhen) Co., Ltd., manufacturing and marketing subsidiaries, and TAIYO INK INTERNATIONAL (HK) LIMITED and TAIYO INK TRADING (SHENZHEN) CO., LTD., marketing subsidiaries operating mainly in the southern China region. Onstatic Ink (Shenzhen) Co., Ltd. is a subsidiary of Onstatic Technology Co., Ltd.
In the PWB materials market, both the sales volume and the sales amount increased year on year. This reflected not only the consolidation, effective from the first quarter ended June 30, 2014, of the statement of income of Onstatic Ink (Shenzhen) Co., Ltd., for which profit and loss was accounted for under the equity method in the first quarter ended June 30, 2013, but also strong sales mainly of materials related to vehicle installation parts and smartphones.
As a result, net sales amounted to 20,421 million yen (up 14.8% year on year) with segment profit at 3,507 million yen (up 34.0% year on year).

3) Taiwan
The consolidated companies comprising the Taiwan segment are manufacturing and marketing subsidiaries TAIWAN TAIYO INK CO., LTD., and Onstatic Technology Co., Ltd. (and another three subsidiaries).
In the PWB materials market, both the sales volume and the sales amount increased year on year. This reflected not only the consolidation, effective from the first quarter ended June 30, 2014, of the statement of income of Onstatic Technology Co., Ltd. (and another three subsidiaries), for which profit and loss was accounted for under the equity method in the first quarter ended June 30, 2013, but also strong demand for materials for vehicle installation parts, servers and smartphones.

As a result, net sales amounted to 9,614 million yen (up 14.5% year on year) with segment profit at 1,763 million yen (up 23.5% year on year).

4) Korea

The consolidated company comprising the Korea segment is TAIYO INK CO., (KOREA) LTD., a manufacturing and marketing subsidiary.

In the FPD materials market, both the sales volume and the sales amount decreased year on year, due to the effect of important clients withdrawing from the PDP business. On the other hand, demand was strong for the high function PKG board materials used in smartphones, which have a high-profit margin, and profit increased year on year.

As a result, net sales amounted to 9,199 million yen (down 13.2% year on year) with segment profit at 1,212 million yen (up 12.9% year on year).

5) Other

The consolidated companies comprising the operations in areas other than the above are TAIYO AMERICA, INC. and TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD.

At TAIYO AMERICA, exports performed strongly.

TAIYO INK INTERNATIONAL (SINGAPORE) performed steadily due to the expansion of the market of material for vehicle installation parts.

As a result, net sales amounted to 4,140 million yen (up 17.5% year on year) with segment profit at 555 million yen (up 22.5% year on year).

(Consolidated forecasts for the next fiscal year)

The operating environment in the next fiscal year ending March 31, 2016 is expected that demand for small-sized information terminals such as smartphones and tablet devices, servers and vehicle installation parts continues to be strong in the electronics components industry in which the Group operates.

Under these circumstances, the Group will continue to strengthen its marketing capability, expand the proportion of raw materials that it procures from overseas markets and improve productivity. At the same time, it will actively promote the development and marketing of new products with the ultimate goal of increasing its market share and expanding earnings.

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Net income per share (yen)
For the fiscal year ending March 31, 2016 (Forecast)	51,500	10,200	10,300	7,000	305.12
For the fiscal year ended March 31, 2015 (Actual results)	48,260	9,254	9,529	6,667	264.05
Rate of change (%)	6.7	10.2	8.1	5.0	15.6

(2) Analysis of financial position

a. Positions of assets, liabilities and net assets

The following shows the positions of assets, liabilities and net assets as of March 31, 2015.

	As of March 31, 2014 (Millions of yen)	As of March 31, 2015 (Millions of yen)	Change (Millions of yen)	Main factors (comparison with the end of the previous fiscal year)
Current assets	37,798	37,942	144	Cash and deposits decreased approx. 1,300 million yen, notes and accounts receivable - trade increased approx. 1,200 million yen, merchandise and finished goods increased approx. 100 million yen, and prepaid expenses increased approx. 100 million yen.
Non-current assets	20,570	23,298	2,728	Construction in progress increased approx. 1,500 million yen, buildings and structures increased approx. 400 million yen, machinery and equipment increased approx. 400 million yen, and net defined benefit asset increased approx. 300 million yen.
Total assets	58,369	61,241	2,872	
Total liabilities	15,713	19,929	4,215	Long-term loans payable increased approx. 2,000 million yen, accounts payable - other increased approx. 600 million yen, income taxes payable increased approx. 600 million yen, current portion of long-term loans payable increased approx. 300 million yen, and deferred tax liabilities increased approx. 400 million yen.
Total net assets	42,655	41,312	(1,343)	Treasury shares increased approx. 9,200 million yen due to share buyback, net income increased approx. 6,700 million yen, foreign currency translation adjustment increased approx. 3,000 million yen, cash dividends paid of approx. 2,300 million yen, and retained earnings increased approx. 400 million yen due to change in accounting policies.
Total liabilities and net assets	58,369	61,241	2,872	

b. Cash flow position

The following is the position of cash flows for the fiscal year ended March 31, 2015.

	Fiscal year ended March 31, 2015 (Millions of yen)	Main factors
Net cash provided by (used in) operating activities	9,154	Income before income taxes and minority interests provided approx. 9,900 million yen, depreciation provided approx. 1,400 million yen and income taxes paid used approx. 2,100 million yen
Net cash provided by (used in) investing activities	(2,835)	Purchase of property, plant and equipment used approx. 2,700 million yen, payment into time deposits used approx. 2,200 million yen, proceeds from withdrawal of time deposits provided approx. 1,600 million yen and proceeds from sales of investment securities provided approx. 700 million yen.
Net cash provided by (used in) financing activities	(9,919)	Purchase of treasury shares used approx. 9,200 million yen, proceeds from long-term loans payable provided approx. 6,600 million yen, repayments of long-term loans payable used approx. 4,900 million yen and cash dividends paid used approx. 2,300 million yen.
Net increase (decrease) in cash and cash equivalents	(2,154)	
Cash and cash equivalents at end of period	18,183	

c. Trend of indicators

The following is the transition of cash flow indicators.

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Equity ratio (%)	78.2	81.1	82.2	69.6	63.8
Equity ratio on mark-to-market basis (%)	152.0	138.7	156.0	133.1	158.3
Interest-bearing debt to cash flow ratio (year)	–	–	–	0.9	1.0
Interest coverage ratio (times)	1,350.2	992.5	3,850.3	331.3	302.2

Equity ratio: (Net assets- Minority interests)/Total assets
Equity ratio on mark-to-market basis: Total market capitalization/Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flow
Interest coverage ratio: Operating cash flow/Interest paid

(1) The above indicators are calculated based on consolidated financial figures.
(2) Total market capitalization is calculated based on total number of issued shares at the fiscal year end (excluding treasury shares) ×stock market price at the fiscal year end
(3) Net cash provided by (used in) operating activities stated in the consolidated statement of cash flows is used for “Cash flows.” “Interest paid” are the amounts stated under interest expenses paid in the consolidated statement of cash flows.

(3) Basic policy on profit distribution and dividends for the current fiscal year and next fiscal year

The Company regards profit distribution to shareholders in cash as an important policy and will effectuate a continuous, stable profit distribution at high levels. We use the dividend on equity ratio as our target index, keeping this figure at least 5% of consolidated financial results for the mid-to long-term.
In accordance with this policy, the Company paid an interim dividend of 45 yen per share.
As already announced, we also plan to pay a year-end dividend of 45 yen and this will be placed on the agenda of the next General Meeting of Shareholders. This will result in an annual dividend of 90 yen per share for the current fiscal year.
In addition, in the current fiscal year, the Company acquired treasury shares worth 9,200 million yen through the resolution at the Board of Directors’ meeting. As a result, returns to shareholders, as a basis of the current fiscal year, amounted to 11,377 million yen (or the ratio of 170.6%), and the ratio of returns to shareholders on a cumulative basis for the five fiscal periods from the fiscal year ended March 31, 2011 to the fiscal year ended March 31, 2015 was 111.5%. In the aforementioned calculation, the dividend amounts and the amount used for the acquisition of treasury shares pertaining to the Employee Stock Ownership Plan (“ESOP”) trust for granting stock were excluded.
Concerning dividends of the next fiscal year, we plan to pay an interim dividend of 55 yen and a year-end dividend of 55 yen, and this will result in an annual dividend of 110 yen per share and a rate of return to shareholders of 36.1%.

(4) Risk factors

The following are the main risks that may influence the business development of the Company.

a. Technological innovation risks

Our Group is reliant on the manufacture and sale of PWB materials, and SR in particular, as a major source of our income. If radical technological developments, such as electronic parts that do not use PWBs or PWBs that do not use SR, were to be widely adopted, this would result in a significant decrease in demand for our products.
From the viewpoint of product characteristics, operability, and economic viability, there is little possibility that such technological innovations will be widely adopted in the near

future. However, the Company considers it as important issue in the field of research and development to find possible new methods for PWBs.

b. Risks associated with patents

In order for our Group to maintain a superior competitive position, efforts are being made to protect the products and technology we develop through patents and intellectual property. However, in the event a patent application, etc. does not result in the granting of rights or a third party requests invalidation, insufficient protection of our rights as a Group may result. Moreover, infringing the intellectual property rights owned by a third party could impact the performance of our Group as a result of the payment of royalties or large amounts of damages.

c. Risk of major production facilities being affected by a disaster

Our Group has manufacturing bases in Japan, Taiwan, Korea, China and the United States. In the event that any of our manufacturing bases is damaged by a natural disaster and manufacturing functions are obstructed, manufacturing and supply functions would be switched to another manufacturing base as an emergency measure. However, this would require some preparation and adjustment and our business would be affected in the interim.

d. Risk related to procurement of raw materials

The Group procures many of its raw materials from external raw material manufacturers. Problems at these raw material manufacturers or a lack of supplies that hinder the Group's production activities may affect the performance of the Group.

e. Country-specific risks related to business deployment overseas

Our Group conducts manufacturing activities in Japan, Taiwan, Korea, China, and the United States. Sales of our Group's products particularly in China, Taiwan, Korea, ASEAN countries, and other Asian markets are expanding. Accordingly, terrorist activities, destabilization of the political situation, economic fluctuations, the outbreak of earthquakes and contagion, unforeseen changes to legal, regulatory or tax systems, and other country-specific risks could impact on the business strategies and performance of our Group.

f. Risk of exchange rate fluctuations

Our ratio of overseas sales to net sales is high and there are many instances when we calculate product prices in foreign currencies. Accordingly, our business performance is affected by fluctuations in exchange rates, with a highly appreciated yen normally leading to reduced income and profits.

g. Risk of price fluctuations in key products

PWB manufacturing is shifting to other Asian countries, especially China, and we are engaged in continuing price wars with rival companies including local companies as well as other Japanese firms regarding SR. There is also pressure to lower SR prices which has resulted from price competition in the PWB market. Because of this, there is a possibility that the price of our main product, SR, may drop thus affecting the performance of our Group.

h. Risks related to fluctuations in product demand

Demand for our Group's main products is influenced by electronic components market trends, which may affect the performance of our Group.

i. Credit risks related to receivables

The Group has many customers and, although we do not concentrate an excessive amount of receivables on specific customers, the deterioration of the financial position of customers and the resulting bad debt may affect the performance of our Group.

j. Risks related to the soaring cost of raw materials

Due to the state of the oil market, the prices of certain raw materials have risen, which may affect the performance of our Group.

2. Overview of the corporate group

The corporate group (hereinafter the Group) consists of TAIYO HOLDINGS CO., LTD. (filing company), sixteen subsidiaries and one associated company. Its principal business is the manufacturing and sales of PWB materials.

[The Company and consolidated subsidiaries]

Relation to the filing company	Company name	Main business
Filing company	TAIYO HOLDINGS CO., LTD.	Development of management strategy for the Taiyo Holdings Group, management guidance for subsidiaries, and research and development of chemical products for use in electronics components
Consolidated subsidiary	TAIYO INK MFG. CO., LTD.	Manufacturing, purchasing and sales of PWB materials and other chemical products for use in the electronic components and electronics industries
Consolidated subsidiary	TAIYO INK (SUZHOU) CO., LTD.	
Consolidated subsidiary	TAIWAN TAIYO INK CO., LTD.	
Consolidated subsidiary	Onstatic Technology Co., Ltd.	
Consolidated subsidiary	TAIYO INK CO., (KOREA) LTD.	
Consolidated subsidiary	TAIYO AMERICA, INC.	
Consolidated subsidiary	TAIYO INK INTERNATIONAL (HK) LIMITED	Purchasing and sales of PWB materials and other chemical products for use in the electronic components and electronics industries
Consolidated subsidiary	TAIYO INK TRADING (SHENZHEN) CO., LTD.	
Consolidated subsidiary	TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD	

[Non-consolidated subsidiaries]

Relation to the filing company	Company name	Main business
Non-consolidated subsidiary	TAIYO INK (THAILAND) CO., LTD.	Technical services relating to PWB materials
Non-consolidated subsidiary	TAIYO GREEN ENERGY CO., LTD.	Electric power generation business by using natural energy, etc.

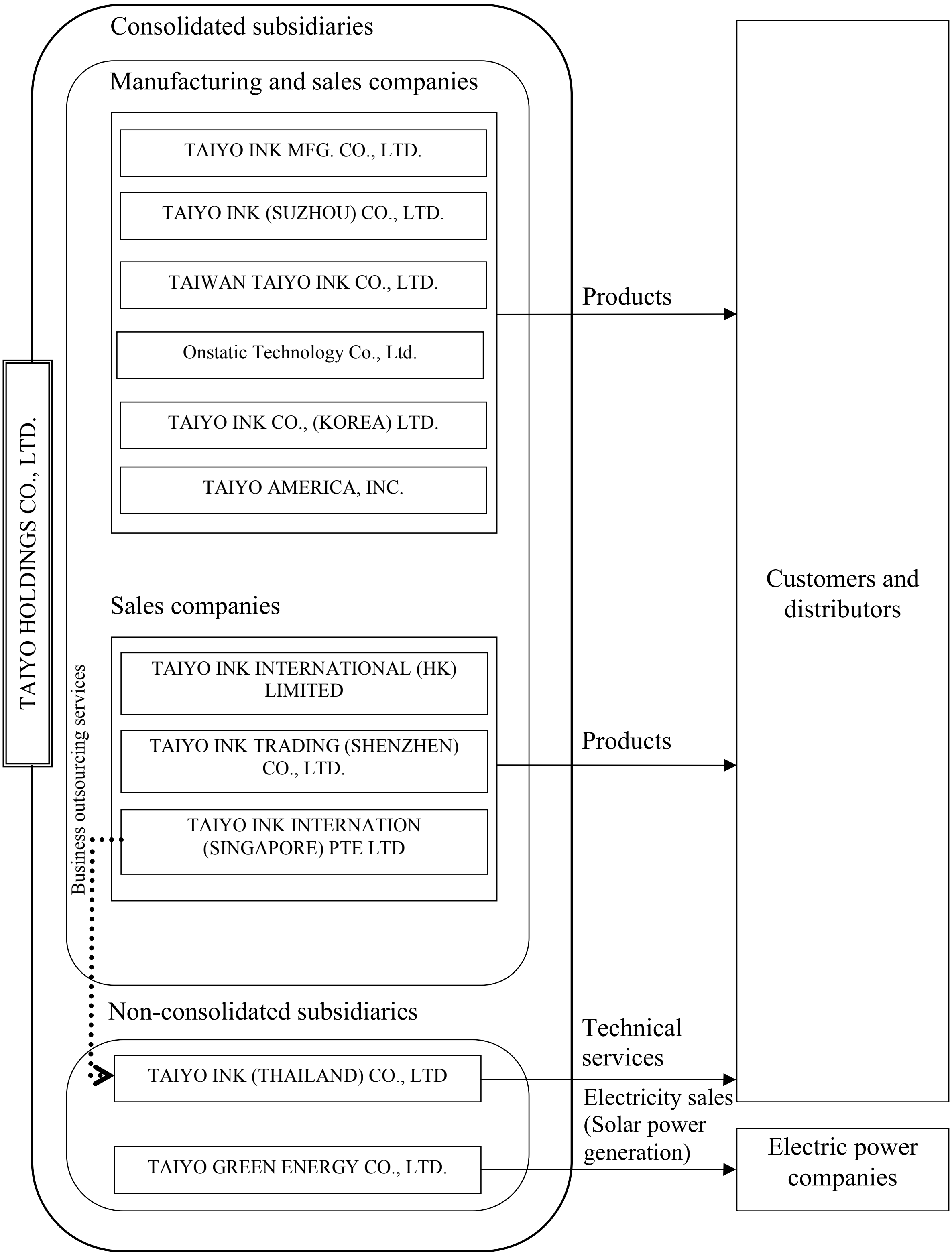
[Associated company]

Relation to the filing company	Company name	Main business
Associated company	Kowa Co., Ltd.	Investments with respect to real estate and marketable securities

Notes: 1. One company out of the subsidiaries of Onstatic Technology Co., Ltd. completed the liquidation procedures as of February 20, 2015.

2. TAIYO GREEN ENERGY CO., LTD. is a non-consolidated subsidiary which was newly incorporated in the current fiscal year.

The organization chart is as follows.



3. Business policies

(1) Basic management policies

The Group has identified its objectives as a corporate group in the Management Philosophy and Basic Management Policy below. The Group will develop by continuing the spirit of our management philosophy without changes and reviewing our basic management policy to match changes in the environment and strategy on a long-term basis.

Management Philosophy

We will realize "a pleasant society" by further advancing "every technology" the Group has and creating a wide range of products to help fulfill the dreams for the whole world with our innovative products.

Basic Management Policy

1. We will generate revenue and increase corporate value, thereby contributing to the well-being and prosperity of customers, communities, shareholders, and employees.
2. We will discharge our corporate social responsibility with regard to the achievement of our management philosophy, including complying with the law, protecting the environment, ensuring thorough quality management, and contributing to society.
3. We will leverage our global system to always provide superior products and services.
4. We will constantly create opportunities for employees to challenge and develop themselves, aiming to have a corporate group composed of people who are highly motivated to be successful and to achieve goals set by themselves.
5. We will increase our comprehensive corporate strengths by maximizing cooperation between the Group companies and strengthen the teamwork of all employees with emphasis on "speed and communication."
6. We aim to have a group of global companies able to contribute to the realization of a pleasant society by constantly working for technological innovation and creating new products and businesses.

(2) Mid- to long-term management strategies and current and future challenges

The Group has a global top share in its mainstay SR market, and more than 80% of its sales are generated at overseas. For such reasons, the Group's sales and profit are greatly affected by such external factors as the trends of overall SR market, especially that of final products that use semiconductors, and fluctuation of foreign currency rates.
Under such circumstances, the Group's top priority is to further expand its market share in the SR related products, to constantly launch new products that can be another source of profit following SR and to establish a corporate structure that can quickly turn such products into new businesses. By implementing various measures in line with the said policy, we believe that our Group will be able to grow perpetually.

1) Strengthening R&D structure
We believe that development of the R&D system is essential to create new products on an ongoing basis. We will implement role-sharing arrangement between basic research and product development by following a certain time axis. We will strengthen our basic research capability by forming an R&D team that specializes in mid-to-long-term research that is not directly linked to product commercialization. At the same time, we will set up a development team that will be engaged in the development of new technology to be turned into practical use and increase application of existing technology. By so doing, we aim to strengthen our ability to translate our basic research results into new product development. In addition, we will invest aggressively in new equipment for R&D and focus on hiring and fostering highly skilled researchers and technical personnel both in Japan and overseas.

2) Rapid commercialization of new products
The Group considers that new product development is equivalent to new business development since the Group is able to earn profit by marketing such products. For such reason, with a view to removing commercialization barrier, the Group will set up a task force consisting of selected personnel from marketing, manufacturing and development divisions

and give certain responsibility and authority to commercialize new products when they have come close to commercialization.

3) Encouraging initiative in talent
For the Group to expand its share in the SR market while developing new businesses constantly and put them on track to achieve perpetual growth, we believe it is indispensable to nurture many self-sufficient employees who can set their own goals and enjoy attaining them. We will actively exchange our personnel between group companies to give them opportunities to experience difficulties and successes in a variety of jobs in various countries. We will also promote competent personnel to managers flexibly both in Japan and overseas so that they can gain actual management experience, thereby nurturing self-sufficient personnel and ultimately managers who can lead the next generation.

4) Development of measures to reduce foreign currency risk
Because sales prices of many of the Group's products are denominated in foreign currency, foreign currency rates fluctuation can easily affect the Group's earnings. The Group recognizes that taking appropriate measures to mitigate foreign currency risk is important. Therefore, the Group pursues "local production for local sales" strategy (our policy of making products close to markets where they are sold) and heightens the local procurement rate of raw materials to match the currency of revenue and expenditure. These measures will also contribute to enhance our ability to respond to our customers because they will lead to rapid development of products that meet customers' needs, shorter order lead time, lower raw material cost and lower business maintenance risk thanks to diversification of raw materials suppliers.

(3) Other significant matters concerning management

No items to report.

4 Basic policy concerning the selection of accounting standards

The Group adopts the Japanese GAAP as the accounting standards in order to ensure comparability among other domestic companies in the same industry.

5. Consolidated Financial Statements

(1) Consolidated balance sheet

(Millions of yen)

		As of March 31, 2014		As of March 31, 2015
Assets				
Current assets				
Cash and deposits		21,149		19,766
Notes and accounts receivable - trade	*1	11,891	*1	13,111
Securities		1		0
Merchandise and finished goods		2,227		2,348
Work in process		319		291
Raw materials and supplies		1,841		1,886
Consumption taxes receivable		151		169
Deferred tax assets		90		99
Other		399		609
Allowance for doubtful accounts		(272)		(341)
Total current assets		37,798		37,942
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	*2	7,625	*2	8,014
Machinery, equipment and vehicles, net		1,607		1,970
Tools, furniture and fixtures, net	*2	656	*2	746
Land		4,237		4,342
Construction in progress		248		1,791
Total property, plant and equipment	*3	14,375	*3	16,865
Intangible assets				
Goodwill		4,745		4,849
Leasehold right		113		128
Software		235		306
Other		49		43
Total intangible assets		5,144		5,327
Investments and other assets				
Investment securities		748		361
Shares of subsidiaries and associates		19		39
Long-term loans receivable		4		2
Deferred tax assets		16		63
Net defined benefit asset		–		339
Other		263		300
Allowance for doubtful accounts		(1)		(1)
Total investments and other assets		1,050		1,106
Total non-current assets		20,570		23,298
Total assets		58,369		61,241

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,433	5,661
Short-term loans payable	534	729
Current portion of long-term loans payable	–	340
Accounts payable - other	1,394	2,032
Income taxes payable	562	1,139
Accrued expenses	239	313
Deferred tax liabilities	286	403
Provision for bonuses	352	384
Provision for directors' bonuses	61	3
Other	71	48
Total current liabilities	8,936	11,056
Non-current liabilities		
Provision for directors' retirement benefits	10	10
Long-term loans payable	5,658	7,685
Deferred tax liabilities	701	1,069
Net defined benefit liability	316	–
Asset retirement obligations	54	55
Stock benefit allowance	–	42
Other	34	8
Total non-current liabilities	6,776	8,872
Total liabilities	15,713	19,929
Net assets		
Shareholders' equity		
Capital stock	6,134	6,134
Capital surplus	7,102	7,143
Retained earnings	32,257	36,997
Treasury shares	(5,373)	(14,598)
Total shareholders' equity	40,120	35,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	235	110
Foreign currency translation adjustment	328	3,332
Remeasurements of defined benefit plans	(74)	(46)
Total accumulated other comprehensive income	489	3,396
Minority interests	2,045	2,238
Total net assets	42,655	41,312
Total liabilities and net assets	58,369	61,241

Please refer to "Notes to consolidated balance sheet" on page 24 for *1 *2 and *3.

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Millions of yen)

		Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015
Net sales		44,224		48,260
Cost of sales		28,348		28,865
Gross profit		15,875		19,394
Selling, general and administrative expenses	*1, *2	8,307	*1, *2	10,139
Operating income		7,568		9,254
Non-operating income				
Interest income		103		113
Dividend income		46		13
Subsidy income		–		4
Foreign exchange gains		23		127
Refunded consumption taxes		–		27
Share of profit of entities accounted for using equity method		13		–
Other		112		89
Total non-operating income		299		376
Non-operating expenses				
Interest expenses		32		30
Commission for purchase of treasury shares		–		51
Other		7		19
Total non-operating expenses		40		101
Ordinary income		7,827		9,529
Extraordinary income				
Gain on sales of non-current assets	*3	59	*3	19
Gain on sales of investment securities		–		386
Gain on liquidation of subsidiaries and associates		58		–
Total extraordinary income		118		406
Extraordinary losses				
Loss on sales of non-current assets		–	*4	0
Impairment loss	*5	278		–
Loss on step acquisitions		73		–
Loss on valuation of golf club membership		–		14
Other		0		–
Total extraordinary losses		352		15
Income before income taxes and minority interests		7,593		9,920
Income taxes - current		1,908		2,670
Income taxes - deferred		485		277
Total income taxes		2,393		2,947
Income before minority interests		5,199		6,972
Minority interests in income		269		305
Net income		4,930		6,667

Please refer to “Notes to consolidated statement of income” on page 25 for *1, *2, *3, *4 and *5.

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income before minority interests	5,199	6,972
Other comprehensive income		
Valuation difference on available-for-sale securities	100	(125)
Foreign currency translation adjustment	2,789	3,323
Adjustments for retirement benefits	–	29
Total other comprehensive income	2,890	3,227
Comprehensive income	8,090	10,199
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,560	9,651
Comprehensive income attributable to minority interests	530	548

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,134	7,102	30,379	(5,372)	38,243
Changes of items during period					
Dividends of surplus			(3,052)		(3,052)
Net income			4,930		4,930
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,878	(0)	1,877
Balance at end of current period	6,134	7,102	32,257	(5,373)	40,120

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	135	(2,173)	—	(2,038)	604	36,809
Changes of items during period						
Dividends of surplus						(3,052)
Net income						4,930
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	100	2,502	(74)	2,528	1,440	3,968
Total changes of items during period	100	2,502	(74)	2,528	1,440	5,845
Balance at end of current period	235	328	(74)	489	2,045	42,655

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,134	7,102	32,257	(5,373)	40,120
Cumulative effects of changes in accounting policies			362		362
Restated balance	6,134	7,102	32,619	(5,373)	40,483
Changes of items during period					
Dividends of surplus			(2,289)		(2,289)
Net income			6,667		6,667
Purchase of treasury shares				(9,519)	(9,519)
Disposal of treasury shares		41		294	336
Net changes of items other than shareholders' equity					
Total changes of items during period	—	41	4,377	(9,225)	(4,806)
Balance at end of current period	6,134	7,143	36,997	(14,598)	35,676

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	235	328	(74)	489	2,045	42,655
Cumulative effects of changes in accounting policies						362
Restated balance	235	328	(74)	489	2,045	43,017
Changes of items during period						
Dividends of surplus						(2,289)
Net income						6,667
Purchase of treasury shares						(9,519)
Disposal of treasury shares						336
Net changes of items other than shareholders' equity	(125)	3,003	28	2,907	193	3,100
Total changes of items during period	(125)	3,003	28	2,907	193	(1,705)
Balance at end of current period	110	3,332	(46)	3,396	2,238	41,312

(4) Consolidated statement of cash flows

(Millions of yen)

		Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from operating activities			
Income before income taxes and minority interests		7,593	9,920
Depreciation		1,181	1,411
Loss (gain) on valuation of investment securities		0	–
Loss (gain) on sales of investment securities		–	(386)
Share of (profit) loss of entities accounted for using equity method		(13)	–
Loss (gain) on step acquisitions		73	–
Amortization of goodwill		168	253
Increase (decrease) in allowance for doubtful accounts		(289)	34
Increase (decrease) in allowance for stocks payment		–	42
Increase (decrease) in provision for bonuses		43	23
Increase (decrease) in provision for directors' bonuses		12	(58)
Net defined benefit liability		(29)	(44)
Interest and dividend income		(149)	(126)
Interest expenses		32	30
Loss (gain) on liquidation of subsidiaries and associates		(58)	–
Tangible gain on sale of fixed assets		(59)	(19)
Loss on sale of tangible fixed assets		–	0
Decrease (increase) in notes and accounts receivable - trade		(228)	365
Decrease (increase) in inventories		722	274
Decrease (increase) in other current assets		137	(217)
Impairment loss		278	–
Increase (decrease) in notes and accounts payable - trade		(200)	(579)
Increase (decrease) in other current liabilities		(334)	30
Increase (decrease) in accrued consumption taxes		(20)	(21)
Loss on valuation of golf club memberships		–	14
Other, net		(11)	227
Subtotal		8,849	11,175
Interest and dividend income received		148	120
Interest expenses paid		(21)	(30)
Income taxes paid		(1,956)	(2,110)
Net cash provided by (used in) operating activities		7,020	9,154
Cash flows from investing activities			
Payments into time deposits		(3,284)	(2,188)
Proceeds from withdrawal of time deposits		3,448	1,579
Purchase of property, plant and equipment		(1,727)	(2,710)
Proceeds from sales of property, plant and equipment		111	66
Purchase of software		(142)	(127)
Proceeds from sales of investment securities		14	652
Payments for non-consolidated subsidiaries acquired		–	(20)
Purchase of shares of subsidiaries		(1,927)	(33)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*1	(861)	–
Payments of long-term loans receivable		(19)	(30)
Collection of long-term loans receivable		22	16
Collection of investments in capital		557	–
Other, net		(29)	(38)
Net cash provided by (used in) investing activities		(3,839)	(2,835)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from financing activities		
Increase in short-term loans payable	0	1,808
Decrease in short-term loans payable	–	(1,671)
Proceeds from long-term loans payable	5,619	6,632
Repayments of long-term loans payable	–	(4,925)
Purchase of treasury shares	(0)	(9,201)
Proceeds from sales of treasury shares	–	17
Cash dividends paid	(3,052)	(2,289)
Cash dividends paid to minority shareholders	(215)	(290)
Net cash provided by (used in) financing activities	2,350	(9,919)
Effect of exchange rate change on cash and cash equivalents	1,040	1,445
Net increase (decrease) in cash and cash equivalents	6,571	(2,154)
Cash and cash equivalents at beginning of period	13,766	20,338
Cash and cash equivalents at end of period	*2 20,338	*2 18,183

Please refer to "Notes to consolidated statement of cash flows" on page 28 for *1 and *2.

(5) Notes on premise of going concern

No items to report.

(6) Significant matters forming the basis of preparing the consolidated financial statements

1) Scope of consolidation

Number of consolidated subsidiaries: 14

Number of non-consolidated subsidiaries: 2

Names of consolidated subsidiaries:

TAIYO INK MFG. CO., LTD., TAIYO INK (SUZHOU) CO., LTD., TAIWAN TAIYO INK CO., LTD., Onstatic Technology Co., Ltd., TAIYO INK CO., (KOREA) LTD., TAIYO AMERICA, INC., TAIYO INK INTERNATIONAL (HK) LIMITED, TAIYO INK TRADING (SHENZHEN) CO., LTD., TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD.

The number of consolidated subsidiaries under the Company is 14, as Onstatic Technology Co., Ltd. owns five associated companies under its umbrella. One of those associated companies completed the liquidation procedures as of February 20, 2015.

Name of non-consolidated subsidiaries:

TAIYO INK (THAILAND) CO., LTD. and TAIYO GREEN ENERGY CO., LTD. (newly established in the current fiscal year)

The non-consolidated subsidiaries were excluded from the scope of consolidation because they are small in size, and its accounts, such as total assets, net sales, net income or loss (for the Company's equity interest) and retained earnings (for the Company's equity interest), have no significant effects on the Company's consolidated financial statements.

2) Fiscal year-end of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of TAIYO INK (SUZHOU) CO., LTD. and TAIYO INK TRADING (SHENZHEN) CO., LTD. is December 31.

TAIYO INK (SUZHOU) CO., LTD. and TAIYO INK TRADING (SHENZHEN) CO., LTD. perform tentative closings and prepare financial statements as of and for the period ended March 31.

Among the consolidated subsidiaries, the fiscal year-end of Onstatic Technology Co., Ltd. is December 31, which is different from the consolidated fiscal year-end. However, since the difference between the fiscal year-end of the subsidiary and the consolidated fiscal year-end does not exceed three months, consolidated financial statements are prepared based on the financial statements of the said subsidiary. However, adjustments required for consolidated financial statements were made on the significant matters which occurred during the consolidated fiscal period from January 1, 2015 to March 31, 2015.

Fiscal year-ends of other consolidated subsidiaries coincide with that for consolidated financial statements.

3) Application of the equity method

Non-consolidated subsidiaries are excluded from the scope of equity method application, since they have no significant impact on the Company's consolidated net income and retained earnings and have no materiality as a whole.

4) Bases for accounting treatments

I. Valuation bases and methods for significant assets

i Securities

Shares of non-consolidated subsidiaries to which the equity method was not applied

Stated at cost using the moving-average method.

Other securities (available-for-sale securities)

Securities with fair market value

Stated at market value based on fair market value etc. as of the closing date (Net unrealized holding gains or losses, net of the applicable income taxes, are directly included in a component of shareholders' equity. The cost of securities sold is measured using the moving-average method)

Securities with no fair market value

Stated at cost using the moving-average method

ii Derivatives
Stated at fair market value
iii Inventories
Mainly stated at moving-average cost (figures on the balance sheet are adjusted by writing down the book value where the profitability declines.)

II Method of depreciation for significant depreciable assets
i Property, plant and equipment
Buildings:
Depreciated mainly by the straight-line method
Property, plant and equipment other than buildings:
Depreciated mainly by the declining-balance method
Useful lives of major property, plant and equipment are as follows.
Buildings and structures 7 - 60 years
Machinery, equipment and vehicles 4 - 10 years
Tools, furniture and fixtures 3 - 8 years
ii Intangible assets
Leasehold right:
Amortized by the straight-line method
Software (for internal use):
Amortized by the straight-line method over the internally estimated useful life of the software (5 years)
Others:
Amortized by the straight-line method
Useful lives of major intangible assets are as follows:
Leasehold right 50 years
Software (for internal use) 5 years

III Accounting for significant reserves
i Allowance for doubtful accounts
To provide reserve for potential losses from bad debts, the Company recognizes and records allowance for doubtful accounts based on historical uncollectible rate for general accounts receivables, and on an estimate of collectability of specific accounts for which collection appears doubtful.
ii Provision for bonuses
Provision for bonuses are recorded by the Company and certain consolidated subsidiaries to accrue the bonus to employees for the fiscal year.
iii Provision for directors' bonuses
To prepare for the payment of bonuses to directors and corporate auditors, the projected payment amount attributable to the current fiscal year is provided.
iv Provision for directors' retirement benefits
To prepare for the payment of directors' and corporate auditors' retirement benefits, the Company provides the amount of projected payments, determined according to internal rules for the payment of directors' and corporate auditors' retirement benefits as of the end of the fiscal year.
The Company, at a meeting of the Board of Directors held on April 22, 2010, resolved to abolish the directors' retirement benefits system and the agenda item regarding lump-sum payments resulting from said abolishment was approved at the 64th General Meeting of Shareholders held on June 29, 2010.
These payments will be effected as retirement benefits paid at the time of retirement according to the period of service up to the abolishment of the system.
v Stock benefit allowance
To prepare for the grant of the Company's shares to employees in accordance the regulations for the delivery of stock, the Company records the amount decided based on liability for stock benefit estimated as of March 31, 2015.

IV Accounting treatment related to retirement benefits
i Method of attributing the projected benefits to periods of service

In calculation of retirement benefits, the method of attributing the projected benefits to periods until the end of the current fiscal year is based on the benefit formula basis.

ii Method of amortization of actuarial gains or losses and prior service cost

Prior service cost will be recognized as expenses mainly by amortizing the amount by the straight-line method over a certain period of time (mainly five years) which is shorter than the employees' average remaining service period.

Actuarial gains or losses are mainly amortized as incurred over the periods, which are shorter than the average remaining service years of employees (mainly five years), by the straight-line method, starting from the following fiscal years.

V Basis of translation from significant foreign currency-denominated assets and liabilities to yen

Foreign currency-denominated monetary claims and liabilities are translated to yen with the spot exchange rate of the consolidated balance sheet date with translation differences charged to profit and loss in the corresponding fiscal year.

Assets and liabilities of foreign subsidiaries are translated to yen with the spot exchange rate of the consolidated balance sheet date. Revenue and expenses thereof are translated to yen with the average exchange rate during the period. Exchange differences are included in foreign currency translation adjustment and minority interests in the section of net assets.

VI Goodwill amortization method and period

Goodwill is amortized by the straight-line method over 5 years or 20 years.

VII Scope of cash and cash equivalents on the consolidated statement of cash flows

Consists of cash on hand, deposits that can be quickly accessed, and easily convertible short-term investments that are only mildly affected by market price fluctuations, that mature within three months of acquisition, or the redemption date is not more than three months away.

VIII Other significant matters for preparation of consolidated financial statements

i Treatment of consumption taxes

Treatment of consumption taxes is based on the tax excluded method.

ii Application of consolidated tax system

The consolidated tax system is adopted.

iii Important methods of hedge accounting

a. Methods of hedge accounting

Deferred hedge accounting is adopted. Hedging transactions using interest rate swaps are accounted for by the exceptional treatment, as they meet conditions required for the exceptional treatment.

b. Hedging instruments and hedged items

Hedging instrument	Hedged item
Loans payable denominated in foreign currencies	Equity investments in overseas subsidiaries
Interest rate swaps	Long-term loans payable (including current portion of long-term loans payable)

c. Hedging policy

The Company has the policy of using, within the scope of hedged items, hedging instruments for the purpose of avoiding exchange rate fluctuation risks arising from equity investments in overseas subsidiaries and interest rate fluctuation risks exposed by loans payable.

d. Methods to evaluate hedging effectiveness

As to equity investments in overseas subsidiaries, hedging effectiveness is evaluated based on fluctuation amounts of hedged items and hedging instruments by comparing cumulative results of market fluctuations between hedged items and hedging instruments during the period between the start of hedging and the point of the determination of effectiveness.

The evaluation of hedging effectiveness is omitted in transactions using interest rate swaps which are accounted for by the exceptional treatment.

(7) Changes in accounting policies

(Application of the Accounting Standard for Retirement Benefits, etc.)

Regarding the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), effective from the first quarter ended June 30, 2014, the Company has applied the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the change in the calculation method for retirement benefit obligations and current service costs has been added to or deducted from retained earnings at the beginning of the first quarter ended June 30, 2014.

As a result, as of April 1, 2014, net defined benefit liability decreased by 316 million yen, net defined benefit asset increased by 244 million yen and retained earnings increased by 362 million yen. In addition, operating income, ordinary income and income before income taxes and minority interests as of March 31, 2015 decreased by 24 million yen respectively.

(8) Additional information

(Accounting treatment for Employee Stock Ownership Plan stock granting trust)

The Company has applied the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015) effective from the first quarter ended June 30, 2014.

The Company, at a meeting of the Board of Directors held on May 2, 2014, resolved to introduce an employee incentive plan, the Employee Stock Ownership Plan ("ESOP") trust for granting stock. Through this plan, the Company aims to cultivate a sense of belonging among its employees, increase their sense of participation in the management of the Company, and heighten their motivation to help improve operating results and increase the stock price in the long term as well as their morale. In addition, the Company aims to enhance corporate value on a medium- and long-term basis through the plan.

The Company will establish a trust into which it will contribute funds for the acquisition of the Company's stock, of which the beneficiaries will be employees of the Company who meet certain criteria. The trust will acquire stock of the Company in one lot from the Company in the number expected to be delivered to employees of the Company based on the regulations for the delivery of stock established in advance. Following this, the trust will deliver stock of the Company to employees, without contribution, in accordance with the regulations for the delivery of stock, based on the eligibility of the Company's employees during the trust period and other such criteria, during the period in service of such employees. As the full amount of the acquisition funds for the stock of the Company to be acquired through the trust will be contributed by the Company, there will be no contribution to be made by employees of the Company.

The trust is accounted for with a method (the gross method), in which assets and liabilities of the trust are recorded on the balance sheet as assets and liabilities of the Company and profits and losses of the trust are recorded on the statement of income as profits and losses of the Company.

The gross method is applied to the Company's shares owned by the trust account for the ESOP grant stock as of March 31, 2015, and the amount is presented under net assets in the quarterly consolidated balance sheet as treasury shares using the book value at the trust (excluding amounts of ancillary costs). The amount recorded as such is 301 million yen and the number of shares recorded is 98,760 shares.

(9) Notes to consolidated financial statements

(Notes to consolidated balance sheet)

*1 Amount of notes receivable with maturity date on the fiscal year-end is as follows.

Notes receivable with maturity date on the fiscal year-end are cashed on clearing dates.

As the fiscal year-end of some subsidiaries fell on a holiday for financial institutions, the following amount of notes receivable with maturity date on the fiscal year-end was included in the balance of notes receivable at fiscal year-end.

	As of March 31, 2014	As of March 31, 2015
Notes receivable	0 million yen	0 million yen

*2 Reduction entry

Due to acceptance of national subsidies, the following reduction entry amount was deducted from the acquisition cost of relevant assets.

	As of March 31, 2014	As of March 31, 2015
Buildings and structures	7 million yen	7 million yen
Tools, furniture and fixtures	1	0

*3 Accumulated depreciation of property, plant and equipment is as follows.

	As of March 31, 2014	As of March 31, 2015
Accumulated depreciation of property, plant and equipment	21,024 million yen	22,863 million yen

4 Export discount bills

	As of March 31, 2014	As of March 31, 2015
Export discount bills	25 million yen	29 million yen

5 Agreement on overdrafts

The Company has concluded an agreement with banks of account on overdrafts for efficient funding of working capital. The outstanding unused balance under this agreement as of March 31, 2014, is as follows.

	As of March 31, 2014	As of March 31, 2015
Maximum lines of overdrafts	6,500 million yen	6,500 million yen
Loan amount currently executed	–	–
Outstanding unused overdraft amount	6,500 million yen	6,500 million yen

(Notes to consolidated statement of income)

*1 Major items of selling, general and administrative expenses were as follows:

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Distribution expenses	775 million yen	951 million yen
Packing expenses	208	225
Sales commission	81	93
Directors' compensations	322	647
Salaries	1,671	1,912
Bonuses	242	293
Provision for bonuses	191	211
Provision for directors' bonuses	44	5
Commission fee	559	683
Depreciation	276	347
Experiment and research expenses	1,078	1,566
Traveling and transportation expenses	365	407
Retirement benefit expenses	106	146
Amortization of goodwill	168	253
Provision of allowance for doubtful accounts	7	23

*2 Research and development expenses included in general and administrative expenses and cost of products manufactured

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
	1,594 million yen	2,213 million yen

*3 Breakdown of gain on sales of non-current assets

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Buildings and structures	– million yen	8 million yen
Machinery, equipment and vehicles	9	8
Tools, furniture and fixtures	–	0
Land	49	3

*4 Breakdown of loss on sales of non-current assets

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Machinery, equipment and vehicles	– million yen	0 million yen
Tools, furniture and fixtures	–	0

*5 Impairment loss

In the fiscal year ended March 31, 2014, the Group booked the following impairment losses on assets.

Location	Application	Category	Impairment loss
TAIYO INK CO., (KOREA) LTD.	Assets for business use	Buildings	124 million yen
		Machinery and equipment	154 million yen

The Group, in principle, groups assets for business use based on business divisions.

In the previous fiscal year, there were signs of impairment losses on assets for business use of TAIYO INK CO., (KOREA) LTD., a consolidated subsidiary, as profitability and appraised value of the assets declined significantly compared with their book values. Therefore, their book values have been reduced to their recoverable values.

The recoverable value is measured by the use value, but as no future cash flow is expected to be generated in future, the recoverable value is assessed as zero.

There are no items to report in the current fiscal year.

(Notes to consolidated statement of changes in equity)

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

1. Matters related to class and number of issued shares and treasury shares

	Number of shares as of April 1, 2013 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of March 31, 2014 (Shares)
Issued shares				
Common shares	27,464,000	–	–	27,464,000
Treasury shares				
Common shares (Note)	2,025,826	284	–	2,026,110

Note: The increase in number of treasury shares is due to the purchase of shares less than one unit.

2. Matters related to dividends

(a) Dividends paid to shareholders

Resolution	Class of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 26, 2013 Annual General Meeting of Shareholders	Common shares	1,144	45	March 31, 2013	June 27, 2013
November 7, 2013 Board of Directors	Common shares	1,907	75	September 30, 2013	December 2, 2013

(b) Dividends whose record date is during the current fiscal year and whose effective date falls in the following fiscal year

Resolution	Class of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
June 20, 2014 Annual General Meeting of Shareholders	Common shares	1,144	Retained earnings	45	March 31, 2014	June 23, 2014

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

1. Matters related to class and number of issued shares and treasury shares

	Number of shares as of April 1, 2014 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of March 31, 2015 (Shares)
Issued shares				
Common shares	27,464,000	–	–	27,464,000
Treasury shares				
Common shares (Notes)	2,026,110	2,606,180	110,300	4,521,990

Notes: 1. The number of treasury shares of the common shares includes shares (98,760 shares in the current fiscal year) owned by The Master Trust Bank of Japan, Ltd. (trust account for the ESOP grant stock).

2. In connection with the introduction of the ESOP trust for granting stock, the Company sold 104,500 treasury shares to The Master Trust Bank of Japan, Ltd. (trust account for the ESOP grant stock) The said impact is an increase of 104,500 shares in treasury shares of the common shares and a decrease of 104,500 shares in treasury shares of the common shares, and those increased and decreased amounts are reflected in the above number of shares.

3. The increased 2,606,180 shares of treasury shares of the common shares comprise shares stated in the description of the above 2, 2,501,400 treasury shares which were acquired through the resolution of the Board of Directors, and 280 fractional shares less than the trading unit through the purchase.

4. The decreased 110,300 shares of treasury shares of the common shares comprise shares stated in the description of the above 2, the Company's granting 5,650 shares owned by The Master Trust Bank of Japan, Ltd. (trust account for the ESOP grant stock), 90 shares which were sold, and 60 fractional shares less than the trading unit by the demand for additional purchase.

2. Matters related to dividends
(a) Dividends paid to shareholders

Resolution	Class of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 20, 2014 Annual General Meeting of Shareholders	Common shares	1,144	45	March 31, 2014	June 23, 2014
October 31, 2014 Board of Directors	Common shares	1,149	45	September 30, 2014	December 1, 2014

Note: The aggregate amount of dividends, which was determined through the resolution of the Board of Directors' meeting on October 31, 2014, includes the dividends of 4 million yen for the Company's shares owned by The Master Trust Bank of Japan, Ltd. (trust account for the ESOP grant stock).

(b) Dividends whose record date is during the current fiscal year and whose effective date falls in the following fiscal year

Resolution	Class of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
June 19, 2015 Annual General Meeting of Shareholders	Common shares	1,036	Retained earnings	45	March 31, 2015	June 22, 2015

Note: The aggregate amount of dividends, which is to be determined through the resolution of the Ordinary General Meeting of Shareholders on June 19, 2015, includes the dividends of 4 million yen for the Company's shares owned by The Master Trust Bank of Japan, Ltd. (trust account for the ESOP grant stock).

(Notes to consolidated statement of cash flows)

*1 Breakdown of major items of assets and liabilities of the companies that have newly become consolidated subsidiaries through acquisition of shares

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

The breakdown of assets and liabilities when the consolidation of six companies, including Onstatic Technology Co., Ltd., through acquisition of shares started and the relationship between acquisition value of shares and expenditure for the acquisition (net value) are as follows.

During the third quarter of the current fiscal year, one of the subsidiaries of Onstatic Technology Co., Ltd. was liquidated.

Current assets	4,998 million yen
Non-current assets	413
Goodwill	3,330
Current liabilities	(1,359)
Non-current liabilities	(118)
Minority interests	(1,943)
Valuation difference	(24)
Subtotal	5,297
Acquisition cost by the time of acquisition of control	(2,668)
Appraisal value of equity by the time of acquisition of control	(73)
Loss on step acquisitions	73
Acquisition cost of shares	2,629
Cash and cash equivalents	(1,767)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	861

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

No items to report.

*2 Cash and cash equivalents at end of period were reconciled to the accounts reported in the consolidated balance sheets as follows:

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Cash and deposits	21,149 million yen	19,776 million yen
Time deposits whose term exceeds three months	(810)	(1,583)
Cash and cash equivalents	20,338	18,183

(Derivatives)

1. Derivatives transactions for which hedge accounting is not applied

(a) Currency related

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

Classification	Type	Contract amount, etc. (millions of yen)	Market value (millions of yen)	Gain or loss on valuation (millions of yen)
Non-market transactions	Forward exchange contracts			
	U.S. dollar short positions	3,339	(9)	(9)
	Japanese yen long positions	396	(5)	(5)

Note: Market value calculation method
Based on prices indicated by partner financial institutions

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

Classification	Type	Contract amount, etc. (millions of yen)	Market value (millions of yen)	Gain or loss on valuation (millions of yen)
Non-market transactions	Forward exchange contracts			
	U.S. dollar short positions	744	0	0
	Japanese yen long positions	38	(0)	(0)

Note: Market value calculation method
Based on prices indicated by partner financial institutions

(b) Interest rate related

No items to report.

2. Derivatives transactions for which hedge accounting is applied

No items to report.

(Tax effect accounting)

1. Major breakdown of deferred tax assets and liabilities

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Deferred tax assets		
Denial of provision for directors' retirement benefits	3 million yen	3 million yen
Net defined benefit liability	85	-
Deferred tax assets for unrealized income	96	100
Foreign tax credit carried forward	72	47
Denial of provision of bonuses	96	97
Denial of social insurance premiums corresponding to bonuses	13	14
Denial of accrued business tax	29	42
Denial of provision of allowance for doubtful accounts	0	26
Denial of loss on valuation of golf club membership	10	14
Denial of provision of stock benefits	-	13
Loss carry forward	50	13
Excess depreciation	34	29
Asset retirement obligations	19	17
Impairment loss	65	74
Others	49	52
Subtotal deferred tax assets	626	548
Valuation allowances	(171)	(132)
Total deferred tax assets	455	415
Deferred tax liabilities		
Deferred tax liabilities pertaining retaining earnings of subsidiaries	1,082	1,480
Reserve for technical development	57	23
Depreciation	19	23
Valuation difference on available-for-sale securities	129	52
Net defined benefit asset	-	115
Others	47	30
Total deferred tax liabilities	1,336	1,725
Net deferred tax liabilities	881	1,309

Note: Classification of "Net deferred tax assets/liabilities" on the consolidated balance sheets.

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Current assets – deferred tax assets	90 million yen	99 million yen
Non-current assets – deferred tax assets	16	63
Current liabilities – deferred tax liabilities	286	403
Non-current liabilities – deferred tax liabilities	701	1,069

2. Reconciliation between statutory tax rates and the effective income taxes rate after applying tax effect accounting

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Statutory tax rate	37.87%	35.52%
<Reconciliation>		
Tax rate difference from those for foreign subsidiaries	(14.75)	(13.31)
Tax rate difference in line with offsetting of dividend income	0.95	0.85
Tax rate difference in line with crediting foreign taxes	(0.12)	(0.10)
Tax adjustments pertaining to retained earnings of foreign subsidiaries	2.86	3.67
Tax rate difference connected with permanent differences (e.g. entertainment expenses)	0.16	0.03
Permanent difference of non-deductible expenses of withholding tax on dividends	5.53	4.89
Tax adjustments pertaining to amortization of goodwill	0.84	0.91
Experiment and research expenses tax credit	(1.82)	(2.57)
Valuation allowances	(0.92)	(0.34)
Others	0.92	0.16
Effective income taxes rate after applying tax effect accounting	31.52	29.71

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

Following the promulgation of the “Act on Partial Revision of the Income Tax Act, etc.” (Law No. 9 of 2015) and the “Act on Partial Revision of the Local Tax Act, etc.” (Law No. 2 of 2015) on March 31, 2015, the income tax rates are to be changed from the consolidated fiscal year starting on or after April 1, 2015. In line with these changes, the statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be 32.95% for temporary differences expected to be eliminated in the consolidated fiscal year beginning on April 1, 2015 and 32.18% for temporary differences expected to be eliminated in the consolidated fiscal years beginning on or after April 1, 2016.

The impact of this change in tax rates is insignificant.

(Segment information, etc.)

[Segment information]

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

1. Overview of reportable segments

   The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

   The business of the Group consists mainly of one activity, the manufacturing and marketing of solder resist for PWBs, among others. Each Group company formulates comprehensive strategies and deploys business activities, operating under a holding company system whereby the Company is the holding company. The Company is composed of four reportable segments divided by geographic area, namely “Japan,” “China,” “Taiwan,” and “Korea,” based on our manufacturing and marketing system.

   The Group acquired Onstatic Technology Co., Ltd. (and another six subsidiaries) and included it in the scope of consolidation, effective from the first quarter of the current fiscal year. Also, it liquidated one of the subsidiaries of Onstatic Technology Co., Ltd. in the third quarter of the current fiscal year.

2. Information on the calculation of net sales, profit or loss, assets and liabilities, and other items by reportable segment

Accounting method applied to data in the reportable segment is mostly the same as the method stated in the “Significant matters forming the basis of preparing the consolidated financial statements.”
Profit by reportable segment represents operating income.
Inter-segment revenue and transactions are based on the market prices.

3. Information regarding net sales, profit or loss, assets and liabilities, and other items by reportable segment

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1) (Note 4)	Taiwan (Note 4)	Korea	Total		
Net sales							
External sales	8,697	16,203	5,575	10,312	40,788	3,436	44,224
Inter-segment sales or transactions	5,307	1,588	2,823	287	10,007	87	10,095
Total sales	14,005	17,791	8,398	10,599	50,795	3,524	54,319
Segment profit	1,906	2,617	1,427	1,073	7,024	453	7,477
Segment assets	7,897	12,368	12,999	7,624	40,890	2,053	42,943
Other items							
Depreciation (Note 3)	242	210	193	203	849	15	864
Increase in property, plant and equipment and intangible assets	1,266	275	171	443	2,156	10	2,167

Notes: 1. The “China” segment covers local subsidiaries in China and Hong Kong.
2. The “Other” segment is not included in reportable segments and covers the business activities of local subsidiaries in the U.S. and other Asian countries.
3. Depreciation does not include goodwill amortization.
4. The net sales and operating income of Onstatic Technology Co., Ltd. (and another four subsidiaries) have been presented in the Taiwan and China segments effective from the six months ended September 30, 2013.
As one of the five subsidiaries of Onstatic Technology Co., Ltd. does not operate any business, it does not constitute a reportable segment.

4. Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Profit/Loss	Fiscal year ended March 31, 2014
Reportable segments total	7,024
"Other" segment profit	453
Inter-segment eliminations	120
Amortization of goodwill	(168)
Profit/loss not allocated to business segments (Note)	133
Other adjusted amounts	6
Operating income in the consolidated statement of income	7,568

Note: Profit/loss primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Assets	Fiscal year ended March 31, 2014
Reportable segments total	40,890
"Other" segment assets	2,053
Inter-segment eliminations	(3,565)
Assets not allocated to business segments (Note)	19,083
Reclassification by tax effect accounting	(93)
Total assets in the consolidated balance sheet	58,369

Note: Assets primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Other items	Reportable segment total	Other	Adjustments (Note)	Amount on the consolidated financial statements
	FY ended March 31, 2014	FY ended March 31, 2014	FY ended March 31, 2014	FY ended March 31, 2014
Depreciation	849	15	316	1,181
Increase in property, plant and equipment and intangible assets	2,156	10	388	2,555

Note: Primarily related to the holding company (company filing the consolidated financial statements).

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

1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The business of the Group consists mainly of one activity, the manufacturing and marketing of solder resist for PWBs, among others. Each Group company formulates comprehensive strategies and deploys business activities, operating under a holding company system whereby the Company is the holding company. The Company is composed of four reportable segments divided by geographic area, namely "Japan," "China," "Taiwan," and "Korea," based on our manufacturing and marketing system.

The Group liquidated one of the subsidiaries of Onstatic Technology Co., Ltd. (and another four subsidiaries) in the fiscal year ended March 31, 2015.

2. Information on the calculation of net sales, profit or loss, assets and liabilities, and other items by reportable segment
   Accounting method applied to data in the reportable segment is mostly the same as the method stated in the "Significant matters forming the basis of preparing the consolidated financial statements."
   Profit by reportable segment represents operating income.
   Inter-segment revenue and transactions are based on the market prices.

3. Information regarding net sales, profit or loss, assets and liabilities, and other items by reportable segment

(Millions of yen)

	Reportable segments					Other (Note 2)	Total
	Japan	China (Note 1) (Note 4)	Taiwan (Note 4)	Korea	Total		
Net sales							
External sales	9,410	18,837	7,141	8,835	44,225	4,034	48,260
Inter-segment sales or transactions	6,375	1,583	2,472	363	10,795	106	10,901
Total sales	15,786	20,421	9,614	9,199	55,021	4,140	59,161
Segment profit	2,466	3,507	1,763	1,212	8,950	555	9,505
Segment assets	12,617	15,079	14,682	8,612	50,992	2,419	53,411
Other items							
Depreciation (Note 3)	398	237	207	154	997	14	1,012
Increase in property, plant and equipment and intangible assets	2,033	414	98	108	2,655	16	2,672

Notes: 1. The "China" segment covers local subsidiaries in China and Hong Kong.
2. The "Other" segment is not included in reportable segments and covers the business activities of local subsidiaries in the U.S. and other Asian countries.
3. Depreciation does not include goodwill amortization.
4. The net sales and operating income of Onstatic Technology Co., Ltd. (and another four subsidiaries) have been presented in the Taiwan and China segments.
   As one of the five subsidiaries of Onstatic Technology Co., Ltd. does not operate any business, it does not constitute a reportable segment.

4. Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Profit/Loss	Fiscal year ended March 31, 2015
Reportable segments total	8,950
"Other" segment profit	555
Inter-segment eliminations	85
Amortization of goodwill	(253)
Profit/loss not allocated to business segments (Note)	(65)
Other adjusted amounts	(17)
Operating income in the consolidated statement of income	9,254

Note: Profit/loss primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Assets	Fiscal year ended March 31, 2015
Reportable segments total	50,992
"Other" segment assets	2,419
Inter-segment eliminations	(9,307)
Assets not allocated to business segments (Note)	17,141
Reclassification by tax effect accounting	(4)
Total assets in the consolidated balance sheet	61,241

Note: Assets primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Other items	Reportable segment total	Other	Adjustments (Note)	Amount on the consolidated financial statements
	FY ended March 31, 2015	FY ended March 31, 2015	FY ended March 31, 2015	FY ended March 31, 2015
Depreciation	997	14	399	1,411
Increase in property, plant and equipment and intangible assets	2,655	16	649	3,321

Note: Primarily related to the holding company (company filing the consolidated financial statements).

[Related information]

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

1. Information by product and service
   This information has been omitted, as sales to external customers in a single product and service category account for more than 90% of net sales recorded on the consolidated statement of income.

2. Information by geographical area
   (a) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
5,885	18,525	5,215	10,764	3,832	44,224

Note: The sales amounts are broken down into countries/regions based on the location of customers.

   (b) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
9,156	1,571	1,946	1,546	155	14,375

3. Information by major customer
   This information has been omitted, since there is no external customer that accounts for 10% or more of net sales recorded on the consolidated statement of income.

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

1. Information by product and service
   This information has been omitted, as sales to external customers in a single product and service category account for more than 90% of net sales recorded on the consolidated statement of income.

2. Information by geographical area
   (a) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
5,916	21,860	6,090	9,861	4,530	48,260

Note: The sales amounts are broken down into countries/regions based on the location of customers.

   (b) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
11,003	2,012	2,024	1,642	182	16,865

3. Information by major customer
   This information has been omitted, since there is no external customer that accounts for 10% or more of net sales recorded on the consolidated statement of income.

[Impairment losses on non-current assets for each reportable segment]

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

	Japan	China	Taiwan	Korea	Other	Corporate and elimination	Total
Impairment loss	–	–	–	278	–	–	278

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
No items to report.

[Goodwill amortization amount and remaining goodwill balance for each reportable segment]

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Goodwill amortization amount and remaining goodwill balance are not allocated in each reportable segment. The said amounts are 168 million yen in goodwill amortization amount and 4,745 million yen in remaining good balance.

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Goodwill amortization amount and remaining goodwill balance are not allocated in each reportable segment. The said amounts are 253 million yen in goodwill amortization amount and 4,849 million yen in remaining good balance.

[Gains on negative goodwill for each reportable segment]

No items to report.

(Related party transaction)
Major corporate shareholders, etc.

Type	Company name, etc.	Capital or contrib-ution	Details of business or occupation	Holding (or held) ratio of voting rights, etc. (%)	Details of Relationship		Details of transacti-ons	Amou-nts of transac-tions (millio-ns of yen)	Name of account	Balance as of March 31, 2015 (millions of yen)
					Director's concurrent position, etc.	Business relationship				
Other associat-ed company	Kowa Co., Ltd.	26 million yen	Investments with respect to marketable securities and real estate	Directly held 17.6	Yes	Holding and management of shares	Acquisit-ion of treasury shares	9,195	–	–

(Items to omit notes thereon)
Consolidated statement of comprehensive income, notes on leases, financial instruments, retirement benefits, stock options, asset retirement obligations and leases and other real estate transactions are omitted because the necessity to disclose those in this financial report is deemed small.

(Per share information)

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Net assets per share 1,596.45 yen Net income per share 193.83 yen Diluted net income per share is not presented because there are no dilutive shares.	Net assets per share 1,703.14 yen Net income per share 264.05 yen Diluted net income per share is not presented because there are no dilutive shares.

Note 1: Basis for calculating net assets per share is shown below.

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Total net assets as shown on the balance sheet (Millions of yen)	42,655	41,312
Deducted amount from total net assets (Millions of yen)	2,045	2,238
(Minority interests in the amount above) (Millions of yen)	(2,045)	(2,238)
Net assets related to common shares (Millions of yen)	40,610	39,073
Number of shares at the end of period (Shares)	25,437,890	22,942,010

*In the calculation of net assets per share, the Company's shares owned by the trust account for the ESOP grant stock are included in treasury shares which are deducted from the aggregate number of issued shares at the end of the period. (98,760 shares in the current fiscal year)

Note 2: Basis for calculating net income per share is shown below.

	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
Net income as shown on the statement of income (Millions of yen)	4,930	6,667
Net income not attributable to common shareholders (Millions of yen)	-	-
Net income related to common shares (Millions of yen)	4,930	6,667
Average number of shares during the period (Shares)	25,438,048	25,249,372

* In the calculation of net income per share, the Company's shares owned by the trust account for the ESOP grant stock are included in treasury shares which are deducted in the calculation of the average number of shares during the period. (84,474 shares in the current fiscal year)

(Significant subsequent events)

Conclusion of Share Exchange Agreement

The Company passed a resolution at the Board of Directors' meeting held on April 20, 2015 that the Company would make a share exchange making the Company a wholly-owning parent company in the share exchange and CHUGAI KASEI CO., LTD. a wholly-owned subsidiary in the share exchange, concluding the share exchange agreement effective April 20, 2015.

For details of the share exchange, please refer to the "Notice of the Conclusion of the Share Exchange Agreement Concerning the Conversion of CHUGAI KASEI CO., LTD. into a Wholly-owned Subsidiary through Simplified Share Exchange" announced on April 20, 2015. (only in Japanese)