

RYODEN
TRADING COMPANY, LIMITED

Global Solution Provider
ANNUAL REPORT 2015



PROFILE

The Ryoden Trading Group aims to achieve profitable and sustainable growth amid a constantly changing business environment. To do so, as we proceed in our transformation into a global corporation, we also aim to evolve into a “Global Solution Provider” which creates solutions with unique added value and provides them to customers.

The challenges clients face and the solutions required to solve them vary greatly depending on their line of business, management strategy, and orientation.

The Ryoden Trading Group offers a broad range of solution services in Japan and around the world. In the fields of Network Solutions, Building Management Solutions, Ecology Energy Solutions, Smart Industrial Solutions, Medical Solutions, HMI and Sensor Solutions, and Automotive Solutions, we deliver the optimum package by tapping Ryoden’s unique strengths.

Network Solutions

Delivering myriad solutions built around monitoring systems and harnessing the latest network technology

The age of big data has arrived, and with it new advances in network technology. By capitalizing on the latest technological trends, Ryoden brings greater sophistication to networked monitoring systems and other such solutions. We know how to apply monitoring system technology and recognition and identification algorithms in a host of fields.



Building Management Solutions

Remote monitoring of building facilities nationwide

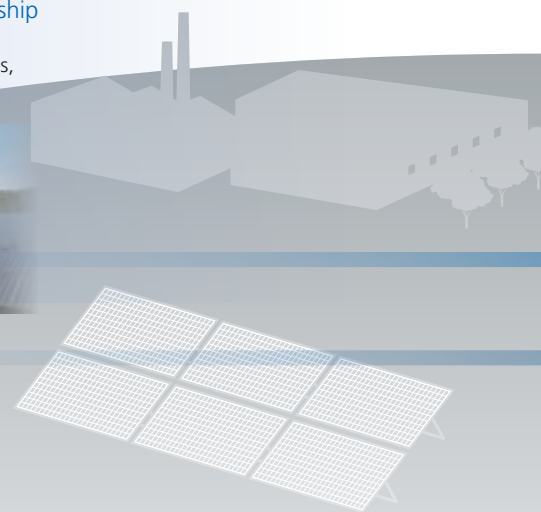
Our solutions allow remote inspection, monitoring, control, and meter reading of building facilities 24 hours a day, 365 days a year anywhere in Japan.



Ecology Energy Solutions

An excellent record of global environmental stewardship

The growing importance of energy conservation and management has focused increasing interest on EMS solutions, which enable centralized management of energy use on the production line and in the office. Ryoden delivers optimal solutions in a wide range of fields by applying its expertise as a trading firm with an excellent record of global environmental stewardship.



CONTENTS

01	Profile	14	Consolidated Balance Sheets
03	Financial Highlights	16	Consolidated Statements of Income
05	Letter to Our Shareholders	17	Consolidated Statements of Comprehensive Income
06	Management Policies	18	Consolidated Statements of Changes in Net Assets
07	Review of Operations	19	Consolidated Statements of Cash Flows
	07 Industrial & Ecology Systems	20	Notes to Consolidated Financial Statements
	08 Electronics	35	Independent Auditor's Report
09	Global Strategy	36	Stock Information
10	Topics	37	Corporate Information
11	Corporate Governance		

Smart Industrial Solutions

Maximizing efficiency, safety, and comfort

The industrial market has seen considerable advances in production process visualization as well as enhanced efficiency, safety, and comfort on the production line.

Ryoden makes use of its extensive experience to offer solutions tailored exactly to its clients' increasingly diverse requirements.



Medical Solutions

Providing medical institutions with comprehensive support in case of disasters

We help medical institutions to disaster-proof themselves so that damage is minimized in case of earthquake, blackouts, or momentary power failures.



HMI and Sensor Solutions

Solutions adaptable to a wide range of environments and applications

Today human-machine interfaces (HMIs) affect the value of many different products, and the HMI field has limitless potential for expansion. Ryoden delivers solutions adaptable to a wide range of environments and applications in such fields as office automation, automobiles, and manufacturing of assembled machine tools.



Automotive Solutions

Bringing you systems for streamlining production and for optimizing safety during next-generation vehicle development

We capitalize on our experience and technical expertise in components and systems to construct a management system for optimizing your facilities. We also recommend virtual development environment systems for designing safer, more comfortable vehicles, including ADAS and HUD technology.

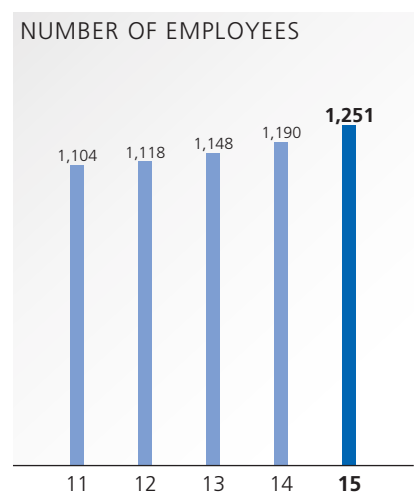
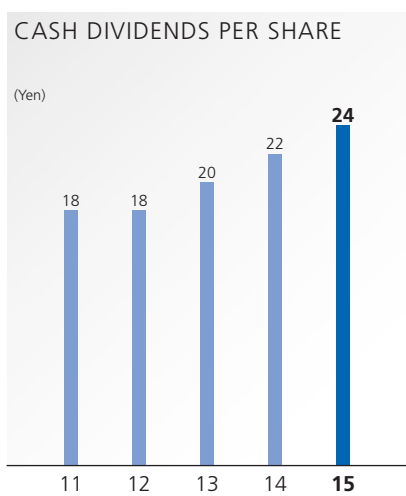
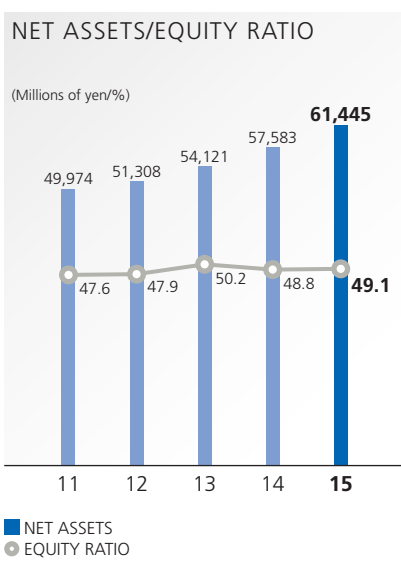
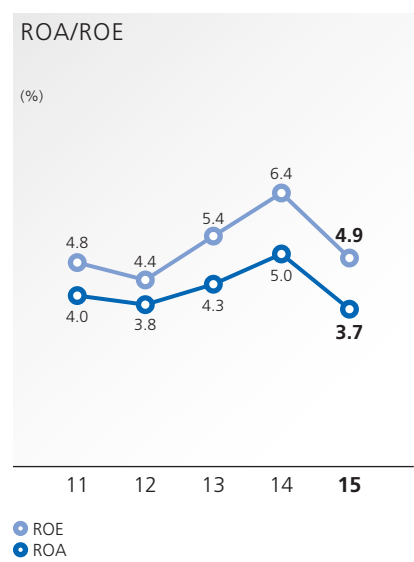
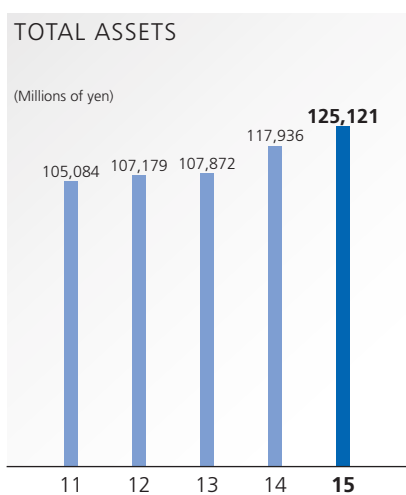
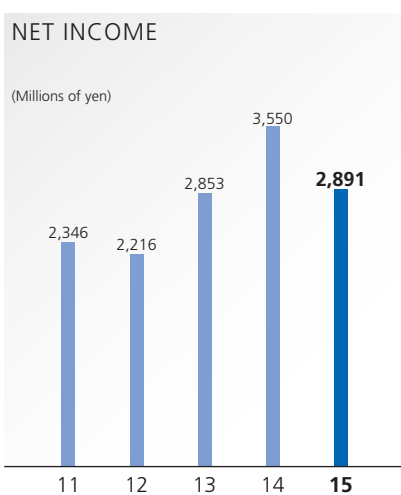
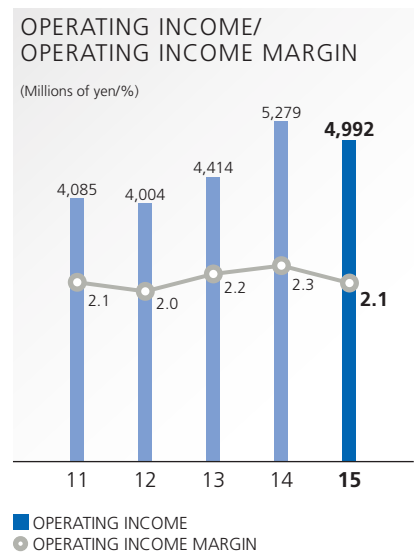
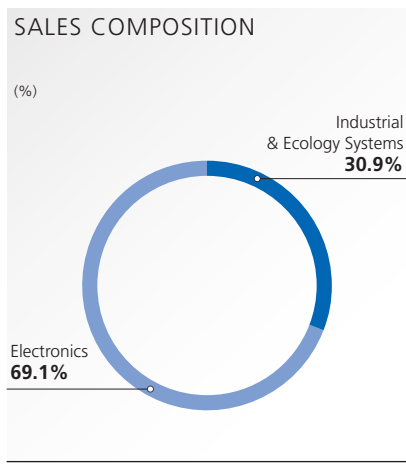
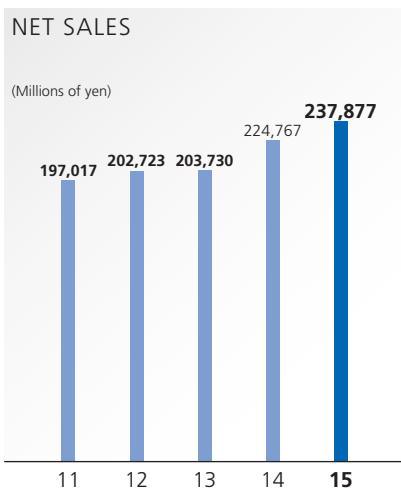


FINANCIAL HIGHLIGHTS

Ryoden Trading Company, Limited and Consolidated Subsidiaries

Years ended March 31					Millions of yen	Thousands of U.S. dollars
	2011	2012	2013	2014	2015	2015
Business Results						
Net sales	¥197,017	¥202,723	¥203,730	¥224,767	¥237,877	\$1,982,310
Overseas sales	39,113	36,981	49,177	63,857	66,342	552,850
Ratio of overseas sales (%) . . .	19.9	18.2	24.1	28.4	27.9	–
Operating income	4,085	4,004	4,414	5,279	4,992	41,607
Net income	2,346	2,216	2,853	3,550	2,891	24,094
Financial position						
Total assets	¥105,084	¥107,179	¥107,872	¥117,936	¥125,121	\$1,042,677
Net assets	49,974	51,308	54,121	57,583	61,445	512,039
Interest-bearing debt	1,584	973	2,123	2,586	2,706	22,552
Cash flows						
Cash flows from operating activities	¥ (7,069)	¥ 528	¥ 11,124	¥ 778	¥ (4,170)	(34,741)
Cash flows from investing activities	4,293	3,875	(269)	(1,920)	(1,230)	(10,254)
Cash flows from financing activities	802	(1,332)	(245)	(994)	(1,087)	(9,063)
					Yen	U.S. dollars
Per share data						
Net income (loss) per share	54.03	51.06	65.74	81.84	66.70	0.556
Net assets per share	1,151.28	1,182.20	1,247.15	1,328.51	1,417.10	11.809
Cash dividends per share	18	18	20	22	24	0.200
						%
Principal financial data						
Operating income margin	2.1	2.0	2.2	2.3	2.1	
Return on equity	4.8	4.4	5.4	6.4	4.9	
Return on assets	4.0	3.8	4.3	5.0	3.7	
Equity ratio	47.6	47.9	50.2	48.8	49.1	
Number of employees	1,104	1,118	1,148	1,190	1,251	

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120 = \$1, the approximate exchange rate prevailing on March 31, 2015.



Note: Beginning with the fiscal year ended March 31, 2015, the reporting segment "Semiconductor and Electronic Devices" was renamed "Electronics". The change of the segment name has no impact on segment information.

The Year in Review

During the fiscal year ended March 31, 2015, although the moderate recovery of the global economy proceeded, supported by robust growth of the U.S. economy, the outlook remained uncertain in light of slowing growth of emerging economies and stalling of the recovery of the European economies.

On the other hand, Japan's economy remained on a moderate recovery track, owing to improvement of corporate earnings and recovery of capital investment reflecting the weak yen and high stock prices despite the after-effects of the rush of demand before the consumption tax increase.

Among the business sectors that affect the Ryoden Trading Group, although the slump in the digital consumer electronics industry persisted, the business performances of the industrial machinery and equipment industry and automobile-related and energy-related industries were generally robust.

In this economic climate, in order to evolve into a "Global Solution Provider" that offers value-added content to customers worldwide, the Ryoden Trading Group implemented measures from its three-year medium-term management plan "GSP 15" (Growth Strategy Plan 2015). In the second year of the plan, with the aim of accelerating the solution business, the Group conducted structural reorganization, including integration of divisions for the solution business and establishment of an organization dedicated to solutions, striving to let the solution business evolve. The Group also expanded its business bases in Japan, the U.S., and Southeast Asia to further enrich customer-focused activities.

As a result, net sales for the fiscal year under review increased 5.8% year on year to ¥237,877 million. Operating income was ¥4,992 million, a decrease of 5.4%, ordinary income was ¥4,505 million, a decrease of 20.1%, and net income was ¥2,891 million, a decrease of 18.6%.

The principal factor accounting for the profit decrease was payment of ¥1,688 million for settlement of a conflict concerning interpretation of a contract with a certain supplier regarding the method of determining purchase prices.

Outlook for the Next Term

In the next fiscal period, the recovery of the global economy is expected to continue owing to firm growth of the U.S. economy and moderate recovery of European economies, despite uncertainties such as slowing growth of emerging economies.

Turning to Japan, optimism concerning prospects for economic recovery is likely to persist owing to rising exports supported by the weaker yen and increasing capital investment due to recovery of business sentiment.

Responding to dynamic change of the business environment both in Japan and globally, the Ryoden Trading Group will move forward in the final year of its medium-term management plan. Accelerating measures for the Group's evolution into a "Global Solution Provider," the Group will pursue a "growth with profit" strategy, aiming to become a company that contributes to society through its high corporate value and sustainable business.

Our forecast for performance in the fiscal year ending March 31, 2016 is consolidated net sales of ¥248.0 billion, operating income of ¥6.5 billion, ordinary income of ¥6.5 billion, and net income of ¥4.4 billion.



Satoshi Yamashita, President



Basic Management Policies

The Ryoden Trading Group's management principle is to seek to contribute to society by developing business practices appropriate for the 21st century while fulfilling its corporate social responsibility (CSR). In pursuing those goals the Group is guided by the following basic management policies: pursue stability and growth in corporate management; gain customer confidence through sincerity in sales activities combined with advanced technologies; respect employees' personalities and individuality; nurture human resources to achieve a high degree of expertise, reform spirit, and creativity; and carry out social contribution activities. The Company formulates action policies to guide its daily activities in order to gain further trust for its corporate brand in the communities in which it operates and strives to meet the mandates and expectations of its shareholders, business partners, and employees.

Operating Targets and Management Performance Indicators

With a view to increasing shareholder value, the Ryoden Trading Group is proceeding with its growth strategy and placing management emphasis on profitability. The Group will endeavor to improve profitability using an operating margin of 3.5% as its key management performance indicator.

Management Strategies and Issues to Be Addressed in the Medium to Long Term

Precisely because of the severe fluctuations in our current business environment, now is the time for the Group to push forward with its "Second inauguration of business," transforming itself into a global company. In evolving into a "Global Solution Provider" that offers value-added content to customers worldwide, we will promote a "growth with profit" strategy, achieve sustainable high corporate value, and aim to be a company that contributes to society.

In the fiscal year ending March 31, 2016, the final year of our three-year medium-term management plan, by further accelerating the implementation of these core strategies, we will meet diversifying and changing customer needs as a "Global Solution Provider."

① Accelerating global market strategies

In addition to our traditional business activities in East Asian markets, mainly the greater China market, we will aggressively invest our business resources in East Asia, which is developing into a major economic region, proceeding with business expansion and development of new markets. In conjunction with these efforts, we will strengthen our corporate functions in each local area to support the acceleration of our globalization.

② Strengthening business solution provider capabilities

We want to evolve into a trading company that can provide high-value-added content deserving of being considered our customers' best partner. To that end, we will endeavor to strengthen our business solution provider capabilities, such as technology, procurement and quality control, and SCM system capabilities and business creativity. Moreover, we will aim to enhance customer satisfaction.

③ Building strategic partnership networks

We will seek to form the strategic partnerships necessary to accelerate our global market strategies and strengthen our business solution provider capabilities. Building a solid collaborative network of strategic partnerships globally, we will aim to provide customers with greater high-value-added content.

④ Improving consolidated earnings power

We will implement measures to improve the earning power of the corporate group and maintain and expand our sustained growth cycle. Among other actions, we will strategically invest in growth fields and markets, provide high-value-added business solutions, achieve highly efficient operations, and optimally allocate our human resources worldwide.

⑤ Reinforcing management systems

Progressing with reform of our business structure to suit global growth fields and markets, we will promote in a planned and ongoing manner the nurturing and efficient use of human resources appropriate to those efforts. In addition, we will proceed with building a solid corporate organization by fortifying business management with the goals of reinforcing our financial base, which will lead to increased shareholder value, and promoting business investment that supports our growth strategy.

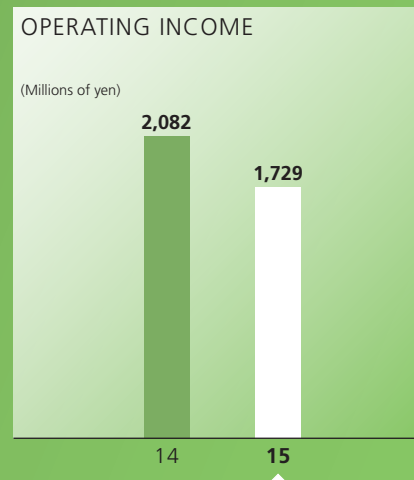
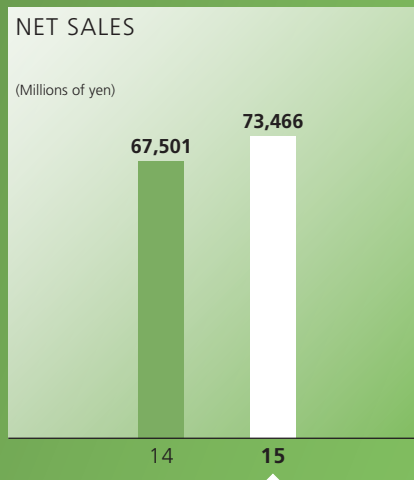
⑥ Promoting CSR managements

Along with our efforts to thoroughly implement social action programs and comply with laws and corporate ethics, we will aim to fulfill our corporate social responsibilities by firmly maintaining an internal control system and to achieve sustainable operations.

Management Targets (FY2015: Consolidated basis)

Fiscal 2015	
Net sales	2,700 billion yen
Overseas sales ratio	more than 35%
Operating margin	more than 3.5%

INDUSTRIAL & ECOLOGY SYSTEMS



2015
73,466 Millions of yen
8.8% UP

2015
1,729 Millions of yen
17.0% DOWN

FA Systems sales increased substantially owing to buoyant production levels in the Ryoden Trading Group's core markets of manufacturing equipment for semiconductors and liquid crystal panels and displays and machine tools, as well as robust capital investment related to automotive production.

Sales of air conditioning and refrigeration systems declined because the number of projects for large-scale environmental engineering companies decreased centering on major urban areas, although replacement demand related to efforts to reduce power consumption and conserve energy resources was firm.

In the building systems and information and communication sector, sales of products and materials for renewable energy systems were robust and sales of medical and security systems also increased. However, sluggish sales of elevators and IT-related products, which are the segment's core products, resulted in a significant decrease in the sector's total sales.

Sales of Industrial & Ecology Systems-related subsidiaries increased greatly, thanks to robust sales of FA systems overseas, although in Japan, electrical installation sales were sluggish, principally for solar cell power generation systems, and domestic sales of maintenance and other services for air conditioning and refrigeration systems were robust.



Kurihara Solar Power Generation Plant of the Company (Miyagi Prefecture)

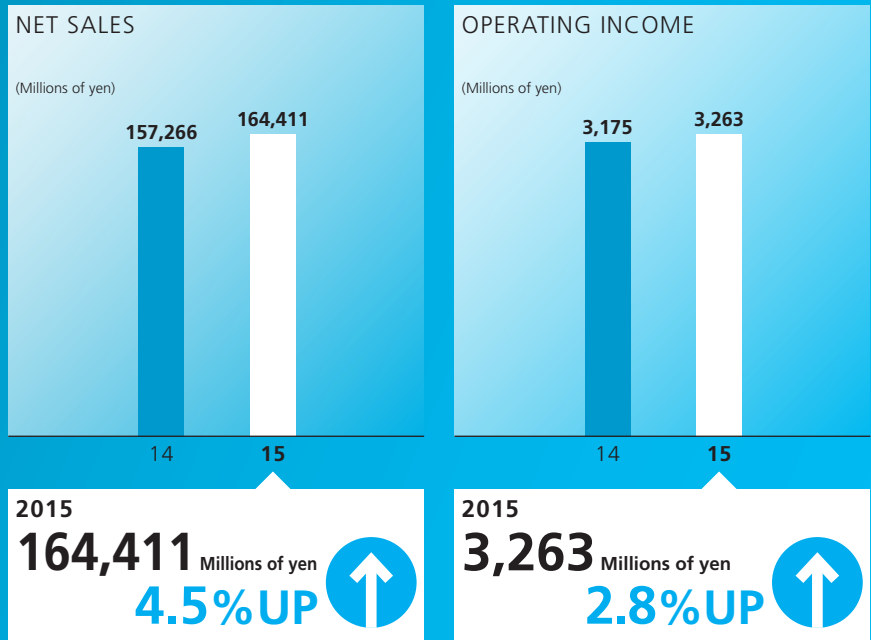


AC servo system of Mitsubishi Electric Corporation



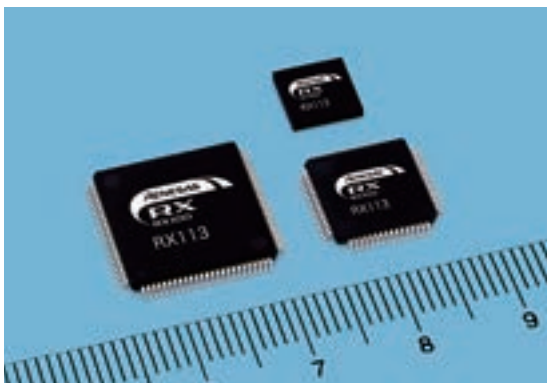
Package air conditioner manufactured by Mitsubishi Electric Corporation

ELECTRONICS



In Japan, sales of automotive-related electronic products for overseas markets, notably Europe and the U.S., were brisk and sales of industrial equipment-related electronic products increased reflecting robust performance of the FA-related business and the energy conservation-related business.

Overseas subsidiaries recorded higher sales because of strong sales of electronic components for office automation-related equipment in Asia and strong sales of electronic components for automotive-related markets in Europe, the U.S. and Asia.



High-performance, low-power-consumption 32-bit microprocessor manufactured by Renesas Electronics Corporation



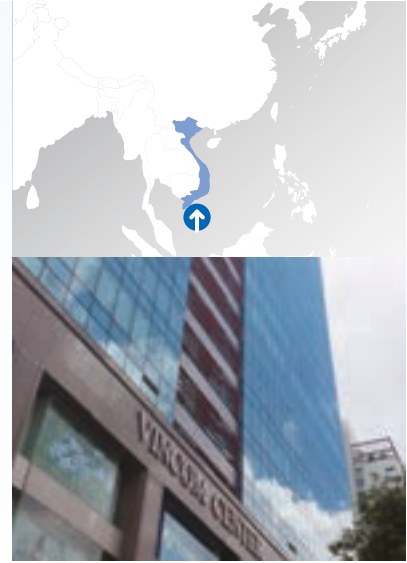
TFT LCD module with intelligent GUI for industrial applications manufactured by Mitsubishi Electric Corporation

VIETNAM H Chí Minh

Opened New Bases in Rapidly Growing Southeast Asia

Positioning Southeast Asia, which is noted for its rapid economic development, as the Group's priority region, the Southeast Asia Strategy Headquarters in Singapore is spearheading the Group's accelerated promotion of the solution business in the region by formulating the Group's strategy for the markets of Southeast Asia from a wide perspective.

In order to expand our bases in Southeast Asia, we opened a branch of Thai subsidiary RYOSHO (THAILAND) Co., Ltd in Si Racha, Thailand, in October 2014 and the representative office of the Company in Ho Chi Minh City, Vietnam, in November 2014, following the establishment of an Indonesian subsidiary that began operations in December 2013.

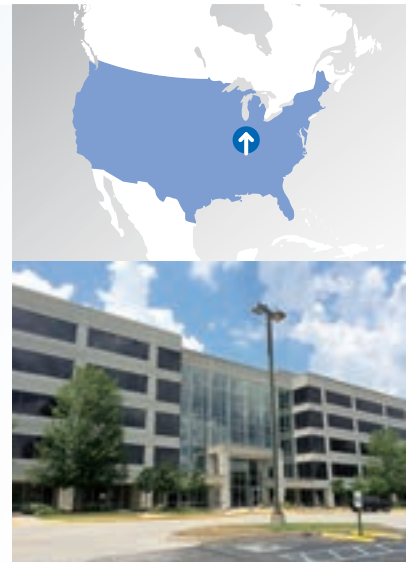


U.S.A. Indianapolis

Promotion of the Solution Business in North America

To expand the Group's business and reinforce the sales structure in North America, a branch of U.S. subsidiary RYOSHO U.S.A., Inc. was opened in Indianapolis, Indiana, in June 2014. The Indianapolis Branch, in cooperation with the San Jose Headquarters and the Atlanta Branch, is promoting the solution business for automotive production facilities and aims to expand business in the northeastern region of the U.S.

Going forward, as well as identifying promising new merchandise and new technologies, RYOSHO U.S.A., Inc. will capitalize on the Group's diverse product capabilities and support network to address the in-vehicle equipment market and the industrial equipment market. Ryosho U.S.A., Inc. will also focus on the Latin American market, where prospects for growth are promising, to promote the Group's solution business.

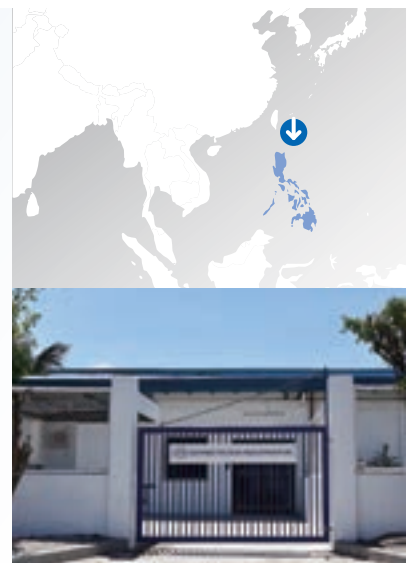


Republic of the Philippines

Establishment of a Subsidiary in the Philippines

In recent years, the Philippines, with a population of around 100 million, has been reassessed as an attractive destination for investment in view of its potential domestic demand and competitive labor costs. The Group also views the Philippines as an important base in Southeast Asia, a strategically important region, and established subsidiary RYOSHO TECHNO PHILIPPINES INC. in the suburbs of Manila in October 2014.

We will tie up with manufacturing companies in the Philippines Economic Zone Authority (PEZA) that have specialized processing capabilities in casting, plating, molding, etc., and create competitive "processing solutions" in the Philippines, a country with rapid growth, based on new ideas as a trading company serving customers in Japan and Southeast Asia.



Participation in the Hannover Messe 2015

The Group participated for the first time in Hannover Messe 2015, the world's largest trade fair for industrial automation and other technologies, held from April 13 to 17, 2015 in Hannover, Germany. Hannover Messe 2015 attracted 220,000 visitors.

Led by RYOSHO EUROPE GmbH based in Frankfurt, the Group companies gathered to unveil their latest solutions and proposed diverse solutions for industrial systems and other application fields.

With regard to wearable solutions, many visitors had opportunities to try our glasses-type terminals. For hydrogen-based power generation solutions, we conducted a demonstration of power generation at an outdoor booth, which was covered by a local daily paper.

We will continue to cultivate business through partnerships with European manufacturers and integrators with excellent technological capabilities, while also promoting sales in Japan and the various business bases in Asia.



Participation in Automotive World 2015

The Group participated in Automotive World 2015, Asia's largest exhibition of the latest automotive technologies, held at Tokyo Big Sight from January 14 to 16, 2015. The Group first participated in the exhibition in 2012 and has done so for four successive years. In cooperation with 33 partner companies and universities, we exhibited comprehensive solutions extending from the development environment and production of devices and components to be incorporated in products to production facilities.

Automotive World 2015 attracted 86,000 visitors according to the organizer. Ryoden Trading's booth attracted 1,247 visitors, centering on automotive manufacturers and major suppliers, and the exhibition was a great success for us. We have already received orders related to some themes that led to detailed business discussions and will continue to follow up on these and other projects in cooperation with branch offices.

We invited executives of our customers, including prospective customers, and partner companies to Automotive World 2015. It was a valuable opportunity to publicize our solutions, get to know new customers, and strengthen relationships with partner companies.



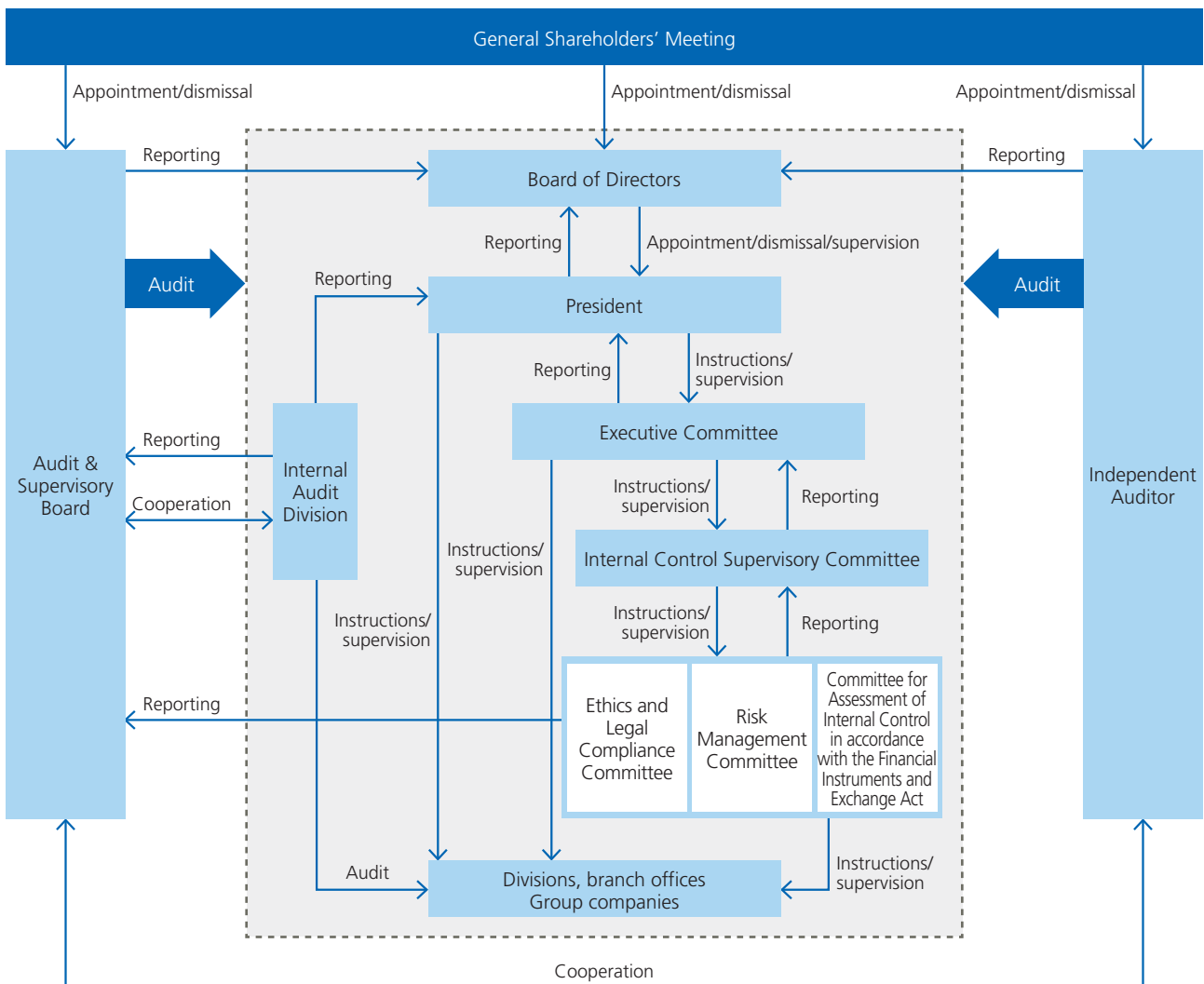
OUTLINE OF CORPORATE GOVERNANCE SYSTEM AND REASONS FOR ADOPTING THE SYSTEM DESCRIBED

The Company has adopted the Audit & Supervisory Board System and appointed one Outside Director and two Outside Audit & Supervisory Board Members. The Outside Director, drawing on his experience and perspectives as an executive in the electric and electronics industry, states his opinions concerning matters to be resolved and reported at meetings of the Board of Directors, as necessary, and provides advice concerning operations and supervises their execution. Outside Audit & Supervisory Board Members, from their objective and independent stances, monitor and oversee the status of

management execution in cooperation with Standing Audit & Supervisory Board Members and conduct audits to ascertain whether the execution of duties by Directors is in compliance with laws and regulations and the Company's Articles of Incorporation through examination of the design and operation of internal control systems of the Company and the Group. Thus, the system is designed to ensure effective corporate governance at the Company and throughout the Group.

The corporate governance structure is shown below.

CORPORATE GOVERNANCE STRUCTURE



The Company revised its basic policies on design of internal control systems at the meeting of the Board of Directors held on April 27, 2015. The current basic policies on internal control systems are as follows.

1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Company's Articles of Incorporation

- (1) The Company recognizes that ensuring thorough compliance as a high-priority issue, and has established compliance rules. The Company strives to ensure that all Directors and employees of the Company and the Group are aware of the compliance rules and are thoroughly educated concerning the said rules.
- (2) To reinforce and enrich internal control systems of the Company and the Group, the Internal Control Supervisory Committee has been established, which is chaired by the President and supervises the status of activities concerning internal control.
- (3) To achieve complete compliance, the Company has established the Ethics and Legal Compliance Committee, which is chaired by the Director in charge of compliance. The committee periodically determines and enforces compliance promotion matters. The Internal Audit Division monitors the state of compliance observation of the Company and the Group.
- (4) The Company includes a provision in the "Ryoden Trading Group Action Guidelines" to the effect that a resolute stance will be taken against anti-social forces, ensures that all Directors and employees of the Company and the Group adopt this stance, and arranges a system to this end.
- (5) If Directors and/or employees of the Company or the Group become aware of behavior that is or may be in violation of compliance rules, they can report the incident using a hotline system and will receive no disadvantageous treatment.

2. Systems for filing and managing information concerning the execution of duties by Directors

As provided in its company rules, the Company appropriately files and manages documents required to be retained by law as well as other important documents and related materials (including magnetic records) and maintains them and ensures that they are accessible when the need arises.

3. Rules and other systems relating to management of risks of loss

The Company determines Basic Rules on Risk Management concerning risk management of the Company and the Group and, through a Risk Management Committee chaired by the Director in charge of Risk Management, identifies risks and devises countermeasures based on the likelihood of occurrence, the level of impact, etc. Important matters are discussed by the Executive Committee and the Board of Directors. In this way, the Company implements multifaceted risk management throughout the Group.

4. Systems for ensuring efficient execution of duties by Directors

- (1) To achieve transparency in its business and speedy decision-making, the Company carries out wide-ranging deliberations on important matters concerning the Company and the Group in its Executive Committee, the members of which are principal Directors.
- (2) The Board of Directors determines the division of professional duties and areas of professional competence in each organization, clarifies the professional competence and responsibility of each organization, and arranges a system for the correct and efficient execution of professional duties.
- (3) To ensure efficiency in practice, the Board of Directors clearly establishes targets for the Company and each Group company for each fiscal year, and supervises managers' fulfillment of those targets.

5. System for ensuring appropriate operations at the Group

- (1) The Company requires that Group companies report or receive approval for important matters before implementation.
- (2) The Audit & Supervisory Board Members of Group companies and the Company's Audit & Supervisory Board Members and Internal Audit Division share information and cooperate in conducting audits of Group companies to ensure the proper conduct of the Group as a whole.

6. Systems for ensuring the correctness of financial reports

The Company arranges a system for ensuring the correctness and reliability of financial reports of the Company and the Group, and periodically evaluates the effectiveness of the system.

7. Matters concerning employees when Audit & Supervisory Board Members request the assignment of employees to assist them in their duties

When Audit & Supervisory Board Members deem it necessary, employees may be assigned to assist Audit & Supervisory Board Members, subject to discussion with the Directors.

8. Matters concerning independence from the Directors of the employees assigned to assist Audit & Supervisory Board Members in their duties and ensuring effective implementation of the instructions issued by Audit & Supervisory Board Members to the employees

- (1) When employees are assigned to Audit & Supervisory Board Members, Directors and Audit & Supervisory Board Members discuss and agree on items regarding authority over the said staff beforehand.
- (2) Such employees comply exclusively with instructions issued by Audit & Supervisory Board Members.

9. System for Directors and employees to report to Audit & Supervisory Board Members and other systems for reporting to Audit & Supervisory Board Members

- (1) Directors and employees of the Company and the Group report to the Audit & Supervisory Board on the situation about the deliberations of important meetings, the results of internal audits, and important matters regarding business execution of the Company or Group companies. Items with the potential to have a major impact on the Company or Group companies are also reported promptly to the Audit & Supervisory Board.
- (2) The Company's department in charge of the hotline system periodically reports to the Company's Audit & Supervisory Board Members concerning the situation of internal reporting by Directors and employees of the Company and the Group.
- (3) When asked by the Audit & Supervisory Board Members to report on an item regarding business execution, Directors and employees of the Company and the Group report on the said item without delay.
- (4) No Directors or employees of the Company and the Group that report to the Company's Audit & Supervisory Board Members will receive disadvantageous treatment on the ground of making such report.

10. Other systems for ensuring the effectiveness of audits by Audit & Supervisory Board Members

- (1) When deemed necessary for their work, Audit & Supervisory Board or Audit & Supervisory Board Members may contract with legal counsel, certified public accountants or other advisors.
- (2) The Audit & Supervisory Board Members exchange information with the Company's Independent Auditor and the Audit & Supervisory Board Members of the Group companies and collaborate in achieving effective audits of the Company and the Group companies.
- (3) When Audit & Supervisory Board Members request the Company for advance payment or reimbursement of expenses incurred in execution of their duties, the Company pays such expenses or processes obligations without delay unless otherwise deemed unnecessary for Audit & Supervisory Board Members' execution of duties.

FINANCIAL SECTION

CONSOLIDATED BALANCE SHEETS

Ryoden Trading Company, Limited and Consolidated Subsidiaries
March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Assets			
Current assets:			
Cash and time deposits (Note 14)	¥ 15,419	¥ 14,058	\$ 128,493
Marketable securities (Note 14 and 15)	454	201	3,781
Trade receivables: (Note 14)			
Notes	11,731	10,622	97,758
Accounts	52,722	48,032	439,349
Merchandise inventories	21,670	18,010	180,587
Deferred tax assets (Note 19)	712	754	5,934
Short-term loans (Note 14)	—	7,498	—
Prepaid expenses and other current assets	6,225	3,477	51,877
Allowance for doubtful accounts	(93)	(94)	(778)
Total current assets	108,840	102,558	907,001
Property and equipment:			
Land	3,101	3,101	25,839
Buildings	2,612	2,511	21,768
Equipment and fixtures	2,142	1,884	17,852
Less accumulated depreciation	(3,004)	(2,870)	(25,033)
Construction in progress	30	2	246
Total property and equipment	4,881	4,628	40,672
Intangible assets	575	578	4,796
Investments and other assets:			
Investments in unconsolidated subsidiaries and an affiliate (Note 14)	1,122	1,037	9,348
Investments in other securities (Note 14 and 15)	7,311	6,559	60,922
Deferred tax assets (Note 19)	132	636	1,099
Other (Note 5)	2,301	1,986	19,184
Allowance for doubtful accounts	(41)	(46)	(345)
Total investments and other assets	10,825	10,172	90,208
Total assets	¥ 125,121	¥ 117,936	\$ 1,042,677

See the accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Note 3 and 14)	¥ 2,706	¥ 2,586	\$ 22,552
Trade payables: (Note 5 and 14)			
Notes	5,745	5,209	47,877
Electronically recorded obligations operating	8,908	9,020	74,235
Accounts	38,195	34,593	318,288
Advances from customers	220	135	1,830
Accrued expenses	1,386	1,281	11,548
Accrued income taxes	461	1,221	3,840
Other current liabilities	1,588	1,676	13,246
Total current liabilities	59,209	55,721	493,416
Long-term liabilities:			
Net defined benefit liability (Note 17)	3,280	3,363	27,335
Other long-term liabilities	1,187	1,269	9,887
Total long-term liabilities	4,467	4,632	37,222
Total liabilities	63,676	60,353	530,638
Contingent liabilities (Note 6)			
Net assets: (Note 21)			
Stockholders' equity:			
Common stock:			
Authorized—113,100,000 shares			
Issued—45,649,955 shares	10,334	10,334	86,119
Capital surplus	7,381	7,375	61,508
Retained earnings (Notes 4 and 22)	41,586	39,944	346,547
Treasury stock, at cost: 2,303,395 shares at March 31, 2015 and 2,306,043 shares at March 31, 2014	(857)	(852)	(7,150)
Total stockholders' equity	58,444	56,801	487,024
Accumulated other comprehensive income:			
Unrealized holding gains on securities	1,744	986	14,537
Translation adjustments	1,426	512	11,885
Remeasurements of defined benefit plans	(187)	(716)	(1,560)
Total accumulated other comprehensive income	2,983	782	24,862
Subscription rights to shares	18	—	153
Total net assets	61,445	57,583	512,039
Total liabilities and net assets	¥ 125,121	¥ 117,936	\$ 1,042,677

See the accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net sales (Note 7)	¥ 237,877	¥ 224,767	\$ 1,982,310
Cost of sales (Note 7)	213,812	201,927	1,781,763
Gross profit	24,065	22,840	200,547
Selling, general and administrative expenses (Note 8)	19,073	17,561	158,940
Operating income	4,992	5,279	41,607
Other income:			
Interest and dividends income	207	180	1,723
Equity in earnings of an affiliate	25	65	212
Other (Note 9)	555	335	4,627
	787	580	6,562
Other expenses:			
Interest expense	55	54	456
Settlement payment	1,047	—	8,722
Other (Note 10)	172	164	1,445
	1,274	218	10,623
Income before income taxes and minority interests	4,505	5,641	37,546
Income taxes (Note 19)			
Current	1,489	2,073	12,412
Deferred	125	18	1,040
Income before minority interests	2,891	3,550	24,094
Net income (Note 21)	¥ 2,891	¥ 3,550	\$ 24,094

See the accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Comprehensive income from operating activities:			
Income before minority interests	¥ 2,891	¥ 3,550	\$ 24,094
Other comprehensive income(loss): (Note 13)			
Unrealized holding gain (loss) on securities	763	424	6,362
Translation adjustments	914	1,119	7,617
Remeasurement of defined benefit plans	529	—	4,405
Share of other comprehensive income of associates accounted for by using equity method	(5)	3	(39)
Total other comprehensive income (loss)	2,201	1,546	18,345
Total comprehensive income	¥ 5,092	¥ 5,096	\$ 42,439
Total comprehensive income attributable to:			
Owners of the parent	¥ 5,092	¥ 5,096	\$ 42,439
Minority interests	—	—	—

See the accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

Millions of yen

	Stockholders' equity					Accumulated other comprehensive income						Total net assets
	Common stock		Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Unrealized holding gains on securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	
	Number of shares	Amount										
Balance at March 31, 2013	45,649,955	10,334	7,375	37,275	(816)	54,168	559	(607)	—	(48)	—	54,120
Net income for the year	—	—	—	3,550	—	3,550	—	—	—	—	—	3,550
Cash dividends	—	—	—	(867)	—	(867)	—	—	—	—	—	(867)
Change of scope of consolidation	—	—	—	(14)	—	(14)	—	—	—	—	—	(14)
Purchase of treasury stock	—	—	—	—	(36)	(36)	—	—	—	—	—	(36)
Disposal of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—
Net change during the year	—	—	—	—	—	—	427	1,119	(716)	830	—	830
Balance at March 31, 2014	45,649,955	¥ 10,334	¥ 7,375	¥ 39,944	¥ (852)	¥ 56,801	¥ 986	¥ 512	¥ (716)	¥ 782	—	¥ 57,583
Cumulative effects of changes in accounting policies(Note 2)	—	—	—	(209)	—	(209)	—	—	—	—	—	(209)
Restated Balance	45,649,955	10,334	7,375	39,735	(852)	56,592	986	512	(716)	782	—	57,374
Net income for the year	—	—	—	2,891	—	2,891	—	—	—	—	—	2,891
Cash dividends	—	—	—	(1,040)	—	(1,040)	—	—	—	—	—	(1,040)
Change of scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	(12)	(12)	—	—	—	—	—	(12)
Disposal of treasury stock	—	—	6	—	7	13	—	—	—	—	—	13
Net change during the year	—	—	—	—	—	—	758	914	529	2,201	18	2,219
Balance at March 31, 2015	45,649,955	¥ 10,334	¥ 7,381	¥ 41,586	¥ (857)	¥ 58,444	¥ 1,744	¥ 1,426	¥ (187)	¥ 2,983	¥ 18	¥ 61,445

Thousands of U.S. dollars (Note 1)

	Stockholders' equity					Accumulated other comprehensive income						Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Unrealized holding gains on securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares		
	Balance at March 31, 2014	\$ 86,119	\$ 61,462	\$ 332,863	\$ (7,106)	\$ 473,338	\$ 8,215	\$ 4,269	\$ (5,966)	\$ 6,518	\$ —	
Cumulative effects of changes in accounting policies(Note 2)	—	—	(1,741)	—	(1,741)	—	—	—	—	—	(1,741)	
Restated Balance	86,119	61,462	331,122	(7,106)	471,597	8,215	4,269	(5,966)	6,518	—	478,115	
Net income for the year	—	—	24,094	—	24,094	—	—	—	—	—	24,094	
Cash dividends	—	—	(8,669)	—	(8,669)	—	—	—	—	—	(8,669)	
Change of scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	
Purchase of treasury stock	—	—	—	(103)	(103)	—	—	—	—	—	(103)	
Disposal of treasury stock	—	46	—	59	105	—	—	—	—	—	105	
Net change during the year	—	—	—	—	—	6,322	7,616	4,406	18,344	153	18,497	
Balance at March 31, 2015	\$ 86,119	\$ 61,508	\$ 346,547	\$ (7,150)	\$ 487,024	\$ 14,537	\$ 11,885	\$ (1,560)	\$ 24,862	\$ 153	\$ 512,039	

See the accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Ryoden Trading Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash flows from operating activities:			
Income before income taxes	¥ 4,505	¥ 5,641	\$ 37,546
Depreciation	579	431	4,824
Provision for (reversal of) allowance for doubtful accounts	(6)	15	(56)
Provision for retirement benefits	1	(223)	10
Increase (decrease) in net defined benefit liability	242	391	2,020
Interest and dividends income	(207)	(180)	(1,723)
Interest expense	55	54	456
Equity in earnings of an affiliate	(25)	(65)	(212)
Loss (gain) on disposal or sales of property and equipment	3	2	29
Loss (gain) on sales of investment securities	(31)	(1)	(264)
Decrease (increase) in trade receivables	(4,604)	(4,401)	(38,368)
Decrease (increase) in merchandise inventories	(3,004)	(1,342)	(25,036)
Increase (decrease) in trade payables	2,889	2,872	24,079
Other, net	(2,468)	(711)	(20,569)
Subtotal	(2,071)	2,483	(17,264)
Interest and dividends received	226	191	1,880
Interest paid	(55)	(54)	(458)
Income taxes paid	(2,268)	(1,842)	(18,899)
Net cash provided by (used in) operating activities	(4,168)	778	(34,741)
Cash flows from investing activities:			
Acquisition of marketable securities	(1,000)	—	(8,333)
Proceeds from redemption of marketable securities	1,478	1,000	12,320
Acquisition of property and equipment	(788)	(603)	(6,569)
Proceeds from sales of property and equipment	6	3	50
Acquisition of intangible assets	(225)	(269)	(1,876)
Acquisition of investment securities	(1,047)	(2,429)	(8,724)
Proceeds from sales of investment securities	497	439	4,140
Other, net	(151)	(61)	(1,262)
Net cash provided by (used in) investing activities	(1,230)	(1,920)	(10,254)
Cash flows from financing activities:			
Net decrease (increase) in short-term loans	(46)	(88)	(385)
Net increase in treasury stock	0	(37)	1
Cash dividends paid	(1,041)	(869)	(8,679)
Net cash provided by (used in) financing activities	(1,087)	(994)	(9,063)
Effect on exchange rate changes on cash and cash equivalents	343	496	2,871
Net increase (decrease) in cash and cash equivalents	(6,142)	(1,640)	(51,187)
Increase in cash and cash equivalents resulting from inclusion of subsidiary in consolidation	—	314	—
Cash and cash equivalents at beginning of year	21,556	22,882	179,634
Cash and cash equivalents at end of year (Note 11)	¥ 15,414	¥ 21,556	\$ 128,447

See the accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The accompanying consolidated financial statements of Ryoden Trading Company, Limited (the "Company") and 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 Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation and accounting for investments in an affiliated company

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. The company over which the Company exercises significant influence in terms of its operating and financial policies has been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less when purchased are considered cash equivalents.

(c) Marketable securities and investment securities

Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(d) Merchandise inventories

The Company mainly applies the cost method based on the weighted-average method, which determines the amount of the inventories shown on the balance sheet by writing them down based on the decrease in their profitability.

(e) Allowance for doubtful accounts

Allowance for doubtful accounts is provided on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(f) Property and equipment

Property and equipment are stated at cost. Depreciation is computed principally by the declining-balance method at rates based upon the estimated useful lives of assets. In one of the consolidated subsidiaries, depreciation is computed by the straight-line method for a lease term. The range of useful lives is from 1 to 50 years for buildings and from 5 to 17 years for equipment and fixtures.

(g) Accounting for employees' retirement benefits

The Company recognizes pension and severance costs for employees based on the estimates of the pension obligations and the plan assets at the end of current fiscal year. The retirement benefit obligation is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees. Actuarial differences are amortized over a 12 year period, which is shorter than the average

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at the rate of ¥120= U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

remaining service period of employees, using the straight-line method from the following fiscal year when the difference was generated. Prior service cost is amortized as incurred over a 12 year period, which is shorter than the average remaining service period of employees using the straight-line method from the time when the prior services cost was generated. Certain consolidated subsidiaries adopt the simplified accounting method in calculating their net defined benefit liabilities and retirement benefit expenses. Under the simplified method, retirement benefit obligations are calculated as amounts paid for voluntary termination at the year-end.

(h) Leases

Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and relating payments are charged to income as incurred.

(i) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(j) Derivative financial instruments

The Company has entered into derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates. Derivative financial instruments are carried at fair value, with changes in unrealized gain or loss charged or credited to operations.

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet dates, except for assets and liabilities hedged by forward foreign exchange contracts.

All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gains and losses are credited or charged to income.

The revenue and expense accounts of the foreign consolidated subsidiaries are translated at the rate of exchange in effect at the balance sheet date. Except for the components of net assets, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

(l) Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

(m) Changes in accounting policies

Effective from the beginning of FY 2015, the Company adopted the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No.26, issued May 17, 2012, hereinafter referred as the "Accounting Standards for Retirement Benefits") and its accompanying implementation guidance, "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015) with respect to certain provisions described in Section 35 of the standard and in Section 67 of the guidance.

In applying these accounting standards, there was a change from the straight-line basis to the benefit formula basis as the method for attributing the expected retirement benefit to periods of service for the calculation of the retirement benefit obligation and service costs. Also, the Company has changed the method for determining the discount rate from using a discount rate based on the number of years approximate to the average remaining service period of employees to using a single weighted average discount rate that reflects the estimated timing and amount of the retirement benefit payments.

Concerning the application of these accounting standards, based on the provisional treatment set out in Section 37 of the accounting standards, the effects of such changes in FY2015 have been adjusted in the beginning balance of retained earnings.

As a result, beginning balance of net defined benefit asset decreased ¥124 million (\$1,035 thousand), beginning balance of net defined benefit liability increased ¥200 million (\$1,669 thousand), retained earnings decreased ¥208 million (\$1,741 thousand).

The impact of these changes on operating income, ordinary income and income before income taxes and minority interests for FY2015 is immaterial.

3. SHORT-TERM BANK LOANS

Short-term bank loans are unsecured and represented substantially by notes maturing within one year. The annual interest rates applicable to the loans outstanding were 0.8 % to 6.5 % in 2015 and 0.8 % to 6.1 % in 2014.

4. RETAINED EARNINGS

In accordance with the Corporation Law of Japan ("Law"), the Company has provided a legal reserve as an appropriation of retained earnings. This reserve amounted to ¥817 million (\$6,812 thousand) at March 31, 2015 and ¥817 million at March 31, 2014. The Law provides that the total of additional paid-in capital and the legal reserve, if less than one-quarter of the amount of common stock, is not available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the

shareholders or may be transferred to common stock by resolution of the Board of Directors. If the total amount of additional paid-in capital and the legal reserve exceeds one-quarter of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or in the form of dividends subject to the approval of the shareholders.

5. PLEDGED ASSETS

Pledged assets as collateral and collateral obligations at March 31, 2015 and 2014 each, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Pledged assets as collateral			
Long-term time deposit	¥ 11	¥ 30	\$ 92
Collateral obligations			
Trade notes and accounts payable	¥ —	¥ 0	\$ —

6. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries are contingently liable for guarantees of loans to employees and others, amounting to ¥405 million (\$3,377 thousand) and ¥459 million at March 31, 2015 and 2014, respectively.

7. RELATED PARTY TRANSACTIONS

Transactions with Mitsubishi Electric Corporation ("MELCO"), which holds 36.1% interest of the Company at March 31, 2015 and 2014 each, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
MELCO:			
Sales	¥ 18,991	¥ 17,177	\$ 158,262
Purchases	¥ 36,003	¥ 31,744	\$ 300,022

Sales and purchases prices were negotiated on an arm's-length basis based on the final retail prices of the Company.

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The components of selling, general and administrative expenses for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Transportation expenses	¥ 2,278	¥ 2,225	\$ 18,983
Salaries	5,998	5,554	49,983
Bonuses	2,340	2,139	19,498
Retirement benefit expenses	608	650	5,070
Welfare expenses	1,607	1,495	13,389
Rent	1,323	1,222	11,023
Depreciation and amortization	518	431	4,317

9. OTHER INCOME-OTHER

Other income—Other for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Foreign exchange gain	¥ 376	¥ 223	\$ 3,137
Other	179	112	1,490
	¥ 555	¥ 335	\$ 4,627

10. OTHER EXPENSES-OTHER

Other expenses—Other for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Sales discount	¥ 76	¥ 72	\$ 637
Other	96	92	808
	¥ 172	¥ 164	\$ 1,445

11. SUPPLEMENTAL CASH FLOW INFORMATION

Relations with the amount of money of a consolidated balance sheet of cash and cash equivalents as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash and time deposits	¥ 15,419	¥ 14,058	\$ 128,493
Time deposits over 3months	(5)	—	(46)
Short-term loans	—	7,498	—
	¥ 15,414	¥ 21,556	\$ 128,447

12. LEASE TRANSACTIONS

Lessees' Accounting

The minimum rental commitments under noncancellable operating leases as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Within 1 year	¥ 520	¥ 390	\$ 4,331
Over 1 year	337	151	2,808
	¥ 857	¥ 541	\$ 7,139

13. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects of each component of other comprehensive income for the fiscal year ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Unrealized holding gain (loss) on securities			
Amount arising during the year	¥ 1,090	¥ 652	\$ 9,089
Reclassification adjustment for gains and losses included in net income	(34)	5	(284)
Unrealized gains (losses) on available-for-sale securities before tax	1,056	657	8,805
Tax effect	(293)	(233)	(2,443)
Unrealized gains (losses) on available-for-sale securities	763	424	6,362
Translation adjustments			
Amount arising during the year	914	1,119	7,617
Remeasurments of defined benefit plans			
Amount arising during the year	614	—	5,115
Reclassification adjustment for gains and losses included in net income	222	—	1,848
Remeasurments of defined benefit plans before tax	836	—	6,963
Tax effect	(307)	—	(2,558)
Remeasurments of defined benefit plans	529	—	4,405
Share of other comprehensive income of associates accounted for by using equity method			
Amount arising during the year	(5)	3	(39)
Total other comprehensive income	¥ 2,201	¥ 1,546	\$ 18,345

14. FINANCIAL INSTRUMENTS

(a) Policies, classifications, and risk management

Policy on use of financial instruments

The Company and its subsidiaries (the "Group") invest their temporary surpluses of funds mainly in highly liquid financial assets. The Group's primary use of derivatives is to hedge the risks mentioned below, and its policy is not to engage in speculative transactions.

Classifications of financial instruments and related risks

Among operating receivables, notes and accounts receivable are subject to the credit risk of customers. In addition, foreign currency denominated operating receivables arising from business activities are subject to exchange rate risk. To minimize this exchange rate risk, the Group uses forward exchange agreements to hedge the risk on foreign exchange denominated transactions for which this treatment is deemed appropriate within the scope of actual volume of business considered necessary.

Marketable and investment securities comprised bonds related to

Risk management related to financial instruments

(i) Credit risk (risk of nonperformance on agreements by business counterparties)

In accordance with its credit management rules, the Company's branches and Administrative Department of the head office monitor the status of business counterparties on a regular basis. They manage credit risk by maturity date and outstanding balance on an individual business counterparty basis and aim to achieve early discovery of and to minimize repayment concerns due to deteriorating financial position and other factors.

(ii) Credit risk (risk of nonperformance of derivative transaction)

The Company considers credit risk on derivative transactions to be negligible because transactions are only conducted with financial institutions that have high credit ratings.

(iii) Management of market risk (risk of fluctuations in currencies, interest rates, etc.)

In principle, the Company and some of its consolidated subsidiaries manage the exchange rate risk on foreign currency denominated operating receivables and payables by using forward exchange

the investment of surplus funds and stocks of companies with which the Group has a business relationship, and are subject to market risk. Short-term loans consist of bonds with repurchase agreements (gensaki transactions) that have been purchased for the purpose of investing surplus funds.

Notes, electronically recorded obligations operating and accounts payable are operating liabilities that are mostly payable within six months. The portion of these liabilities denominated in foreign currency are subject to exchange rate risk, but similar to operating receivables, the Group uses forward exchange agreements to hedge this risk within the scope of actual volume of business considered necessary.

The Group's derivative transactions comprise forward exchange agreements made for the purpose of hedging currency rate risk on foreign currency denominated operating receivables and payables and structured derivative transactions involving bonds purchased as a method of investing surplus funds.

Among derivative transactions, the Accounting Department concludes the forward exchange agreements entered into by the Company on an aggregated basis in accordance with the Company's exchange rate risk management rules and produces reports on overall profits and losses and individual risk exposures that are included in the reports on the financial overview of the Company made during regular meeting of the Board of Directors. As to structure derivative transactions, the Accounting Department is responsible for investing funds in said bonds within the approved scope set by the Management Committee and reports the results of those investments to the Management Committee.

(iv) Management of liquidity risk related to funding (the risk of defaulting on maturing debt)

The Accounting Department prepares and revises cash flow plans as necessary based on reports from branches, while also managing liquidity risk by maintaining adequate cash levels. Consolidated subsidiaries also manage their liquidity risk in a similar manner.

Supplementary items regarding the fair value etc. of financial instruments

agreements to hedge currency rate risk determined by currency on a monthly basis.

For marketable and investment securities, the Group monitors the fair value of the financial instrument and the financial position etc. of the issuer (business counterparty) on a regular basis. With stocks of companies the Group does business with, the Group continuously revises its holdings, taking into consideration market conditions and its business relationship with company.

The fair values of financial instruments are based on market prices. If a market price is not available then rational valuation of the price is used instead. Such price evaluations include variable factors, and its results may differ if different assumptions are used in the evaluation. Furthermore, the notational amounts for derivatives included in Note 16. Derivative Transactions do not represent the total market risk of the Group's derivative transactions.

(b) Fair value of financial instruments

As of March 31, 2015 and 2014, carrying value, fair value and the difference between the two are as follows:

Year ended or as of March 31, 2015	Millions of yen			Thousands of U.S. dollars (Note 1)		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Assets:						
(1) Cash and time deposits	¥ 15,419	¥ 15,419	¥ —	\$ 128,493	\$ 128,493	\$ —
(2) Notes and accounts receivable	64,453	64,453	—	537,107	537,107	—
(3) Marketable and Investments securities	7,591	7,591	—	63,255	63,255	—
(4) Short-term loans	—	—	—	—	—	—
Total	¥ 87,463	¥ 87,463	¥ —	\$ 728,855	\$ 728,855	\$ —
Liabilities:						
(1) Notes and accounts payable	¥ 43,940	¥ 43,940	¥ —	\$ 366,165	\$ 366,165	\$ —
(2) Electronically recorded obligations operating	8,908	8,908	—	74,235	74,235	—
(3) Short-term bank loans	2,706	2,706	—	22,552	22,552	—
Total	¥ 55,554	¥ 55,554	¥ —	\$ 462,952	\$ 462,952	\$ —
Derivative transactions:						
Hedge accounting not applied	¥ 15	¥ 15	¥ —	\$ 124	\$ 124	\$ —

Year ended or as of March 31, 2014

Year ended or as of March 31, 2014	Millions of yen		
	Carrying value	Fair value	Difference
Assets:			
(1) Cash and time deposits	¥ 14,058	¥ 14,058	¥ —
(2) Notes and accounts receivable	58,654	58,654	—
(3) Marketable and Investments securities	6,586	6,586	—
(4) Short-term loans	7,498	7,498	—
Total	¥ 86,796	¥ 86,796	¥ —
Liabilities:			
(1) Notes and accounts payable	¥ 39,801	¥ 39,801	¥ —
(2) Electronically recorded obligations operating	9,020	9,020	—
(3) Short-term bank loans	2,586	2,586	—
Total	¥ 51,407	¥ 51,407	¥ —
Derivative transactions:			
Hedge accounting not applied	¥ 30	¥ 30	¥ —

Notes:

Assets

(1) Cash and time deposits, (2) Notes and accounts receivable and (4) Short-term loans

All of these are settled within a short time, and their fair value and carrying value are nearly equal. Thus, the carrying value is listed as fair value in the table above.

(3) Marketable and Investments securities

These mainly consist of stocks and bonds. Fair value for stocks is based on a price settled on stock exchanges, while fair value for bonds is based on either a price settled on the exchanges or on offered from financial institutions that we have transaction with. Please refer to Note 15, "Securities"

Liabilities

(1) Notes and accounts payable and (2) Electronically recorded obligation operating (3) Short-term bank loans

All of these are settled within a short time, and their fair value and carrying value are nearly equal. Thus, the carrying value is listed as fair value in the table above.

Derivative transactions

Net receivables (payables) derived from derivative transactions are displayed in the table above. Total net payables are showed in parenthesis. Please refer to Note 16, "Derivative transactions"

(c) The carrying amount of financial instruments whose fair value cannot be reliably determined as of March 31, 2015 and 2014, consisted of the following:

Year ended or as of March 31, 2015	Millions of yen	Thousands of U.S. dollars (Note 1)
Investments securities that do not have quoted market price in an active market	¥ 1,295	\$ 10,795

Year ended or as of March 31, 2014	Millions of yen
Investments securities that do not have quoted market price in an active market	¥ 1,211

(d) The maturity analysis for financial assets and securities with contractual maturities as of March 31, 2015 and 2014, were as follows:

Year ended or as of March 31, 2015	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Over ten years
Cash and time deposits	¥ 15,365	¥ —	¥ —	¥ —
Notes and accounts receivable	64,453	—	—	—
Investments securities	253	1,675	312	658
Total	¥ 80,071	¥ 1,675	¥ 312	¥ 658

	Thousands of U.S. dollars (Note 1)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Over ten years
Cash and time deposits	\$ 128,038	\$ —	\$ —	\$ —
Notes and accounts receivable	537,106	—	—	—
Investments securities	2,114	13,962	2,603	5,481
Total	\$ 667,258	\$ 13,962	\$ 2,603	\$ 5,481

Year ended or as of March 31, 2014	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Over ten years
Cash and time deposits	¥ 14,019	¥ —	¥ —	¥ —
Notes and accounts receivable	58,654	—	—	—
Investments securities	201	1,978	441	400
Short-term loans	7,498	—	—	—
Total	¥ 80,372	¥ 1,978	¥ 441	¥ 400

15. SECURITIES

(a) Information regarding marketable securities classified as other securities as of March 31, 2015 and 2014, were as follows:

March 31, 2015	Millions of yen			Thousands of U.S. dollars (Note 1)		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	¥ 1,981	¥ 4,445	¥ 2,464	\$ 16,509	\$ 37,040	\$ 20,531
Bonds	800	831	31	6,667	6,924	257
Other	1,312	1,406	94	10,935	11,725	790
Subtotal	¥ 4,093	¥ 6,682	¥ 2,589	\$ 34,111	\$ 55,689	\$ 21,578
Securities whose acquisition cost exceeds their carrying value:						
Stock	¥ 47	¥ 39	¥ (8)	\$ 391	\$ 323	\$ (68)
Bonds	693	658	(35)	5,774	5,483	(291)
Other	219	211	(8)	1,823	1,760	(63)
Subtotal	959	908	(51)	7,988	7,566	(422)
Total	¥ 5,052	¥ 7,590	¥ 2,538	\$ 42,099	\$ 63,255	\$ 21,156

March 31, 2014	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥ 1,888	¥ 3,404	¥ 1,516
Bonds	850	869	19
Other	328	365	37
Subtotal	¥ 3,066	¥ 4,638	¥ 1,572
Securities whose acquisition cost exceeds their carrying value:			
Stock	¥ 134	¥ 106	¥ (28)
Bonds	553	524	(29)
Other	1,351	1,318	(33)
Subtotal	2,038	1,948	(90)
Total	¥ 5,104	¥ 6,586	¥ 1,482

Acquisition cost in the tables above represents the book value after the devaluation of certain securities.

(b) Sale of securities classified as other securities amounted to ¥582 million (\$4,852 thousand) and ¥429 million with an aggregate gain of ¥35 million (\$289 thousand) and ¥1 million and an aggregate loss of ¥3 million (\$26 thousand) and ¥1 million for the years ended March 31, 2015 and 2014, respectively.

16. DERIVATIVE TRANSACTIONS

The Company has entered into foreign currency hedging transactions to reduce their exposure to adverse fluctuations in foreign exchange rates relating to their receivables and payables denominated in foreign currencies.

Summarized below are the notional amounts and the estimated fair value of the derivative transactions outstanding at March 31, 2015 and 2014.

Currency-related transactions

March 31, 2015	Millions of yen			Thousands of U.S. dollars (Note 1)		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts						
Sell:						
US\$	¥ 8,862	¥ (6)	¥ (6)	\$ 73,848	\$ (49)	\$ (49)
YEN	39	3	3	325	24	24
Buy:						
US\$	4,290	21	21	35,752	174	174
YEN	84	(3)	(3)	704	(25)	(25)
Total	¥ 13,275	¥ 15	¥ 15	\$ 110,629	\$ 124	\$ 124

March 31, 2014	Millions of yen		
	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts			
Sell:			
US\$	¥ 4,752	¥ (5)	¥ (5)
Buy:			
US\$	3,135	37	37
YEN	92	(2)	(2)
Total	¥ 7,979	¥ 30	¥ 30

The fair value of forward foreign exchange contracts is mainly based on prices provided by the financial institution making markets in these securities.

Bond Derivatives

With respect to bond derivatives whose fair values cannot be categorized and measured for each embedded derivatives, the entire Bond Derivatives are appraised by fair value, and are included in the Note 15, "Securities."

17. RETIREMENT BENEFITS

For the year ended March 31, 2015 and 2014

The Company and a part of consolidated subsidiaries have funded and unfunded defined benefit pension plans. Under the defined benefit pension plans (funded plans), employees terminating their employment are entitled to lump-sum or annuity payments determined based on the rate of pay and years of service. Under the lump-sum retirement benefit of defined pension plans (unfunded plans), benefits are determined on based on the rate of pay and years of service.

Certain consolidated subsidiaries that have the lump-sum retirement benefit of defined pension plan calculate net defined benefit liabilities and retirement benefit expenses using the simplified method.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Changes in Retirement Benefit Obligations (excluding plans that apply the simplified method)			
Beginning balance of retirement benefit obligations	¥ 10,474	¥10,232	\$ 87,279
Cumulative effects of changes in accounting policies	324	—	2,705
Restated balance	10,798	10,232	89,984
Service costs	410	320	3,419
Interest costs	147	184	1,223
Actuarial differences arising during the year	96	164	804
Retirement benefits paid	(437)	(426)	(3,640)
Ending balance of retirement benefit obligations	¥ 11,014	¥10,474	\$ 91,790

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Changes in Pension Assets (excluding plans that apply the simplified method)			
Beginning balance of pension assets	¥ 7,263	¥6,785	\$ 60,521
Expected return on pension assets	181	170	1,513
Actuarial differences arising during the year	710	316	5,919
Contributions by the Company and consolidated subsidiaries	248	365	2,068
Retirement benefits paid	(321)	(373)	(2,678)
Ending balance of pension assets	¥ 8,081	¥7,263	\$ 67,343

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Changes in net defined benefit liabilities for plans that apply the simplified method			
Beginning balance of net defined benefit liability	¥ 28	¥23	\$ 234
Retirement benefit expenses	11	7	92
Retirement benefits paid	(0)	(0)	(3)
Contribution to plans	(2)	(2)	(15)
Ending balance of net defined benefit liability	¥ 37	¥28	\$ 308

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Reconciliation of benefit obligations and pension assets with net defined benefit liability and asset on the Consolidated Balance Sheets			
Funded retirement benefit obligations	¥ 7,771	¥ 7,139	\$ 64,762
Pension assets	(8,081)	(7,263)	(67,343)
Net	(310)	(124)	(2,581)
Unfunded retirement benefit obligations	3,280	3,363	27,335
Net amount of liability and asset on Consolidated Balance Sheets	2,970	3,239	24,754
Net defined benefit liability	3,280	3,363	27,335
Net defined benefit asset	(310)	(124)	(2,581)
Net amount of liability and asset on Consolidated Balance Sheets	¥ 2,970	¥ 3,239	\$ 24,754

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Components of retirement benefit expenses			
Service costs	¥ 410	¥ 320	\$ 3,420
Interest costs	147	184	1,223
Expected return on pension assets	(182)	(170)	(1,513)
Amortization of actuarial differences	286	395	2,382
Amortization of prior service cost	(64)	(86)	(534)
Retirement benefit expenses by simple method	11	7	92
Retirement benefit expenses for defined benefit pension plans	¥ 608	¥ 650	\$ 5,070

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Remeasurements of defined benefit plans(Other comprehensive income)			
Breakdown(before deduction of tax effects)			
Prior service cost	¥ (64)	¥—	\$ (534)
Actuarial differences	900	—	7,497
Net	¥ 836	¥—	\$ 6,963

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Components of remeasurements of defined benefit plans (before deduction of tax effects)			
Unrecognized prior service cost	¥ (128)	¥(192)	\$ (1,068)
Unrecognized actuarial differences	404	1,304	3,374
Total	¥ 276	¥1,112	\$ 2,306

	As of March 31, 2015	As of March 31, 2014
Components of pension assets		
Stocks	45%	39%
Bonds	42%	32%
Life insurance general accounts	11%	12%
Cash and time deposits	0%	1%
Others	2%	16%
Total	100%	100%

Rate of expected return on pension assets

The expected return on pension assets is determined based on the current and estimated future rates of return on various assets.

	As of March 31, 2015	As of March 31, 2014
Basic Assumptions for Calculating Retirement Benefit Obligations		
Discount rate	1.4%	1.8%
Expected rate of return on pension assets	2.5%	2.5%
Expected salary increase rate	5.3%	5.3%

18. STOCK OPTION PLAN

(a) Expenses and accounts related to stock options

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Selling, general and administrative expenses	¥ 30	¥ —	\$ 257

(b) Contents, scale and changes in stock options

(i) Contents of stock options

Company name	Submitting Company
Resolution date	May 15, 2014
Person granted	15 directors of the Company
Number of shares granted	47,000 shares of common stock
Grant date	June 2, 2014
Vesting conditions	Within 10 days from the day following the day that a subscription holder loses their position as a director of the Company.
Service period	—
Exercise period	From June 3, 2014 to June 2, 2034

(ii) Scale and changes in stock options

Movement in stock options during the fiscal year ended March 31, 2015 was as follows:

	Number of shares
	As of March 31, 2015
Before vested:	
Beginning balance (Stock options outstanding)	—
Granted	47,000
Forfeited	—
Vested	47,000
Ending balance (Stock options outstanding)	—
After vested:	
Beginning balance (Stock options outstanding)	—
Vested	47,000
Exercised	19,000
Forfeited	—
Ending balance (Stock options outstanding)	28,000

	As of March 31, 2015	As of March 31, 2015
	Yen	U.S. dollars(Note 1)
Exercise price	¥1	\$0.008
Weighted average market value per share at the exercise date	¥769	\$6.408
Fair value per share at the grant date	¥657	\$5.475

(c)The evaluation of fair price of stock option

(i)The evaluation method used: Black-Sholes method

(ii)General information and the method of estimation

Expected volatility (Note 1)	23.6%
Expected residual Period (Note 2)	1.7years
Expected dividends (Note 3)	¥22 per share
Risk-free rate (Note 4)	0.08%

Note:

1 The mean value of historical volatility during the week corresponding to the average expected life.

2 Based on the terms of office and retirement ages of the Company's former Directors, the retirement date of each Director is estimated. Subsequently, the estimated residual period is calculated via the weighted average method, using the numbers of grant given to each Director.

3 Actual cash dividends for the year ended March 31, 2014.

4 The mean value of the compound interest yield of government bonds corresponding to the average expected life.

(d)Method of estimating the number of vested stock options

Only the actual forfeitures are reflected because it is difficult to estimate future forfeitures reasonably.

19. INCOME TAXES

Deferred income taxes resulting from timing differences in the recognition of income and expenses for financial reporting and for tax purposes and the related tax effects for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Deferred tax assets			
Net defined benefit liability	¥ 961	¥ 1,111	\$ 8,009
Loss on devaluation of investment securities	65	72	544
Valuation loss of investment in golf club membership	57	62	473
Excess employees' bonus allowances	381	386	3,180
Accrued officers' severance benefits	47	81	390
Accrued enterprise tax	38	79	314
Excess allowance for doubtful accounts	35	34	294
Other	447	452	3,731
Subtotal	2,031	2,277	16,935
Valuation allowance	(131)	(145)	(1,094)
Total	1,900	2,132	15,841
Deferred tax liabilities			
Unrealized holding gains on securities	794	501	6,619
Deferred capital gains on land	111	123	927
Reserve for special depreciation	174	118	1,447
Other	35	1	295
Total	1,114	743	9,288
Net deferred tax assets	¥ 786	¥ 1,389	\$ 6,553

The Company and its consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, result in a statutory tax rate of 35.64% in 2015 and 38.01% in 2014. Reconciliation between the effective tax rates reflected in the consolidated statements of income and the above statutory tax rate for the years ended March 31, 2015 and 2014, were as follows:

	2015	2014
Statutory tax rate	35.64%	38.01%
Items excluded from nontaxable expenses permanently, such as entertainment expenses	1.34	0.94
Items not permanently included in income, such as dividends received	(0.87)	(0.63)
Inhabitant tax on per capita basis	0.84	0.62
Effect of tax rate change	2.78	0.85
Other, net	(3.90)	(2.73)
Effective tax rates	35.83%	37.06%

Change in statutory effective tax rate

The "Act for Partial Amendment of the Income Tax, etc. and the "Act for Partial Amendment of the Local Tax Act, etc. were promulgated on March 31, 2015 and, as a result, tax rates became or will become lower from fiscal years beginning on or after April 1, 2015.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 35.64% to 33.10% for the temporary differences expected to be realized or settled from the fiscal year beginning on April 1, 2015, and to 32.34% for the temporary differences expected to be realized or settled from fiscal years beginning on or after April 1, 2016.

The effect of the announced of the effective statutory tax rate was to decrease deferred tax assets (after offsetting deferred tax liabilities) and remeasurements of defined benefit by ¥53million (\$447thousand) and ¥9million (\$76thousand), respectively, and increase unrealized gains on available-for-sale securities, deferred income taxes by ¥80million (\$671thousand) and ¥125million (\$1,042thousand).

20. SEGMENT INFORMATION

(1) General information about reportable segments

Reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and assess their performance. The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of products in Japan and foreign countries in three segments: Industrial & Ecology Systems; Electronics; Others.

General information about the segments is as follows.

- (a) Industrial and Ecology Systems: Servo system, Inverter, Numerical control devices, Elevator, Package air conditioner, LCD monitor, Environment and energy related products, Information technology related products
- (b) Electronics: Semiconductor memory, Microcomputer, Application specific IC, Power devices, Element related to light, General electronic parts, Mechanical components, Material, Metalworking goods, Resin finishing goods

(2) Basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments

Accounting policies and methods used at operating segments are the same as those applied to the Company described on Note 1 and Note 2. Profit or loss of reportable segments is equal to operating income on the consolidated statements of income. Intercompany sales and transfers are based on market current price.

(3) During the year ended March 31, 2015, "Semiconductor and Electronic Devices" segment changed its name to "Electronics".

There is no effect on segment information.

(4) Sales, profit or loss, assets, liabilities and other items by reportable segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2015 and 2014, is summarized as follows:

Year ended or as of March 31, 2015	Millions of yen					
	Reportable segment			Total	Eliminations or corporate	Consolidated
	Industrial & Ecology Systems	Semiconductor and Electronic Devices	Others			
I. Sales and operating income:						
(1) Sales to third parties	¥ 73,466	¥ 164,411	¥ 0	¥ 237,877	¥ —	¥ 237,877
(2) Intersegment sales and transfer	5	2	142	149	(149)	—
Total sales	73,471	164,413	142	238,026	(149)	237,877
Operating income	1,729	3,264	30	5,023	(31)	4,992
II. Assets, depreciation expenses and capital expenditures:						
Total assets	36,826	71,138	917	108,881	16,240	125,121
Depreciation expenses	296	279	4	579	—	579
Capital expenditures	¥ 402	¥ 420	¥ —	¥ 822	¥ —	¥ 822

Year ended or as of March 31, 2015	Thousands of U.S. dollars (Note 1)					
	Reportable segment			Total	Eliminations or corporate	Consolidated
	Industrial & Ecology Systems	Semiconductor and Electronic Devices	Others			
I. Sales and operating income:						
(1) Sales to third parties	\$ 612,212	\$ 1,370,097	\$ 1	\$ 1,982,310	\$ —	\$ 1,982,310
(2) Intersegment sales and transfer	38	19	1,186	1,243	(1,243)	—
Total sales	612,250	1,370,116	1,187	1,983,553	(1,243)	1,982,310
Operating income	14,403	27,201	253	41,857	(250)	41,607
II. Assets, depreciation expenses and capital expenditures:						
Total assets	306,887	592,812	7,645	907,344	135,333	1,042,677
Depreciation expenses	2,470	2,320	34	4,824	—	4,824
Capital expenditures	\$ 3,350	\$ 3,498	\$ —	\$ 6,848	\$ —	\$ 6,848

Year ended or as of March 31, 2014	Millions of yen						
	Reportable segment					Eliminations or corporate	Consolidated
	Industrial & Ecology Systems	Semiconductor and Electronic Devices	Others	Total			
I. Sales and operating income:							
(1) Sales to third parties	¥ 67,501	¥ 157,266	¥ 0	¥ 224,767	¥ —	¥ 224,767	
(2) Intersegment sales and transfer	47	—	161	208	(208)	—	
Total sales	67,548	157,266	161	224,975	(208)	224,767	
Operating income	2,082	3,175	50	5,307	(28)	5,279	
II. Assets, depreciation expenses and capital expenditures:							
Total assets	33,864	59,041	940	93,845	24,091	117,936	
Depreciation expenses	197	230	4	431	—	431	
Capital expenditures	¥ 516	¥ 530	¥ 3	¥ 1,049	¥ —	¥ 1,049	

The Related Information of the Company and its consolidated subsidiaries for the year ended March 31, 2015 and 2014, is summarized as follows:

Year ended or as of March 31, 2015	Millions of yen						
	Japan	China	Asia-others	North America	Europe	Others	Total
Geographic Information:							
Net sales	¥ 171,535	¥ 31,665	¥ 21,924	¥ 4,688	¥ 8,061	¥ 4	¥ 237,877

Year ended or as of March 31, 2015	Thousands of U.S. dollars (Note 1)						
	Japan	China	Asia-others	North America	Europe	Others	Total
Geographic Information:							
Net sales	\$ 1,429,460	\$ 263,878	\$ 182,703	\$ 39,063	\$ 67,176	\$ 30	\$ 1,982,310

Year ended or as of March 31, 2014	Millions of yen						
	Japan	China	Asia-others	North America	Europe	Others	Total
Geographic Information:							
Net sales	¥ 160,910	¥ 33,258	¥ 18,112	¥ 3,010	¥ 9,471	¥ 6	¥ 224,767

Year ended or as of March 31, 2015	Millions of yen	
	Net sales	Related segments
Major client Information:		
Name of clients		
Panasonic Corporation	¥ 25,189	Semiconductor and Electronic Devices

Year ended or as of March 31, 2015	Thousands of U.S. dollars (Note 1)	
	Net sales	Related segments
Major client Information:		
Name of clients		
Panasonic Corporation	\$209,910	Semiconductor and Electronic Devices

Year ended or as of March 31, 2014	Millions of yen	
	Net sales	Related segments
Major client Information:		
Name of clients		
Panasonic Corporation	¥ 25,391	Semiconductor and Electronic Devices

21. AMOUNTS PER SHARE

	Yen		U.S. dollar (Note 1)
	2015	2014	2015
Net income basic	¥ 66.7	¥ 81.84	\$ 0.556
Cash dividends	24	22.00	0.200
Net assets	1,417.1	1,328.51	11.809

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock

to be issued upon the conversion of convertible bonds and the exercise of warrants. Amounts per share of net assets were computed based on net assets available for distributions to the shareholders and the number of shares of common stock outstanding at the year end.

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

22. SUBSEQUENT EVENT

The following appropriations of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended March 31, 2015, were approved at a directors' meeting held on May 15, 2015:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Cash dividends (¥12.00 = \$0.1166 per share)	¥ 520	\$ 4,335

Independent Auditor's Report

The Board of Directors
Ryoden Trading Company, Ltd.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 26, 2015
Tokyo, Japan

STOCK INFORMATION

(As of March 31, 2015)

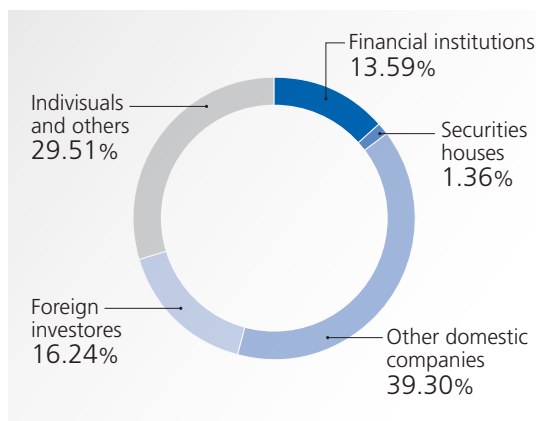
SHARES

Total number of shares authorized: 113,100,000 shares

Total number of shares issued: 45,649,955 shares
(Including 2,303,395 treasury stock)

Number of shareholders: 4,691

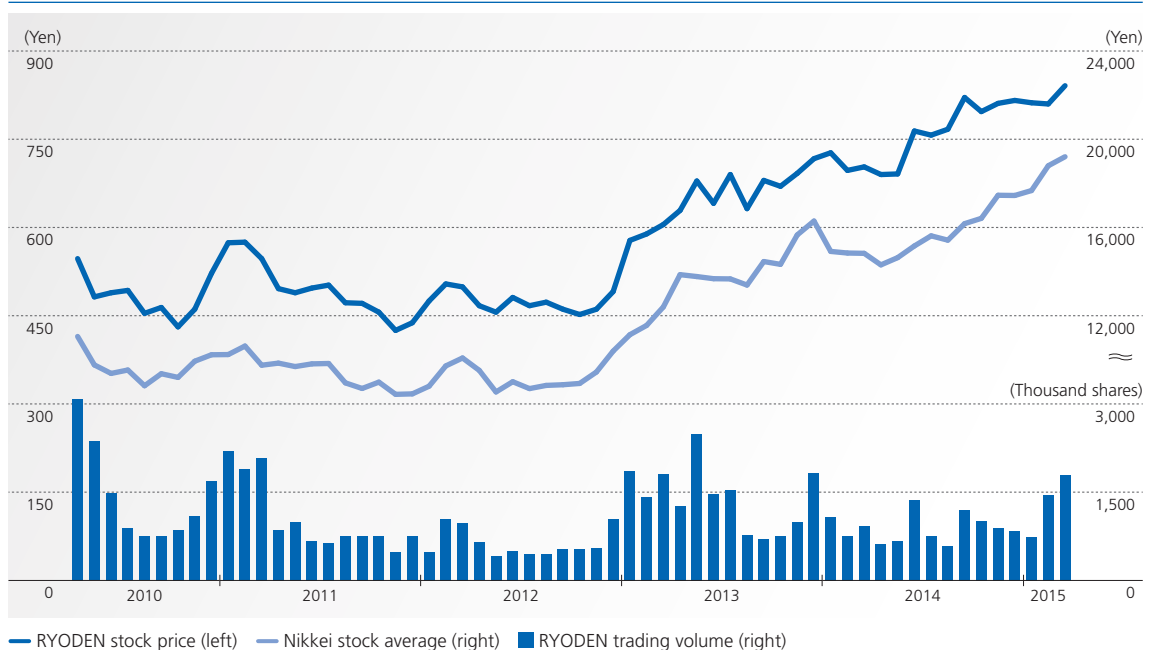
SHARE OWNERSHIP BY SHAREHOLDER CATEGORY



MAJOR SHAREHOLDERS

Name	Shares held (Thousand shares)
Mitsubishi Electric Corporation	15,511
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,087
BBH BOSTON FOR NOMURA JAPAN SMALLER CAPITALIZATION FUND 620065	910
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	858
The Master Trust Bank of Japan, Ltd. trust account	766
Japan Trustee Services Bank, Ltd. trust account	722
Citizen Holdings Co., Ltd.	580
Ryoden Trading Employee Stock Ownership Plan	513
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	445
THE BANK OF NEW YORK MELLON SA/NV 10	442

STOCK PRICE AND TRADING VOLUME



CORPORATE DATA

FIRM NAME:
 Ryoden Trading Company, Limited

ESTABLISHMENT:
 April 22, 1947

NUMBER OF EMPLOYEES:
 1,251 (consolidated)
 983 (non-consolidated)

CAPITAL:
 ¥10,334,298,875 (As of March 31, 2015)

HEAD OFFICE:
 15-15, Higashi Ikebukuro 3-chome, Toshima-ku, Tokyo
 170-8448, Japan
 Telephone:+81-3-5396-6111 Fax:+81-3-5396-6448

DOMESTIC NETWORK



DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBER (As of June 26, 2015)

<p>PRESIDENT Satoshi Yamashita</p> <p>SENIOR MANAGING DIRECTOR Takamichi Kasugai</p> <p>MANAGING DIRECTORS Yoshiaki Okamura Shouichi Chiba Masaaki Amada Akira Shindou Nobuo Shougaki</p>	<p>DIRECTORS *Isao Iguchi Tadanari Kishimoto Hitoshi Chihara Toshiharu Ooya Hideharu Yamazaki Yasuhiro Souda Yoshiaki Ogawa Akira Sano Shouji Kitai * Outside Director</p>	<p>AUDIT & SUPERVISORY BOARD MEMBER Hitoshi Fushimi Kenji Nagae *Kentarou Tani *Hideyo Ishino * Outside Audit & Supervisory Board Member</p>
---	---	--

GROBAL NETWORK

SUBSIDIARIES:
 RYOSHO TECHNO COMPANY, LIMITED
 RYOSHO TECHNO SINGAPORE PTE LTD
 RYOSHO HONG KONG COMPANY, LIMITED
 RYOSHO U.S.A. INCORPORATED
 RYOSHO ELECTRONICS (SHANGHAI) COMPANY, LIMITED
 RYOSHO (THAILAND) COMPANY, LIMITED

RYOSHO TAIWAN COMPANY, LIMITED
 RYOSHO EUROPE GmbH
 RYOSHO KOREA COMPANY, LIMITED
 RYOSHO ELECTRONICS SHENZHEN COMPANY, LIMITED
 PT. RYOSHO TECHNO INDONESIA
 RYOSHO TECHNO PHILIPPINES INCORPORATED
 RYOSHO TECHNO INDIA PRIVATE LIMITED

