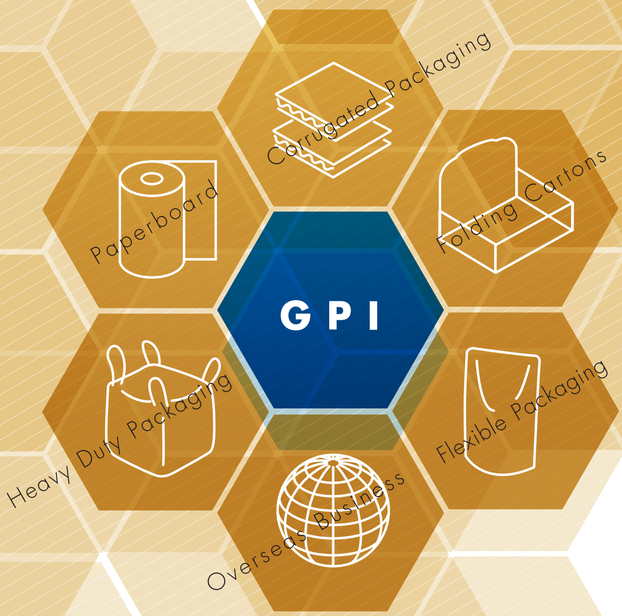
GPI The General Packaging Industry RENGO



ANNUAL REPORT 2015

For Year Ended March 31, 2015

"Less is more."

The basic concept of Rengo's packaging innovation

Less energy consumption

Less carbon emissions

High quality products with more value-added

Rengo Co., Ltd. Shin-Nagoya Plant

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Corporate Philosophy of the Rengo Group

Ever since founder Teijiro Inoue manufactured Japan's first corrugated board in 1909, the Rengo Group has been serving society, continually adapting to the times to deliver the very best packaging solutions to customers and enhance the value of their products.

We plan to continue comprehensive development of optimal packaging solutions for distribution in all industries, and as a "General Packaging Industry" that creates new value in packaging through a tireless commitment to continual changes in thinking and technological innovation, we adhere to the following guiding principles.

1. Realize prosperity and ambitions for the future through dynamic business activities by earning the trust and satisfaction of customers.
2. Act always with integrity, maintaining high ethical standards and ensuring strict legal compliance.
3. Engage in communication with a broad section of society through proactive and accurate information disclosure.
4. Respect the value of individual employees and strive to create safe and congenial work environments providing comfort and fulfillment.
5. Take the initiative on environmental conservation efforts.
6. Contribute to society as a good corporate citizen.
7. Globalize by ensuring compliance with laws in each country or region and by contributing to economic and social development in those areas through business activities reflecting the different cultures and practices.

Disclaimer Regarding Forward-Looking Statements

This annual report contains forward-looking statements regarding the Rengo Group's plans, strategies, and beliefs.
These forward-looking statements are based on management's assumptions and beliefs in the light of information available at the time of publication, and actual results may differ materially from the information presented in this report depending on a number of factors.

A Message from the Top Management

Since manufacturing the first corrugated board in Japan more than a century ago, the Rengo Group, a leading company in Japan's packaging industry, has since evolved various solutions for our customers' packaging needs while contributing to society by helping to optimize the flow of goods.

Today, the Rengo Group's operations span wide-ranging fields that we classify into the six core business competences consisting of paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas business. We continue to evolve with the times, always adapting to meet increasingly sophisticated and diversified customer requirements with a rich array of packaging solutions.

Besides the basic functions of 'wrapping' and 'protection,' corrugated and other packaging products must continue to evolve as an information media or a communications tool which combines features of information transmission, based on its surface 'decoration' or 'attraction,' and sales promotion to increase consumers' willingness to buy.

Defining ourselves as the "General Packaging Industry (GPI)," a company group capable of proposing and implementing innovative packaging solutions to comprehensively meet the needs of various industries, the Rengo Group aims to be the best comprehensive packaging solutions provider in the world, continually creating new value based on our rich line-up of products and a tightly intertwined network, and our packaging technology and expertise accumulated over many years, and also through our cultivated capacity for flexible ideas and innovation.

The basic policy of Rengo is to be user-oriented, and we strive to enhance customer satisfaction through supplying products and services with superior quality and precision, while also seeking to maximize enterprise value through sustained growth and higher earnings, based on efficient utilization of business resources with high ethical commitment and fair business attitude.

At Rengo, we are committed to fulfilling our responsibilities as a global corporate citizen through social contribution activities including efforts to reduce environmental impacts, and we will also continue endeavoring to make the society a better place for everyone.

We would be grateful for the continued support of our shareholders, investors, and all other stakeholders in the years ahead.

Kiyoshi Otsubo
Chairman, President & CEO

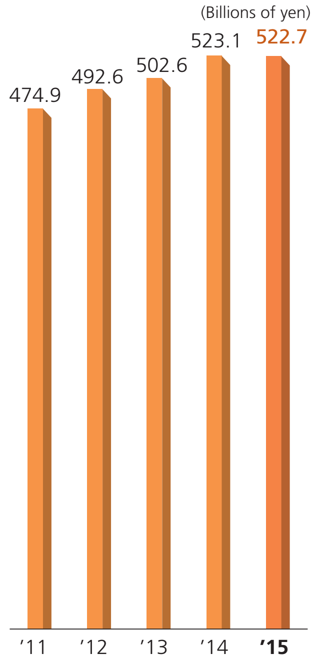
Consolidated Financial Highlights

For the years ended March 31, 2015 and 2014

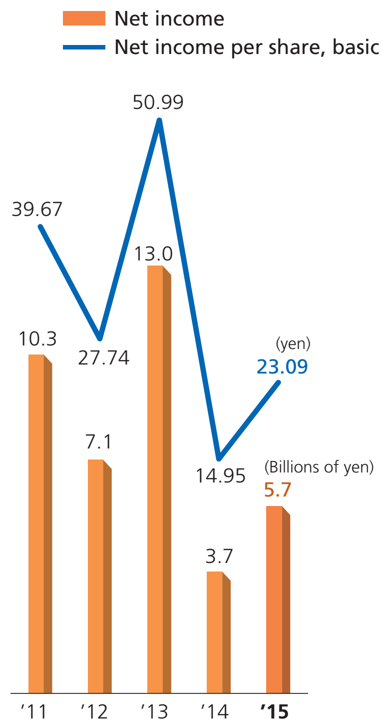
	Millions of yen		% change	Thousands of U. S. dollars*1
	2015	2014	15/14	**2015**
For the Year:				
Net sales	**¥ 522,672**	¥ 523,142	(0.1)	**$ 4,355,600**
Operating income	**5,568**	14,221	(60.8)	**46,400**
Net income	**5,719**	3,703	54.4	**47,658**
Capital expenditures	**39,982**	52,849	(24.3)	**333,183**
Depreciation and amortization	**29,612**	28,582	3.6	**246,767**
At Year-End:				
Total assets	**¥ 655,675**	¥ 629,055	4.2	**$ 5,463,958**
Interest-bearing debt	**276,906**	263,431	5.1	**2,307,550**
Net assets	**222,391**	201,659	10.3	**1,853,258**
	Yen		Change	U. S. dollars
Per share amounts (yen):				
Net income, basic	**¥ 23.09**	¥ 14.95	¥ 8.14	**$ 0.19**
Net income, diluted	**—**	—	—	**—**
Cash dividends applicable to the year	**12.00**	12.00	—	**0.10**
Net assets*2	**873.60**	792.78	80.82	**7.28**

*1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120 to US$1 prevailing on March 31, 2015.
*2. The amount of net assets used for calculation of net assets per share is the amount of net assets on the consolidated balance sheets, net of minority interests.

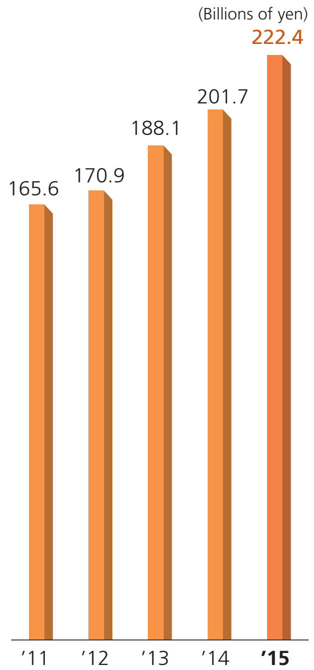
Net Sales



Net Income / Net Income per Share, Basic



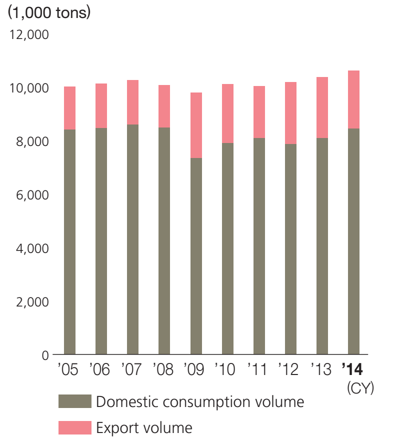
Net Assets



Market Data

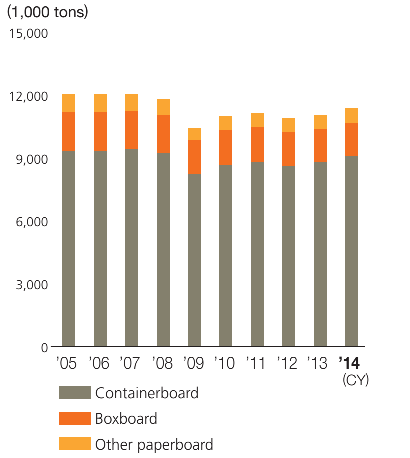
Domestic Consumption and Export of Old Corrugated Containers

Source: Ministry of Economy, Trade and Industry
Ministry of Finance



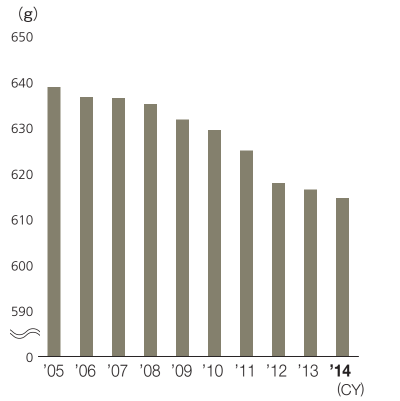
Production of Paperboard

Source: Ministry of Economy, Trade and Industry



Average Basis Weight of Corrugated Board

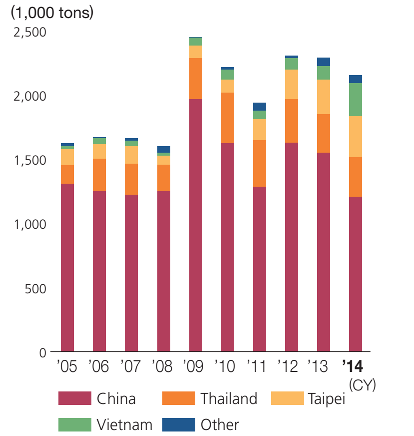
Source: Ministry of Economy, Trade and Industry



Basis weight: g/square meter

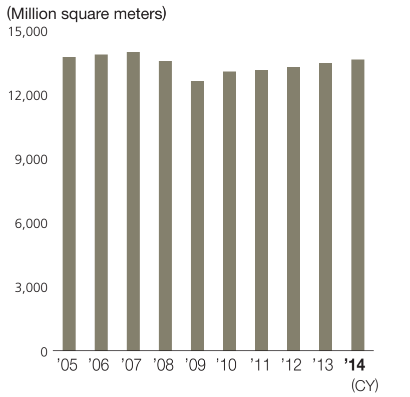
Export of Old Corrugated Containers by Country

Source: Ministry of Finance



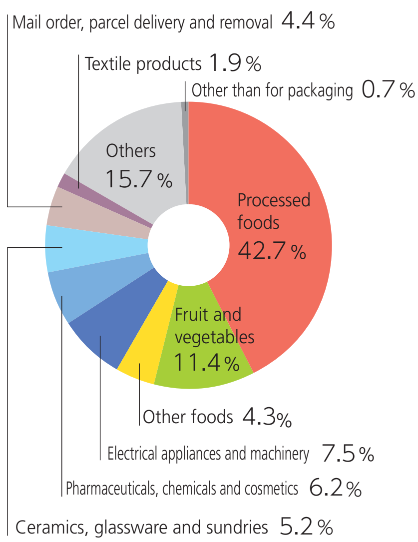
Production of Corrugated Board

Source: Ministry of Economy, Trade and Industry / Japan Corrugated Case Association



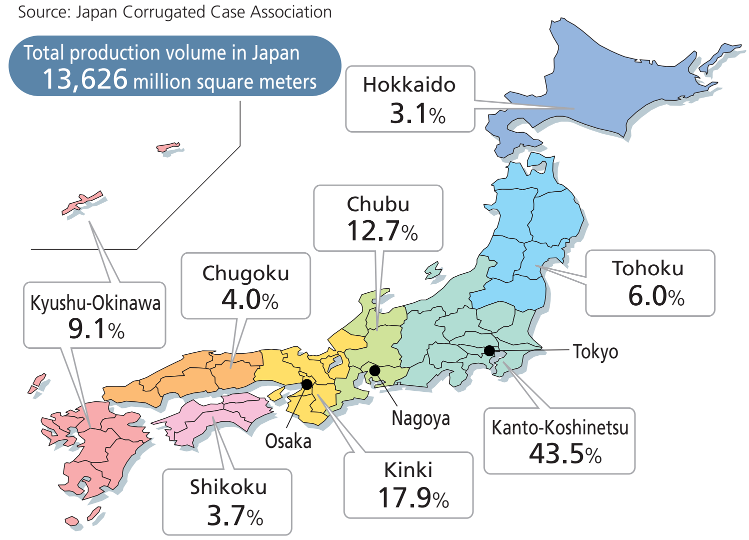
Breakdown of Demand for Corrugated Boxes by Market (2014 calendar year)

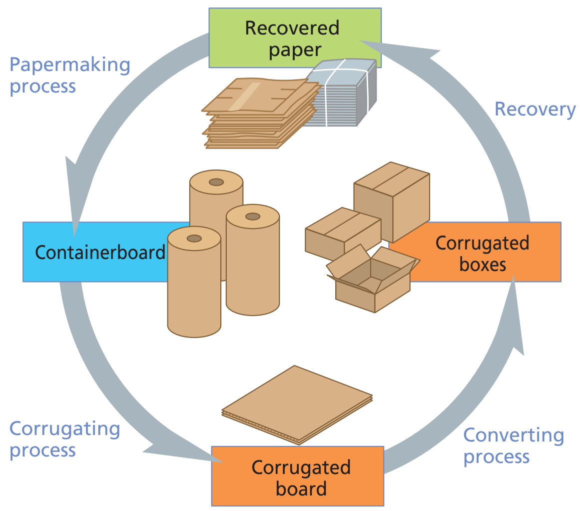
Source: Ministry of Economy, Trade and Industry



Production of Corrugated Board by Region (2014 calendar year)

Source: Japan Corrugated Case Association





Supporting Logistics and Society through Packaging

Packaging is a powerful tool not only for protecting merchandise and increasing logistical efficiency, but also for promoting sales. The Rengo Group is striving for packaging innovation at the leading edge. Rengo's growth as the "General Packaging Industry" based on its hexagonal business structure, which consists of six core businesses, is accelerating.

Kiyoshi Otsubo
Chairman, President & CEO

Review of fiscal 2014

Hexagonal business structure accelerates the Group's capabilities

Q1 Can you provide us with an overview of the progress made by the Rengo Group in the past year?

Otsubo: Our consolidated performance in the fiscal year ended March 31, 2015 was adversely affected by raw material and fuel prices increase, the consumption tax increase and unsettled weather, which lead to lower production volumes. In year-on-year terms, our consolidated net sales decreased 0.1% to ¥522,672 million, while operating income fell 60.8% to ¥5,568 million and ordinary income fell 53.5% to ¥7,140 million. Net income rose 54.4% to ¥5,719 million, reflecting an extraordinary gain on the sale of the property where our former Nagoya Plant was located.

In fiscal 2014, to deal with the rising prices of raw materials and fuels, we worked to achieve appropriate levels of product prices. However, we enjoyed only limited success in reflecting the rising costs in the prices of our products. The inability to restore pricing to appropriate levels impacted the earnings of our paperboard and packaging-related business. In contrast, we were able to achieve steady growth in the earnings of both our flexible packaging and heavy duty packaging businesses.

We have positioned the Rengo Group, based on the General Packaging Industry (GPI) concept, with the hexagonal business structure comprising our six core competences of paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas business. Over the past year, each business strengthened collaboration both in Japan and overseas, focusing on packaging innovation. At the same time, we continued to reinforce the foundations of the business through active capital investment, M&As, operational reorganization, and efforts to improve terms of trade.

One of our innovations that achieved success in fiscal 2014 was Rengo Smart Display Packaging (RSDP), a new concept in corrugated packaging that we see supporting an ongoing revolution in logistics. In the e-commerce sector, we promoted sales expansion of the Gemini Packaging System and other systems that we developed.

Domestic initiatives

A packaging revolution based on advanced technology

Q2 Packaging is being driven by a wave of innovation. Do you see RSDP and Gemini Packaging System generating major sales for Rengo?

Otsubo: The exhibit of the Rengo Group at the October 2014 Tokyo International Packaging Exhibition, or “Tokyo Pack” as it is known, was inspired by the theme of “The Beginning of the Age of L.” We used this exhibit to show how our state-of-the-art packaging technology can be used to create innovative packaging solutions that revolutionize logistics. We promoted the ability of the Rengo Group to supply novel kinds of high-value-added packaging that can save resources. The visitors were also highly impressed with RSDP and the Gemini Packaging System.

Using the in-house developed technology, RSDP is a new type of smart packaging using corrugated products that facilitates merchandise stacking and in-store sales in addition to the usual function of protecting goods during transport and handling. Compared with traditional packaging, RSDP boosts in-store productivity for retailers and significantly reduces the time needed to unpack and display merchandise. It can also boost the effectiveness of in-store sales promotions owing to its design and display functionality. By cutting environmental impact across the supply chain from packing to distribution and in stores, it is also a product with the power to usher in a revolution in logistics. RSDP can be adapted to suit a wide range of goods and merchandising situations. We offer a broad line-up of RSDP solutions. Going forward, we see them being introduced in a wide range of settings.

We developed the Gemini Packaging System with the specific needs of e-commerce vendors in mind. This groundbreaking system overturns the conventional notion that packaging for mail-order delivery must involve a box. Using two types of corrugated sheet plus wrapping film, Gemini is an automated system that automatically adjusts the packaging height to the product dimensions. This dramatically increases the efficiency of the packaging process, which used to be highly labor-intensive, as well as the transport process owing to the space saved within packages. Another advantage derives from the major simplification of packaging materials, which means it is easier to unpack and thus to recycle. We think it has excellent potential for adoption across the mail-order delivery sector, a market that has grown rapidly in recent years.

More sales! Approx. 90%*

Grabs attention, stimulates willingness to buy

- Appealing, specially designed tray
- Boosts POS visual attractiveness
- Products look more enticing

*Comparison for SDP vs. conventional outers (Rengo research)

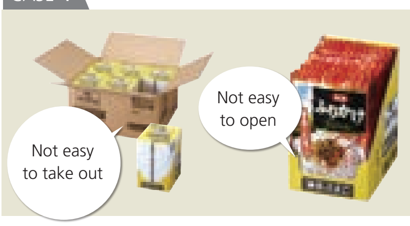
More efficient! Approx. 20%*

Reduction in stacking time

- Products easier to differentiate
- Easy for anyone to open/unpack
- Reductions in volume shelf stacking time

*Comparison for SDP vs. conventional outers (Rengo research)

Before	After
CASE 1 Outer box + inner boxes	Shrink film wrapping



Before	After
CASE 2 Takes some time to display	Reduces working time by opening easily

Q3 What has Rengo carried out in terms of M&A and intra-group consolidation?

Otsubo: Continual innovation is just one aspect of boosting our competitiveness as a company. We recognize that we need to invest in new and upgraded facilities, pursue M&A opportunities, and restructure the Group as well. In addition, we are constantly looking at ways in many fields to strengthen the Rengo Group's business base.

In June 2014, we acquired Fuji-Hoso Shiki Co., Ltd. and made it a consolidated subsidiary. Its principal business is folding cartons and decorative folding cartons for consumer electronics, cosmetics and pharmaceuticals. This addition to the Rengo Group reinforces our presence within the folding cartons sector in the Kansai region.

In the corrugated packaging business, we have carried out mergers of the Group companies and acquisition of the others. The Group subsidiary Yamato Shiki Co., Ltd. integrated two facilities into its new Setouchi Plant in July 2014. This new plant allows us to supply products of higher quality and fulfill customer requirements faster. By reducing energy consumption and CO_2 emissions in manufacturing processes, it also helps us to realize higher added value using less resources.

In the paperboard business, we completed the construction and installation of a new paper machine for making containerboard (linerboard) at subsidiary Marusan Paper Mfg. Co., Ltd. Now in operation, this new machine supplies lightweight containerboard, which is in high demand as a more eco-conscious packaging material. The new machine helps us improve quality while consuming less energy and fewer resources. This not only reinforces our total containerboard production capabilities, but also ensures that the Group continues to make a significant contribution to the revitalization of the earthquake-damaged local economy in Minami-Soma, Fukushima Prefecture, where the company is located.

In the heavy duty packaging business, we merged the two Group subsidiaries Nihon Matai Co., Ltd. and Morishita Co., Ltd. in April 2015. This consolidation promises to create a more efficient, integrated operation and to help us grow the business.

PM8 at Marusan Paper Mfg. Co., Ltd.

PM8 completion ceremony (March 2015)

Q4 What role is the Total Factor Productivity (TFP) Committee expected to play in improving the corrugated industry's position?

Otsubo: Enhancing the status of the industry is something else that I have advocated for many years. One particular issue is that working hours in the corrugated industry are typically longer than in other manufacturing sectors in Japan. Resolving this issue is an urgent task if we are to secure human resources over the long term. At the end of 2014, we moved to tackle this issue at the industry level via the establishment of the TFP Committee set up under the Japan Corrugated Case Association. The target is to cut total annual working hours per employee by 110 hours by the end of fiscal 2015. At Rengo, we are trying to achieve this goal by leveling manufacturing operations, increasing efficiency, and improving trade terms. In particular, we are negotiating with the labor unions to reach an agreement on more appropriate working hours and to encourage all employees to utilize their paid annual leave entitlements.

Irrespective of these issues, our aim is for Rengo to be a company where diverse people can achieve fulfillment through work regardless of their gender, age, physical conditions or nationality. For example, in April 2014, we established the Section for the Promotion of Women Employees to empower female workers in our company.

We aim to double the number of women in managerial roles and recruit more women so that they make up at least 30% of our new recruits by fiscal 2020. I believe such initiatives will help to bolster the appeal of Rengo and the industry in general, thus increasing its presence.

Strengthening overseas operations

Supplying packaging to support regional economic growth

Q5 What progress has Rengo made developing operations in Asia-Pacific?

Otsubo: Overseas operations have grown to become a substantial part of the Rengo Group. The plants and sales offices are located in China, Southeast Asia and the surrounding areas.

Our subsidiary in Hawaii in the United States, in May 2014, Rengo Packaging, Inc., has now commenced operations at its corrugated packaging plant. Whereas we used to source all of our corrugated packaging products for the Hawaiian market by sea from ports on the West Coast of the United States, the completion of this factory has significantly shortened lead times from order to delivery and helped us improve quality, while enabling us to address local customer requirements more precisely.

We continue to expand and upgrade our network across Asia as well. In 2014, manufacturers of corrugated packaging and folding cartons in Thailand and Indonesia became a part of the Rengo Group, thus our regional production capacity is steadily increasing. In the flexible packaging sector, we also took an equity stake in TC Flexible Packaging Co., Ltd. (TCFP), a holding company of a flexible packaging manufacturer established by Thai Containers Group Co., Ltd. We plan to make TCFP the focal point of the Group's expansion in the flexible packaging sector within Southeast Asia. TCFP has acquired equity stakes in several flexible packaging companies in Thailand and Vietnam already.

The Rengo Group companies are also expanding in the region. Settsu Carton Co., Ltd. opened a new corrugated packaging production facility in Vietnam which is its first overseas base.

Future plans in the region include the construction of a new flexible packaging plant in China and capacity expansion in containerboard production facilities in Vietnam. We will continue to develop the Rengo Group's overseas operations mainly in Asia as regional demand grows.

Rengo Packaging, Inc.

Settsu Carton Vietnam Corporation

Consideration for the environment

Environmental impact reduction initiatives

Q6 Rengo has set internal targets for environmental impact reduction. What types of activities are involved?

Otsubo: Based on the policies contained in the Rengo Group Environmental Charter, we have formulated the "Eco Challenge 020" environmental action plan with specific targets for environmental impact reduction, notably lower CO_2 emissions.

The results of some of our environmental impact-reduction initiatives are exemplified by the awarding to Yashio Mill of the Minister Prize of Economy, Trade and Industry in January 2015 for the promotion of energy conservation through group activities. Forming its own team to promote fuel efficiency, the workforce at the Yashio Mill developed energy conservation programs covering the entire facility. The team also formulated rules for assessment, and sought suggestions from employees across all departments to establish an assessment and implementation framework.

Eco Challenge 020 Results and Targets

Theme	Item	FY2014 targets	FY2014 results	FY2020 targets
Global warming countermeasures	CO_2 emissions from production (vs. FY1990)*1	26% reduction	29.4%	32% reduction
	CO_2 emissions from distribution (vs. FY2007)*2	8% reduction	9.1%	Promote reduction
Efficient use of resources	Recovered paper recycling rate	97% or more	98.0%	97% or more
Waste reduction	Material recycling rate	97% or more	98.2%	98% or more
	Waste sent to landfill*3	4,250 t or less	3,386 t	4,000 t or less
R&D/supply of eco-conscious products	Average basis weight of corrugated box (vs. FY2004)	8% reduction	9.0%	Promote weight reduction Maintain recovery rate
Green procurement, and chemicals management	VOC emissions (vs. FY2000)	41% reduction	44.1%	Promote management of chemical substances
	Emissions/transfer of PRTR chemicals (vs. FY2002)	9% reduction	9.9%	

*1. CO_2 emissions from fossil fuel-derived energy used in production
Index taken from Keidanren plan for realizing a low-carbon society
FY2010 value for electric power index used for FY2011 onward to exclude any disaster-related impacts
*2. Figure equals CO_2 emissions divided by sales
*3. Figure equals non-factory wastes less quantity of recycled materials

The award recognized their success in increasing energy conservation awareness among all employees and achieving continuous reductions in CO_2 emissions.

Corrugated board is highly recyclable, and we do our best to make it as eco-friendly as possible by using recovered paper as the main raw material. Throughout the Rengo Group, we are focused on continually evolving our manufacturing processes as well as our products to reduce environmental impacts by using less energy and making more efficient use of resources.

We express our concept of environmental management in the phrase "Less is more." By this we mean that our aim is to make high-quality products with more added value while consuming less energy and emitting less CO_2. Based on this thinking, we remain committed to accelerating innovation to create more eco-friendly, functional and value-added packaging products.

The mission of the Rengo Group

Responding to diverse packaging needs

Q7 How can packaging help to advance society by creating more affluent lifestyles for people?

Otsubo: Even at this very moment, companies in the Rengo Group are continually approached by customers to discuss all sorts of issues where packaging solutions are needed.

We address these packaging-related issues using the knowledge, intelligence and creativity of our product development teams, who are highly experienced in coming up with innovative solutions. Packaging evolution is driven by the enthusiasm of individual workers and their in-depth appreciation for the workplace where the essence of manufacturing exists. The strengths and wide-ranging capabilities of GPI Rengo create the fertile ground needed for innovation to occur in its various forms.

Our customers can draw on the integrated human resources of the Rengo Group and its six core businesses. We offer our customers support that is continuous and broad, rather than pinpointed. In the future, the emergence of the Internet of Things (IoT) will mean that we need to support the packaging and logistical requirements of our customers in even greater depth.

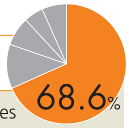
Our mission is to lead the way in addressing the packaging-related issues that impinge on society. I am confident that profits will recover if we harness the collective intelligence of everyone in the Group to address these issues, and that we will continue to develop from strength to strength. I hope that all of our shareholders, investors, and other stakeholders will give us their continued support.

Rengo at a Glance

The Rengo Group provides optimized solutions for packaging needs through the deployment of comprehensive capabilities underpinned by packaging technology and expertise accumulated over many years. Today, the Rengo Group is conducting wide-ranging business in six core business fields: paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas business.

FY 2014

Paperboard and Packaging-Related Business



Composition of Net Sales

Net Sales

¥358,821 million

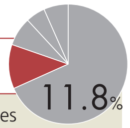
(Year-on-year decrease of 3.7%)

Operating Income

¥3,225 million

(Year-on-year decrease of 74.0%)

Flexible Packaging-Related Business



Composition of Net Sales

Net Sales

¥61,627 million

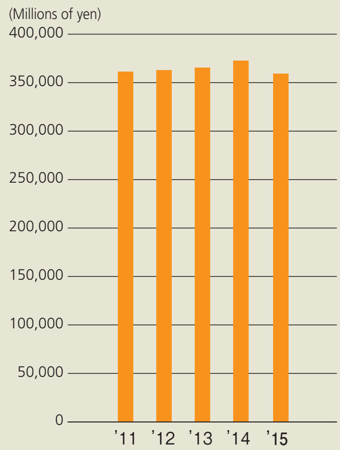
(Year-on-year increase of 1.6%)

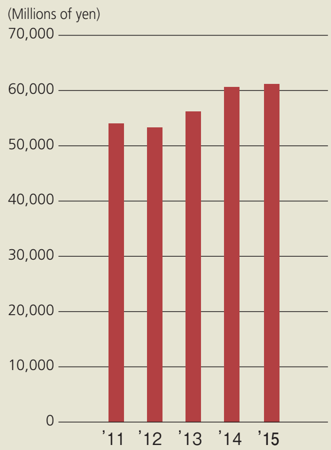
Operating Income

¥2,103 million

(Year-on-year increase of 121.8%)

Net Sales





Main Products

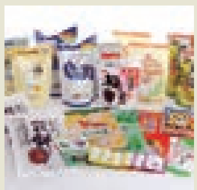
Paperboard

- Containerboard
- Boxboard
- Tube board
- Chipboard

Paperboard Packaging

- Corrugated board
- Corrugated boxes
- Folding cartons

- Flexible packaging
- Cellophane



Main Group Companies

- Marusan Paper Mfg. Co., Ltd.
- Osaka Paper Co., Ltd.

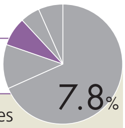
- Yamato Shiki Co., Ltd.
- Settsu Carton Co., Ltd.
- Tokai Shiki Co., Ltd.
- Hinode Shiki Kogyo Co., Ltd.

- Howa Sangyo Co., Ltd.

As an accomplished packaging partner, the Rengo Group, through unceasing new thinking and innovation, actively makes proposals to meet the diverse packaging needs of various industries. Defining ourselves as a "General Packaging Industry," we are pursuing manufacture of corrugated packaging that is ahead of the times, people-friendly, environmentally considerate and whose authentic value resonates in one's heart.

FY 2014

Heavy Duty Packaging-Related Business



Composition of Net Sales

Net Sales

¥40,596 million

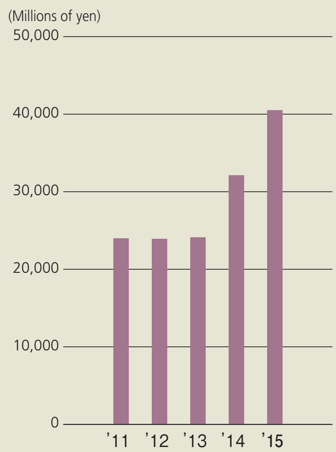
(Year-on-year increase of 26.5%)

Operating Income

¥622million

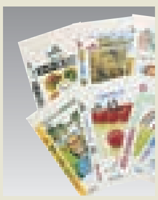
(Year-on-year decrease of 29.6%)

Net Sales



Main Products

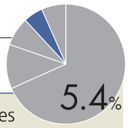
- Polyethylene heavy duty bags
- Kraft paper bags
- Flexible container bags



Main Group Companies

- Nihon Matai Co., Ltd.
- Morishita Co., Ltd.
  Merged with Nihon Matai Co., Ltd. (as of April 1, 2015)

Overseas Business



Composition of Net Sales

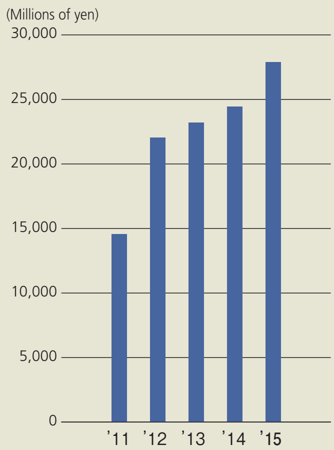
Net Sales

¥27,997 million

(Year-on-year increase of 14.5%)

Operating Loss

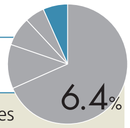
¥654million



- Corrugated board
- Corrugated boxes
- Flexible packaging
- Flexible container bags

- Dalian Rengo Packaging Co., Ltd.
- Jiangsu Zhongjin Matai Medicinal Packaging Co., Ltd.
- Matai (Vietnam) Co., Ltd.

Other Businesses



Composition of Net Sales

Net Sales

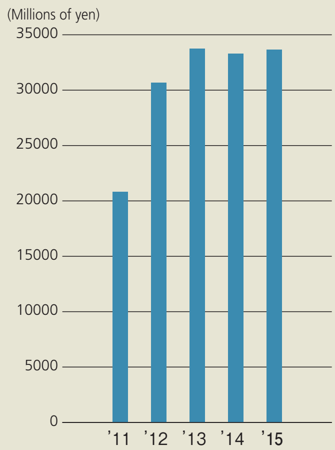
¥33,631 million

(Year-on-year increase of 1.0 %)

Operating Income

¥102 million

(Year-on-year decrease of 82.5 %)



- Nonwoven products
- Packaging machines
- Printing paper
- Transportation

- Rengo Nonwoven Products Co., Ltd.
- Yamada Kikai Kogyo Co., Ltd.
- Rengo Logistics Co., Ltd.
- Sanyo Jidosha Unso Co., Ltd.

Paperboard and Packaging-Related Business

The paperboard and packaging-related business recorded lower sales and profit than the previous year, because of higher prices of raw materials and fuels, the consumption tax increase, and a decrease in production output reflecting unsettled weather in the summer.

Segment sales were ¥358,821 million, a decrease of 3.7% year on year, and operating income was ¥3,225 million, a decrease of 74.0%. The paperboard and packaging-related business accounted for 68.6% of consolidated net sales.


Various types of paperboard


Corrugated board


Corrugated boxes

Paperboard

The Rengo Group's manufacturing and sales business of paperboard are carried out by Rengo Co., Ltd., Marusan Paper Mfg. Co., Ltd. and Osaka Paper Co., Ltd. Their products are distributed to customers via Rengo Paper Business Co., Ltd. and other sales channels and are also supplied to companies within the Rengo Group via Rengo Co., Ltd. and Rengo Paper Business Co., Ltd. as the principal raw materials for corrugated packaging.

Market Environment and Business Results

Paperboard production volume was the same level as the previous year because of higher exports despite a decline in shipments in Japan after the consumption tax increase. The Rengo Group's paperboard production volume in Japan amounted to 2,089 thousand tons, a decrease of 4.4% year on year, resulting from lower shipments in Japan.

Paperboard sales decreased 3.5% to ¥48.5 billion, accounting for 9.3% of consolidated net sales.

Completion of New Containerboard Machine at Marusan Paper Mfg. Co., Ltd.

Consolidated subsidiary Marusan Paper Mfg. Co., Ltd. (Minamisoma-shi, Fukushima Prefecture) is the Rengo Group's production center for containerboard in the Tohoku region. The company used to produce approximately 20,000 tons of containerboard per month using two paper machines, PM6 for linerboard and PM7 for corrugating medium. PM6 had deteriorated after more than 40 years in service since its installation in 1973, and it also suffered damage during the Great East Japan Earthquake. Accordingly, Rengo replaced it with PM8, holding a ceremony in March 2015 to mark the completion of construction work.

Completion of the new PM8 has enhanced the Rengo Group's containerboard supply system in Eastern Japan and the integrated production system from containerboard to corrugated packaging.

With the renewal of the machine, Marusan Paper Mfg. Co., Ltd. will continue to play a vital role in the local economy of Minamisoma-shi, Fukushima Prefecture while making a valuable contribution to regional reconstruction and revitalization by promoting industry and ensuring stable employment.

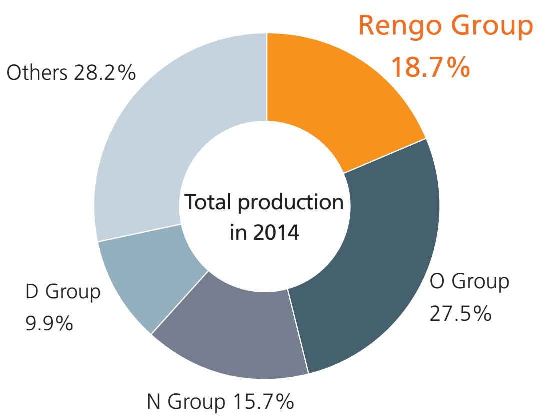
Sales (after intersegment elimination) (Millions of yen)

	2011	2012	2013	2014	**2015**
Paperboard	50,365	50,723	50,368	50,314	**48,547**

Production (in Japan, consolidated basis) (Thousand tons)

	2011	2012	2013	2014	**2015**
Paperboard	2,081	2,013	2,069	2,185	**2,089**

Major Manufacturing Groups' Shares of the Paperboard Market in Japan



Source: Japan Paper Association

Paperboard Packaging

The Rengo Group's manufacturing and sales of corrugated board and boxes are carried out through collaboration of Rengo Co., Ltd. and its subsidiaries including Yamato Shiki Co., Ltd., and Settsu Carton Co., Ltd.

Rengo Co., Ltd. and Rengo Riverwood Packaging, Ltd. manufacture and sell multi-packs used for six packs of canned beer, etc.

Market Environment and Business Results

During the year under review, production of corrugated packaging was lower than the previous year, reflecting the consumption tax increase and unsettled weather in the summer despite generally robust demand.

The Rengo Group's production volumes of corrugated packaging in Japan decreased from the previous year for the reasons stated above. Production of corrugated board decreased 4.3% to 3,640 million square meters and production of corrugated boxes decreased 2.3% to 2,879 million square meters.

Sales of corrugated packaging decreased 4.7% to ¥281.9 billion, accounting for 53.9% of consolidated net sales.

Settsu Carton Co., Ltd. commenced construction of Shin-Tokyo Plant

Consolidated subsidiary Settsu Carton Co., Ltd. (Itami-shi, Hyogo Prefecture) had been considering renovating its aged Tokyo Plant (Yashio-shi, Saitama Prefecture). However, because the small site on which the current plant is located makes it difficult to conduct refurbishment and renew infrastructure while continuing operations, it was decided to construct a new plant at another site and move operations there. The groundbreaking ceremony was held on April 30, 2015.

Shin-Tokyo Plant (Kawaguchi-shi, Saitama Prefecture), whose completion is scheduled for August 2016, will be a state-of-the-art plant, incorporating environmentally friendly features such as photovoltaic power generation facilities.

Conceptual drawing of the completed Settsu Carton Co., Ltd. Shin-Tokyo Plant

Reorganization of Group companies

In December 2014, Rengo made its affiliate Tohoku Shiki Co., Ltd. (Morioka-shi, Iwate Prefecture) a subsidiary by subscribing to Tohoku Shiki's allocation of new shares to a third party. Tohoku Shiki, a corrugated packaging manufacturer whose business activities are primarily in Iwate Prefecture, is notable for its long history and excellent customer base, centering on the fruit and vegetable sector.

In April 2015, the following mergers between companies in the Rengo Group were carried out.

- Merger of Settsu Carton Co., Ltd. (Itami-shi, Hyogo Prefecture) and Saito Shiki Co., Ltd. (Kumagaya-shi, Saitama Prefecture)
- Merger of Kyoei Danboru Co., Ltd. (Shimo Ina-gun, Nagano Prefecture) and Chuo Danboru Co., Ltd. (Ena-shi, Gifu Prefecture)

Sales (after intersegment elimination) (Millions of yen)

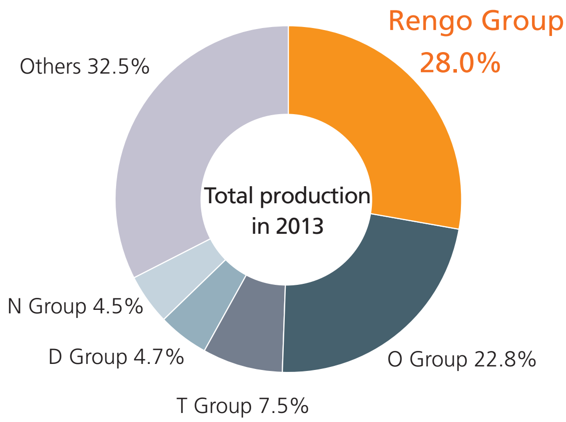
	2011	2012	2013	2014	2015
Corrugated packaging	285,078	286,210	288,769	295,800	**281,853**
Others	26,048	25,802	26,147	26,518	**28,421**

Production (in Japan, consolidated basis) (Million sq. meters)

	2011	2012	2013	2014	2015
Corrugated board	3,559	3,610	3,587	3,804	**3,640**
Corrugated boxes	2,656	2,729	2,726	2,946	**2,879**

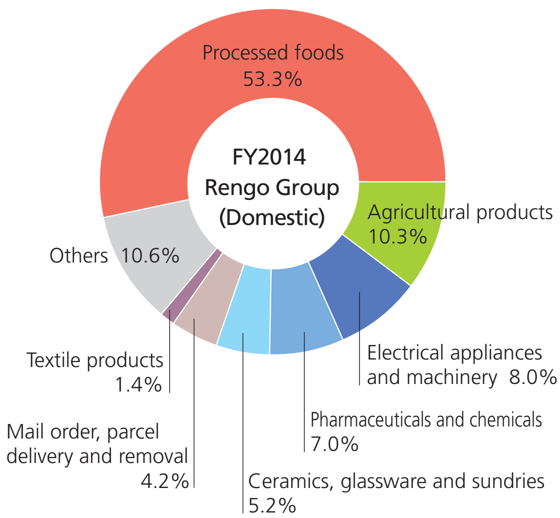
*Corrugated board production volume includes that converted into corrugated boxes.

Major Manufacturing Groups' Shares of the Corrugated Board Market in Japan



Source: Yano Research Institute

Breakdown of Demand for Corrugated Boxes by Market



Flexible Packaging-Related Business

The Rengo Group's business for manufacturing and sales of flexible packaging is carried out by Howa Sangyo Co., Ltd. and Rengo Co., Ltd. also sells flexible packaging. Manufacturing and sales of cellophane are carried out by Rengo Co., Ltd.

Market Environment and Business Results

The flexible packaging-related business recorded increases in sales and profit. While unsettled weather weakened demand for beverages, fruit and vegetables, etc., buoyant demand associated with convenience stores and the revision of product prices contributed to higher performance.

Segment sales were ¥61,627 million, an increase of 1.6% year on year, and operating income was ¥2,103 million, an increase of 121.8%. The flexible packaging-related business accounted for 11.8% of consolidated net sales.

Sales (after intersegment elimination) (Millions of yen)

	2011	2012	2013	2014	**2015**
Flexible Packaging-Related Business	54,015	53,319	56,213	60,663	**61,627**


Film wraps


Labels


Cellophane

Heavy Duty Packaging-Related Business

The Rengo Group's business for manufacturing and sales of heavy duty packaging is carried out mainly by Nihon Matai Co., Ltd.

Market Environment and Business Results

The heavy duty packaging-related business recorded higher sales than the previous year because of the addition of a consolidated subsidiary from the third quarter of the previous year, in addition to a continuing increase in ongoing demand for container bags used for decontamination after the nuclear power plant accident. However, profit decreased owing to increases in prices of raw materials and fuels. Segment sales were ¥40,596 million, an increase of 26.5% year on year, and operating income was ¥622 million, a decrease of 29.6%. The heavy duty packaging-related business accounted for 7.8% of consolidated net sales.

Sales (after intersegment elimination) (Millions of yen)

	2011	2012	2013	2014	**2015**
Heavy Duty Packaging-Related Business	24,002	23,902	24,162	32,093	**40,596**


Polyethylene heavy duty bags


Kraft paper bags


Flexible container bag

Merger of Nihon Matai Co., Ltd. and Morishita Co., Ltd.

On April 1, 2015, Rengo carried out a merger of Nihon Matai Co., Ltd. (Taito-ku, Tokyo) and Morishita Co., Ltd. (Setouchi-shi, Okayama Prefecture), which are major consolidated subsidiaries in the heavy duty packaging business, with the aim of improving management efficiency of Group companies and further enhancing consolidated performance.

Overseas Business

The overseas business includes the overseas operations of the paperboard and packaging-related business, flexible packaging-related business, and heavy duty packaging-related business.

Manufacturing and sales of the Rengo Group's products overseas are carried out principally by Dalian Rengo Packaging Co., Ltd. for corrugated board and boxes, by Jiangsu Zhongjin Matai Medicinal Packaging Co., Ltd. for flexible packaging, and by Matai (Vietnam) Co., Ltd. for heavy duty packaging.

Market Environment and Business Results

Sales of the overseas business increased because of the addition of a consolidated subsidiary, but operating loss remained at the same level as the previous year owing to increased depreciation and amortization.

From the third quarter of fiscal 2013, two paper manufacturing companies in China, which had been Rengo's consolidated subsidiaries, became affiliates accounted for by the equity method.

Overseas production volume of corrugated board by Rengo's consolidated subsidiaries amounted to 256 million square meters, an increase of 15.3%. Segment sales increased 14.5% year on year to ¥27,997 million, and operating loss of ¥654 million was recorded. The overseas business accounted for 5.4% of consolidated net sales.

The Rengo Group's production volume of paperboard overseas, including production by equity-method affiliates, amounted to 365 thousand tons and that of corrugated boxes was 1,885 million square meters.

Sales (after intersegment elimination) (Millions of yen)

	2011	2012	2013	2014	**2015**
Overseas business	14,568	22,025	23,209	24,455	**27,997**

Production (overseas, consolidated basis) (Million sq. meters)

	2011	2012	2013	2014	**2015**
Paperboard (thousand tons)	—	177	165	70	**—**
Corrugated board (million sq. meters)	237	245	210	222	**256**
Corrugated boxes (million sq. meters)	220	224	189	207	**229**

* Corrugated board production volume includes that converted into corrugated boxes.

For our most recent developments, see page 16.

Other Businesses

Manufacturing and sales of other products are carried out by the following companies: nonwoven products by Rengo Nonwoven Products Co., Ltd., packaging machines principally by Yamada Kikai Kogyo Co., Ltd., and newsprint by Osaka Paper Co., Ltd. Sales of packaging machines are also carried out by Rengo Co., Ltd. The transport business, insurance agency, leasing, and real estate businesses are carried out principally by Rengo Logistics Co., Ltd. and Sanyo Jidosha Unso Co., Ltd.

Market Environment and Business Results

Sales of other businesses were virtually unchanged from the previous year but profits decreased because of deterioration of profitability of the nonwoven products business.

Segment sales were ¥33,631 million, an increase of 1.0% year on year, and operating income was ¥102 million, a decrease of 82.5%. Other businesses accounted for 6.4% of consolidated net sales.

Sales (after intersegment elimination) (Millions of yen)

	2011	2012	2013	2014	**2015**
Other Businesses	20,801	30,647	33,757	33,299	**33,631**


Nonwoven products


Packaging machine


Viscopearl®
(porous cellulose beads)

The Group's Transport Service Companies Expanded Distribution Centers

Consolidated subsidiaries Rengo Logistics Co., Ltd. (Nishiyodogawa-ku, Osaka) and Sanyo Jidosha Unso Co., Ltd. (Higashiosaka-shi, Osaka) have expanded their distribution centers. Construction of a new head office building of Sanyo Jidosha Unso in Higashiosaka-shi, Osaka was completed in February 2015. The new head office building is equipped with a loading area and a cargo warehouse. The former headquarters and the Osaka Branch (Daito-shi, Osaka) have been relocated and integrated to this new head office. In May 2015, Rengo Logistics opened the Yashio Logistics Center (Yashio-shi, Saitama Prefecture), which has 24/7 distribution capabilities.

Overseas Business

Amid accelerating economic and social globalization, capitalizing on the superior packaging technologies it has cultivated over the years, the Rengo Group is addressing the packaging needs of customers overseas. As a global corporate citizen, we are contributing to the enhancement of packaging culture and economic development wherever we operate.

Major developments		
May 2014	**Investment in Prepack Thailand Co., Ltd., a flexible packaging manufacturer** Thai Containers Group Co., Ltd. (TCG), Rengo's joint venture company in Thailand, acquired a 22% stake in Prepack Thailand Co., Ltd. through its subsidiary. (The equity stake increased to 72% in January 2015.)	1
	Rengo Packaging, Inc. opened a new corrugated plant in Hawaii	2
November 2014	**Acquisition of D-In Pack Co., Ltd., a corrugated box manufacturer in Thailand** TCG's subsidiary acquired 100% of D-In Pack.	3
December 2014	**Acquisition of PT Indoris Printingdo, a manufacturer of corrugated packaging and folding cartons in Indonesia** TCG acquired a 90% equity stake in PT Indoris Printingdo.	4
January 2015	**Investment in TC Flexible Packaging Co., Ltd. (TCFP), a holding company of a flexible packaging manufacturer in Thailand** Rengo Co., Ltd. and Howa Sangyo Co., Ltd. acquired a total of 25% of the equity of TCFP through direct investment.	5
March 2015	**Settsu Carton Co., Ltd. commenced operations of a new plant for corrugated packaging in Vietnam.**	6
June 2015	**Investment in Tin Thanh Packing Joint Stock Company (BATICO), a flexible packaging manufacturer in Vietnam** TCFP acquired an 80% equity stake in BATICO.	7
Plans		
December 2015	**Jiangsu Zhongjin Matai Medicinal Packaging Co., Ltd. to open a new plant in Jiangsu Province, China**	8
2017	**Vina Kraft Paper Co., Ltd. to increase containerboard production capacity by installing an additional paper machine**	9

Research and Development

Packaging serves multifaceted functions; to protect products, present them attractively, convey information, and be people-friendly and environmentally considerate. Packaging is constantly evolving. Rengo helps provide solutions to all types of packaging-related issues from three perspectives "packaging technology," "design and marketing," and "research and development." The wealth of packaging technology we have accumulated forms the basis of the "total solutions" we offer our customers, covering every scenario in the creation of a product from product development, packaging and distribution through to in-store sales promotions.

Rengo Smart Display Packaging (RSDP)

RSDP is innovative corrugated packaging that incorporates both "display" and "sales" functions in addition to the traditional functions of "transporting" and "protecting" products.

Compared with conventional packaging, RSDP greatly reduces the time needed for unpacking and displaying products. The display function of RSDP enhances in-store sales promotion. Since compressed packaging enables size reduction and use of shrink film allows omission of outer boxes, RSDP also helps reduce environmental impacts.

Gemini Packaging System

Gemini Packaging System is a newly developed automated packaging system attuned to the rapid growth of the e-commerce market.

The system uses just two types of corrugated sheet and shrink film. It automatically measures the size of the contents and produces a package of exactly the right height. As a result, it not only dramatically increases the efficiency of the packaging process, which was conventionally highly dependent on manpower, but also eliminates the need for cushioning materials. No wasted space in packages means enhanced transportation efficiency, minimizing environmental impacts.

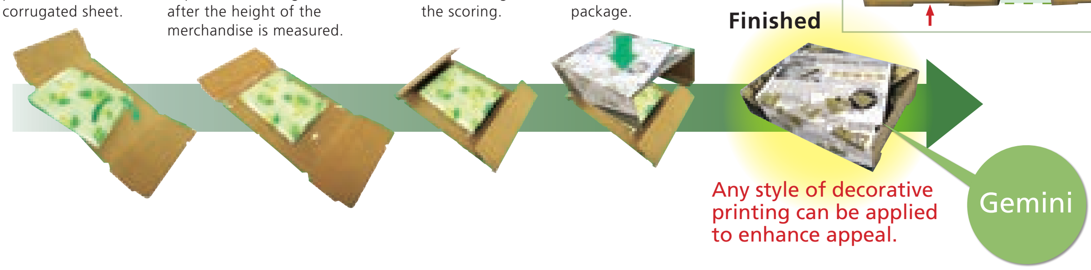
Packaging Process of Gemini Packaging System

(1) Merchandise is placed on corrugated sheet.

(2) Shrink film holds merchandise in position. Scoring is done after the height of the merchandise is measured.

(3) Packaging is folded along the scoring.

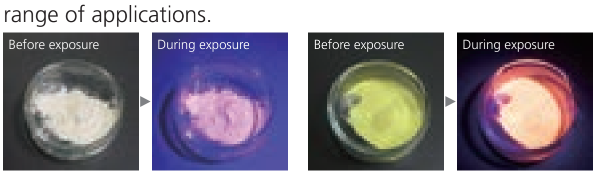
(4) A second corrugated sheet is fastened to the package.



Gaiaphoton γ

Gaiaphoton γ (gamma) is an improved version of Gaiaphoton, an innovative phosphor that does not use any rare earth element and is luminescent (madder red to red) when exposed to visible light.

All previous phosphors have used rare earth elements as raw materials, whose sources are highly dependent on imports from specific countries. To make Gaiaphoton γ, however, silver is used, which is widely mined. Gaiaphoton γ is expected to be used in LED lighting as well as a broader range of applications.



Luminescence of Gaiaphoton γ
(when exposed to visible light with a wavelength of 410 nm)

PRUBONE

PRUBONE is a new paper yarn* that Rengo developed jointly with SunRising Ltd. (Izumisano-shi, Osaka).

Blending *washi* paper containing powder from carbonized plum seeds with *Cellgaia*, a highly functional fiber developed by Rengo, PRUBONE possesses the deodorant capability of plum wood charcoal powder and *Cellgaia's* antibacterial properties. Apparel accessories under the PRUBONE brand name have already been commercialized and are commended.

* The paper yarn is a thread of twisted finely sliced *washi* paper.

Environmental Protection

True to its basic policy of "Being friendly to people and considerate to the environment," the Rengo Group is fulfilling an active role in the realization of a sustainable society. With "Less is more" as our concept, we are promoting creation of products offering greater added value with less resources while pushing forward with environmental protection throughout our business fields.

Three Initiatives for Environmental Sustainability

Realization of a recycling-based society

Realization of a low-carbon society

Realization of harmony with the natural environment

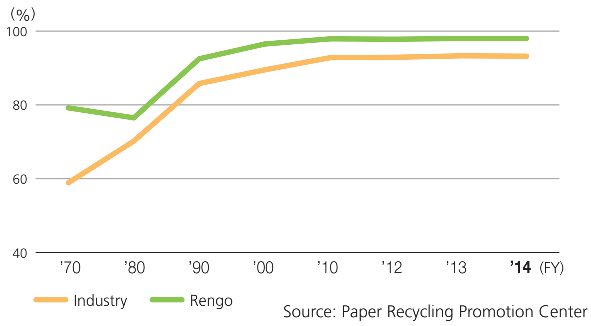
To Realize a Recycling-based Society

Maintaining and expanding the use of recovered paper

Corrugated board is a recyclable product whose recycling system has long been established. Rengo is increasing the use of recovered paper while maintaining product quality through development of technologies for the use of recovered paper and the introduction of facilities for processing confidential paper waste, which was previously difficult to use.

As a result, Rengo's recovered paper utilization ratio for fiscal 2014 remained at a high level at 98.0%.

Recovered paper utilization ratio for paperboard (%)



Source: Paper Recycling Promotion Center

Facilities dedicated to processing confidential paper waste

Promoting recycling

To facilitate recycling of used corrugated board, which is a valuable resource, we are making a concerted effort to construct an efficient, high-quality recycling system.

The Rengo Group is promoting use and awareness of the Corrugated Recycles symbol to facilitate waste separation, discharge, and recovery, and encouraging recycling of corrugated board through exhibitions and awareness-raising activities for external parties. We are also proactively committed to developing easy-to-recycle products.

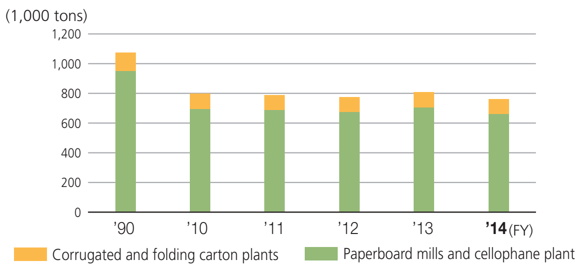
Corrugated Recycles

To Realize a Low-carbon Society

Reducing CO_2 emissions

In the Eco Challenge 020 environmental action plan, Rengo has set a target of a 32% reduction in CO_2 emissions from fossil fuels during production in fiscal 2020 compared with fiscal 1990. Through energy saving and conversion to clean energy, CO_2 emissions were 759,472 tons in fiscal 2014, a reduction of 24.9% compared with fiscal 1990.

CO_2 emissions

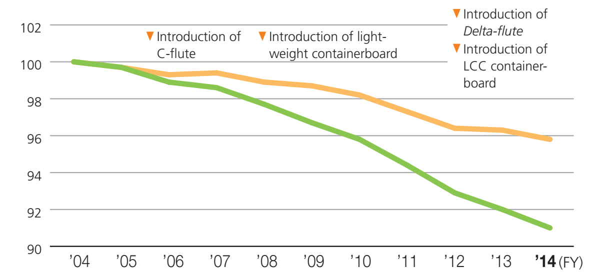


Lightweight packaging

Rengo relentlessly takes on challenges in manufacturing with "how to achieve thinner, lighter packaging without compromising functionality" as our issue of concern.

In fiscal 2014, through our efforts toward lightweight, including promotion of Less Caliper & Carbon (LCC) containerboard, C-flute and Delta-flute corrugated board, the average basis weight of corrugated board manufactured by Rengo decreased 9.0% compared to fiscal 2004 average. We will continue our efforts to promote lighter packaging to realize reduced environmental impacts through resource saving and improved transportation efficiency.

Average basis weight of corrugated board (FY 2004 = 100)



Source: Japan Corrugated Case Association
Index by Rengo

To Realize Harmony with the Natural Environment

Green procurement

Rengo has established the Basic Procurement Policy for Wood Pulp. In accordance with this policy, we confirm that the pulp we procure is derived from timber from appropriately managed forests. Rengo is also monitored annually by the Japan Paper Association to confirm that countermeasures for illegal logging are in place.

FSC
www.fsc.org
FSC® C119241
The mark of responsible forestry

In fiscal 2013, the Tonegawa Division paperboard mill, which produces clay coated board, obtained the Forest Stewardship Council® certification, and in fiscal 2014, the Yashio Mill, which produces chipboard, also obtained the same certification.

*Forest Stewardship Council (FSC®)
An international organization founded in 1993 for promoting responsible forest management

Reduction of waste and pollutants

We are striving to reduce the amount of excretion of industrial waste, as well as promote recycling and minimize landfill disposal at our plants. In addition, we have implemented a waste management system to ensure appropriate management.

Emissions of any pollutants that may affect the local environment are thoroughly controlled by applying voluntary standards more strictly than the legal requirements and carrying out thorough management to prevent environmental contamination.

Social contribution activities

We are conducting various activities at our divisions and plants across Japan to contribute to local communities as a good corporate citizen. Our initiatives include support of next generation human resources development, contribution to electricity supply, cooperation with municipalities for disaster preparedness, and conservation of biodiversity.


Biotopes at Takefu Plant (left) and Fukushima-Yabuki Plant (right)

The Rengo Group's Environmental Initiatives Recognized

Yashio Mill received Minister Prize of Economy, Trade and Industry for Energy Conservation

Yashio Mill won the Minister Prize of Economy, Trade and Industry (industry category) for promotion of energy conservation through group activities at the paperboard mill, as part of the 2014 Energy Conservation Grand Prize (Organizer: The Energy Conservation Center, Japan; Support: Ministry of Economy, Trade and Industry). At Yashio Mill, the "Teinenpi (Fuel-Efficient) Yashio," a small group tackling energy conservation, was created and a structure has been established to solicit, assess and implement suggestions from the workforce throughout the plant. Yashio Mill's activities leading to continuing reduction in CO_2 emissions were highly regarded, resulting in the conferment of this award.

ENERGY CONSERVATION GRAND PRIZE
平成26年度
省エネ大賞
(省エネ事例部門)

Rengo's Environment and Social Report 2014 received commendation at Environmental Communication Awards

Our Environment and Social Report 2014 published in 2014 received commendation in the environmental report category at the 18th Environmental Communication Awards organized by the Ministry of the Environment and the Global Environmental Forum.

Corporate Governance

Aspiring to be an enterprise that earns the trust and confidence of society, we have put in place a corporate governance system and internal controls. We are accelerating decision-making and strengthening supervision of execution.

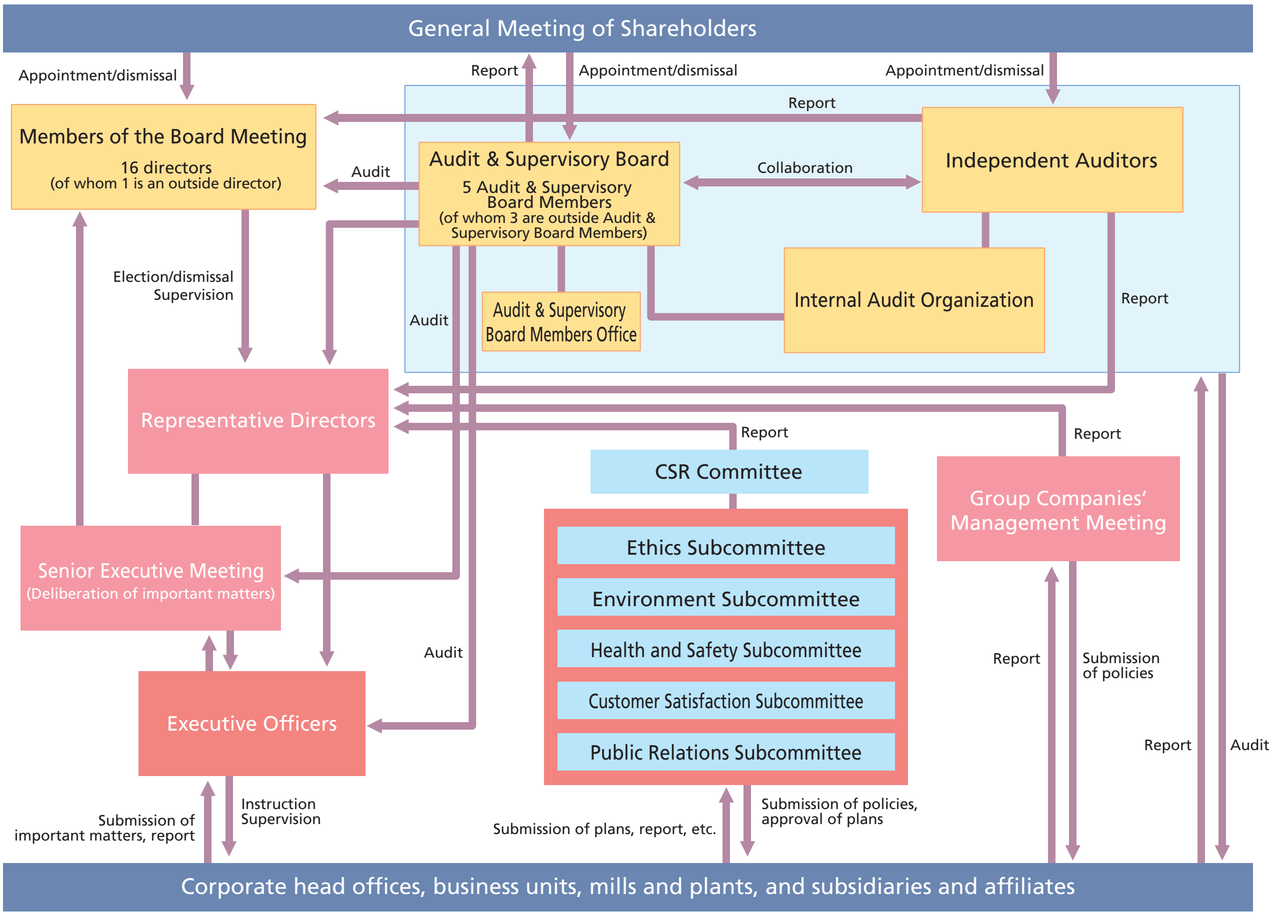
Basic Stance for Corporate Governance

As an enterprise aspiring to earn society's trust and confidence, our goal is timely and accurate information disclosure combined with sound management that has high transparency. In keeping with our corporate philosophy whose essence is "The truth is in the workplace," Rengo is enhancing corporate governance by strengthening the current systems while delegating authority and accelerating decision-making.

Corporate Governance Systems

Rengo is a company with audit & supervisory board members. The term of office of directors is one year. Rengo elects an outside director and employs an audit & supervisory system consisting of audit & supervisory board members, including outside audit & supervisory board members, in order to enhance management transparency and strengthen supervision of management. Two standing audit & supervisory board members and three outside audit & supervisory board members audit directors' performance of duties and operations and the financial status of Rengo and its subsidiaries.

Corporate Governance Structure (As of June 26, 2015)



Initiatives

As well as a meeting of the Board of Directors, the Senior Executive Meeting, the Internal Officers' Meeting, the Divisional Liaison Meeting, etc. are held at least once a month, in principle, to facilitate sharing of important information. In April 2007, to further vitalize the Board of Directors, accelerate decision-making, and strengthen supervision of execution of operations, Rengo introduced an executive officer system.

Rengo adopts the audit & supervisory board members system and is striving to improve the audit & supervisory systems involving audits of directors' performance of duties by audit & supervisory board members and audits corresponding to consolidated management, such as collaboration with subsidiaries' audit & supervisory board members.

Internal Control

Rengo formulated the basic policy for design of internal controls pursuant to the Companies Act of Japan and the Board of Directors approved it in May 2006. In April 2008, to respond to the internal control system required by the Financial Instruments and Exchange Act, Rengo established the Audit Department, which is independent of routine operations. The Internal Control Audit Group of the Audit Department monitors and evaluates statuses of design and operation of company-wide internal controls and internal controls of significant business processes and pursues improvement.

In fiscal 2014, Rengo Co., Ltd. and its 41 consolidated subsidiaries were within the scope of evaluation of company-wide internal controls and six significant business entities, including Rengo Co., Ltd., were subject to evaluation of internal controls of business processes. As a result of the evaluation, management judged that Rengo's internal controls covering financial reporting were effective as of March 31, 2015.

In addition, based on the amendments to the Companies Act and the Ordinance for Enforcement of the Companies Act, additional provisions for both the companies' internal control and the enhancement of the audit program were enacted. Following this, in May 2015, Rengo partially revised its internal control system pursuant to the Companies Act.

Strengthening Compliance Systems

On June 5, 2012 and September 19, 2012, Rengo and certain Rengo Group companies were investigated by the Japan Fair Trade Commission (JFTC) on suspicion of having violated the Antimonopoly Act in trading of corrugated board and corrugated boxes. Although Rengo extended full cooperation to the JFTC in its investigation, on June 19, 2014, we received cease-and-desist orders and surcharge payment notices from the JFTC for violations of Article 3 (prohibition of private monopolization or unreasonable restraint of trade) of the Antimonopoly Act. Following the receipt of the preliminary notices, the JFTC provided us with explanations about evidence etc. We have serious doubts about its factual basis and the legal arguments used by the JFTC and filed an appeal in August 2014 calling on the JFTC to review the decision. Adjudicative proceedings started in December 2014. Rengo and its Group companies will explain their views at proceedings and request fair judgment.

The Compliance Promotion Office, a permanent organization in Rengo, will spearhead Rengo's efforts to ensure compliance with laws and regulations, including the Antimonopoly Act, and strengthen corporate ethics. A compliance promotion officer responsible for execution of compliance promotion activities is appointed at each business unit and site of Rengo to strengthen the systems. Rengo's group companies are also establishing and strengthening their compliance structures similar to that of Rengo Co., Ltd.

Whistleblower System

In order to prevent violations of laws and regulations, we have a Corporate Ethics Helpline in place, separate from the ordinary business reporting route via immediate superiors, so that our employees can report and consult about compliance matters by telephone, email, etc.

In addition, a system is in place whereby audit & supervisory board members receive reports for cases where officers and employees of Rengo's group companies discover a violation of law, a matter that may cause serious damage to the Company, or any other matter that has an important bearing on management. The system is operated appropriately to ensure that people who make such reports are not treated unfairly.

Rengo Endorses the United Nations Global Compact

In November 2009, Rengo endorsed the United Nations Global Compact. We support the 10 principles of the UN Global Compact and adhere to its philosophy in fulfilling our responsibility as a corporate citizen.

Members of the Board, Audit & Supervisory Board Members and Executive Officers

(As of June 26, 2015)

Representative Director, Executive Vice President
Moriaki Maeda

Representative Director, Chairman, President and Chief Executive Officer
Kiyoshi Otsubo

Representative Director, Executive Vice President
Ichiro Hasegawa

Representative Director, Chairman, President and Chief Executive Officer	Kiyoshi Otsubo
Representative Director, Executive Vice President	Moriaki Maeda
	Ichiro Hasegawa
Member of the Board, Senior Managing Executive Officer	Misao Wakamatsu
	Yasuhiro Baba
	Hiromi Sambe
	Shigechika Ishida
Member of the Board, Managing Executive Officer	Yosuke Kawamoto
	Sadatoshi Inoue
Member of the Board, Executive Officer	Mitsumasa Yokota
	Hirofumi Hori
	Toru Osako
	Koichi Hirano
	Takeshi Hosokawa
	Yukio Okano
Member of the Board	Kenjiro Nakano

Audit & Supervisory Board Member	Kiwamu Hashimoto
	Hiroaki Nishii
	Ikuho Inoue
	Shinichi Yokoyama
	Junzo Ishii
Senior Managing Executive Officer	Osamu Nishimura
Managing Executive Officer	Ryuzo Shinano
	Toshihiro Yoneda
Executive Officer	Hiroshi Ebihara
	Kenichi Ito
	Naohiro Kubota
	Yuji Hiwaki
	Masashi Nakashima
	Taro Shiomi
	Yoshihiro Kagawa
	Mitsuhiro Morizane
	Yuji Motomatsu
	Shin Moritsuka

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Consolidated Ten-Year Summary

Rengo Co., Ltd. and Consolidated Subsidiaries

Years ended March 31

	Millions of yen		
For the year:	2006	2007	2008
Net sales	¥402,168	¥412,986	¥435,339
Gross profits	71,002	70,941	66,226
Operating income	21,701	19,057	12,799
Income before income taxes	23,712	16,292	9,654
Net income	13,032	9,442	5,659
Research and development expenses	1,316	1,507	1,486
Depreciation and amortization	20,822	21,589	24,227
Capital expenditures	22,408	34,351	21,083
EBITDA	42,523	40,646	37,026
At Year-End:			
Total assets	¥447,390	¥471,855	¥468,887
Working capital	(50,872)	(66,525)	(53,538)
Interest-bearing debt	176,323	185,065	194,251
Net assets	134,613	150,961	147,382
Total shareholders' equity (*1)	134,613	145,590	142,221
Per share amounts (yen):			
Net income, basic	¥ 54.63	¥ 38.81	¥ 21.83
Net income, diluted	47.72	—	—
Cash dividends applicable to the year	9.00	10.00	10.00
Net Assets (*2)	562.29	574.10	542.91
Ratios:			
Return on equity (%)	10.5	6.7	3.9
Return on total assets (%)	3.0	2.1	1.2
Debt to equity ratio (times)	1.31	1.27	1.37
Total shareholders' equity to total assets (%)	30.1	30.9	30.3
Other statistics:			
Number of shares of common stock (thousand)	241,927	263,774	263,774
Number of employees	9,545	9,747	10,181
Stock prices (yen):			
High	¥ 1,000	¥ 952	¥ 927
Low	501	616	451

(*1) Total shareholders' equity = Net assets - Minority interests (from year ended March 31, 2007 onward)
(*2) The amount of net assets used for calculation of net assets per share is the amount of net assets on the consolidated balance sheets, net of minority interests (from year ended March 31, 2007 onward).

Millions of yen						
2009	2010	2011	2012	2013	2014	**2015**
¥446,660	¥457,386	¥474,878	¥492,628	¥502,626	¥523,142	**¥522,672**
69,813	91,645	91,888	86,196	88,469	82,606	**76,429**
15,213	33,727	32,391	25,068	23,891	14,221	**5,568**
14,215	29,633	18,042	11,272	25,066	9,687	**12,081**
7,831	16,987	10,291	7,148	12,956	3,703	**5,719**
1,663	1,507	1,486	1,541	1,581	1,421	**1,405**
24,337	25,223	26,394	27,149	27,898	28,582	**29,612**
20,526	29,363	22,650	47,741	37,014	52,849	**39,982**
39,550	58,950	58,785	52,217	51,789	42,803	**35,180**
¥457,263	¥498,137	¥499,119	¥549,058	¥572,591	¥629,055	**¥655,675**
(43,897)	(37,080)	(36,385)	(46,135)	(30,389)	(40,772)	**(34,146)**
193,374	199,237	201,584	229,444	237,746	263,431	**276,906**
140,779	163,926	165,613	170,931	188,133	201,659	**222,391**
136,175	159,385	159,395	164,339	180,734	196,359	**216,353**
¥ 29.91	¥ 64.42	¥ 39.67	¥ 27.74	¥ 50.99	¥ 14.95	**¥ 23.09**
—	—	—	—	—	—	**—**
10.00	10.00	12.00	12.00	12.00	12.00	**12.00**
520.49	595.36	618.59	637.85	729.53	792.78	**873.60**
5.6	11.5	6.5	4.4	7.5	2.0	**2.8**
1.7	3.6	2.1	1.4	2.3	0.6	**0.9**
1.42	1.25	1.27	1.40	1.32	1.34	**1.28**
29.8	32.0	31.9	29.9	31.6	31.2	**33.0**
263,774	271,056	271,056	271,056	271,056	271,056	**271,056**
9,089	11,182	12,267	12,961	13,082	13,095	**14,060**
¥ 849	¥ 652	¥ 597	¥ 619	¥ 599	¥ 651	**¥ 558**
425	483	414	458	311	438	**443**

Management's Discussion and Analysis

Overview

In the fiscal year ended March 31, 2015 (fiscal 2014), inspired by our "General Packaging Industry (GPI)" concept to be a provider of comprehensive packaging solutions centering on six core businesses—paperboard, corrugated packaging, folding cartons, flexible packaging, heavy duty packaging, and overseas business—the Rengo Group reinforced the unity of these businesses in Japan and overseas while focusing on packaging innovation. Through vigorous capital investment and M&A, operational reorganization, and efforts to improve terms of trade, we strove to reinforce the business base as a group.

Advocating revolution in logistics through packaging, Rengo developed and vigorously promoted Rengo Smart Display Packaging (RSDP), an innovative concept in corrugated packaging, which greatly enhances both unpacking and display performance at retail stores while amplifying the sales promotion impact. In the growing e-commerce sector, Rengo promoted sales expansion of machinery including the Gemini Packaging System, which contributes to significant labor saving in packaging processes at distribution centers, as well as of other systems Rengo developed. In this way, Rengo strove to cultivate new demand in terms of both packaging and packaging systems.

In June 2014, Rengo acquired Fuji-Hoso Shiki Co., Ltd. (Tennoji-ku, Osaka-shi) and made it a consolidated subsidiary to expand the folding cartons business. In July 2014, Yamato Shiki Co., Ltd. (Ibaraki-shi, Osaka) opened its new Setouchi Plant (Setouchi-shi, Okayama Prefecture), which integrated its Okayama Plant (Minami-ku, Okayama-shi) and Himeji Plant (Taishi-cho, Ibo-gun, Hyogo Prefecture). In March 2015, the construction and installation of a new paper machine for making containerboard (linerboard) were completed at Marusan Paper Mfg. Co., Ltd. (Minamisoma-shi, Fukushima Prefecture), resulting in an enhanced supply system. Moreover, Nihon Matai Co., Ltd. (Taito-ku, Tokyo) and Morishita Co., Ltd. (Setouchi-shi, Okayama Prefecture) were merged in April 2015 to enhance operational efficiency of the heavy duty packaging business.

Overseas, in May 2014, Rengo Packaging, Inc., opened a corrugated plant in Hawaii of the United States, Hawaii's sole corrugated plant. In January 2015, Rengo Co., Ltd. and Howa Sangyo Co., Ltd. (Funabashi-shi, Chiba Prefecture) acquired a direct equity stake in TC Flexible Packaging Co., Ltd., which is a subsidiary of Thai Containers Group Co., Ltd. and is a holding company of a flexible packaging manufacturer. With this investment, the Rengo Group is ready for full-scale development of the flexible packaging business in Southeast Asia where demand is growing. Moreover, in March 2015, Settsu Carton Co., Ltd. (Itami-shi, Hyogo Prefecture) completed the construction of a corrugated plant of Settsu Carton Vietnam Corporation, which is Settsu Carton's first overseas base, as part of efforts to expand business bases in Vietnam, which is expected to undergo high economic growth.

As a countermeasure for deterioration of profitability owing to increases in prices of raw materials and fuels, the Rengo Group has been working to achieve appropriate price levels for paperboard, corrugated packaging, folding cartons, and flexible packaging since fall 2013. However, the Group enjoyed only limited success in achieving appropriate product price levels in fiscal 2014.

As a result, net sales were virtually unchanged from the previous year. Although operating income decreased greatly, net income exceeded the previous year's level owing to the recording of a gain on sales of noncurrent assets.

As of March 31, 2015, there were 54 consolidated subsidiaries, one more than at the end of the previous year, and there were eight affiliates accounted for by the equity method, the same as at the end of the previous year.

Sales

Consolidated net sales decreased ¥0.4 billion or 0.1% year on year from ¥523.1 billion for the previous year to ¥522.7 billion for fiscal 2014. This decrease was mainly due to limited success in reflecting rising costs in prices of mainstay corrugated products as well as lower sales volumes in the aftermath of the increase in the consumption tax rate and because of unsettled weather in the summer, despite higher sales from the flexible packaging-related and heavy duty packaging-related business segments, and the addition of a subsidiary to the scope of consolidation.

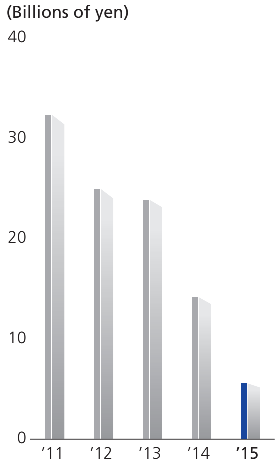
Sales from the paperboard and packaging-related business segment decreased 3.7% year on year, sales from the flexible packaging-related business segment increased 1.6%, sales from the heavy duty packaging-related business surged 26.5%, sales from the overseas business rose 14.5%, and sales from other businesses increased 1.0%.

Sales volumes of corrugated boxes in Japan decreased 2.3% year on year owing to the increase in the consumption tax rate and unsettled weather in the summer.

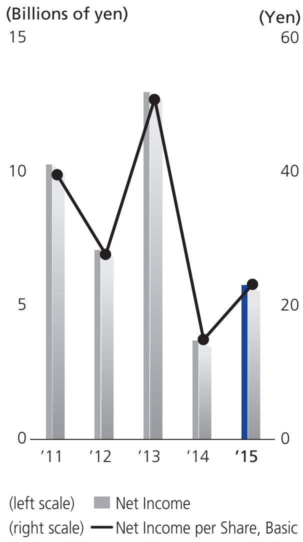
Income and Expenses

Operating Expenses and Operating Income
Cost of sales increased 1.3% year on year from ¥440.5 billion for the previous year to ¥446.2 billion owing to higher prices of raw

Operating Income



Net Income and Net Income per Share, Basic



Income and Expenses as a Percentage of Net Sales

	2013	2014	2015
Cost of sales	82.4%	84.2%	**85.4%**
SG&A expenses	12.8	13.1	**13.6**
Operating income	4.8	2.7	**1.1**
Net income	2.6	0.7	**1.1**

materials and of energy, such as city gas and electricity, besides the addition of a consolidated subsidiary. Selling, general and administrative expenses increased 3.6% from ¥68.4 billion to ¥70.9 billion primarily as a result of the addition of a subsidiary to the scope of consolidation.

Operating income decreased ¥8.6 billion or 60.9% year on year from ¥14.2 billion to ¥5.6 billion. This decrease was primarily owing to rising prices of raw materials and energy in addition to lower sales volumes and limited success in achieving appropriate product price levels.

Other Income and Expenses
Regarding the net balance of other income and expenses, income of ¥6.5 billion was recorded for fiscal 2014, compared with a loss of ¥4.5 billion for the previous year. This result was attributable to recording of a gain on sales of noncurrent assets for the year under review, whereas a provision for surcharge based on the antitrust law was recorded for the previous year.

Income Taxes and Minority Interests
Income taxes increased ¥0.6 billion from ¥5.6 billion for the previous year to ¥6.2 billion as a result of an increase in income before income taxes and minority interests. Minority interests in income decreased ¥0.2 billion from ¥0.4 billion for the previous year to ¥0.2 billion.

Net Income
Net income was ¥5.7 billion for fiscal 2014, an increase of ¥2.0 billion or 54.5% from ¥3.7 billion for the previous year. Net income per share was ¥23.09, having increased from ¥14.95 for the previous year.

Annual cash dividends per share were unchanged from the previous year at ¥12.

Financial Position and Cash Flows

Assets
Total assets were ¥655.7 billion, having increased ¥26.6 billion from ¥629.1 billion at the end of the previous year. The principal factors were a ¥0.8 billion increase in current assets, a ¥9.1 billion increase in property, plant and equipment, a ¥1.2 billion decrease in intangible assets, and a ¥18.0 billion increase in investments and other assets.

The principal reason for the increase in property, plant and equipment was the introduction of production facilities for containerboard (linerboard) at Marusan Paper Mfg. Co., Ltd. and the principal reason for the increase in investments and other assets was an increase in investment securities resulting from the rise in stock prices.

Liabilities and Net Assets
Total liabilities amounted to ¥433.3 billion, having increased ¥5.9 billion from ¥427.4 billion at the end of the previous year, owing to the issuance of bonds.

Interest-bearing debt at the end of the year stood at ¥276.9 billion, having increased ¥13.5 billion from ¥263.4 billion at the end of the previous year. However, if a ¥0.8 billion increase in the interest-bearing debt associated with the newly consolidated subsidiary is not taken into account, the increase in the interest-bearing debt was ¥12.7 billion.

Net assets amounted to ¥222.4 billion, having increased ¥20.7 billion from ¥201.7 billion at the end of the previous year, primarily due to an increase in accumulated other comprehensive income resulting from increased stock prices and changes in foreign currency exchange rates.

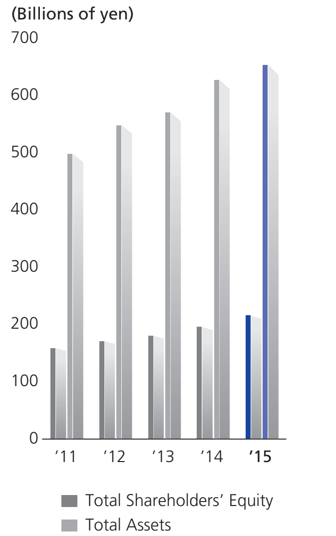
Cash Flows
Net cash provided by operating activities amounted to ¥19.4 billion, a decrease of ¥19.8 billion from ¥39.2 billion for the previous year. Major items were depreciation and amortization amounting to ¥29.6 billion and a loss on sales of property, plant and equipment amounting to ¥10.2 billion.

Net cash used in investing activities decreased ¥27.0 billion from ¥56.6 billion for the previous year to ¥29.6 billion. Principal items were purchases of property, plant and equipment amounting to ¥42.2 billion and proceeds from sales of property, plant and equipment amounting to ¥11.7 billion.

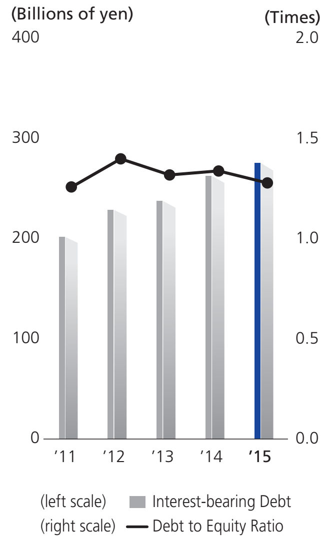
Net cash provided by financing activities was ¥6.2 billion, having decreased ¥10.1 billion from ¥16.3 billion for the previous year. Major items were a ¥3.2 billion net decrease in short-term and long-term loans payable, ¥20.0 billion payments for issuance of bonds, a ¥5.0 billion redemption of bonds, and cash dividends paid amounting to ¥3.0 billion.

As a result, cash and cash equivalents were ¥19.5 billion at the end of fiscal 2014, having decreased ¥2.6 billion from the previous year.

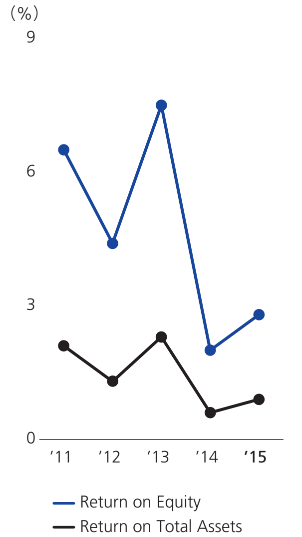
Total Shareholders' Equity and Total Assets



Interest-bearing Debt and Debt to Equity Ratio



Return on Equity and Return on Total Assets



Consolidated Balance Sheets

Rengo Co., Ltd. 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 deposits (Notes 5, 7 and 10)	**¥ 20,278**	¥ 23,148	**$ 168,983**
Short-term investment securities (Notes 7 and 8)	**500**	346	**4,167**
Receivables—			
Notes and accounts receivable-trade (Note 7)	**142,198**	141,780	**1,184,983**
Other	**2,544**	3,698	**21,200**
Allowance for doubtful accounts	**(418)**	(702)	**(3,483)**
	144,324	144,776	**1,202,700**
Inventories (Note 6)	**37,094**	33,102	**309,117**
Deferred tax assets (Note 13)	**3,279**	3,399	**27,325**
Other	**3,972**	3,852	**33,100**
Total current assets	**209,447**	208,623	**1,745,392**
Property, plant and equipment (Note 10)**:**			
Buildings and structures	**209,842**	196,026	**1,748,683**
Machinery, equipment and vehicles	**442,330**	417,612	**3,686,083**
Land	**106,429**	108,120	**886,908**
Construction in progress	**6,637**	22,224	**55,309**
Other	**27,874**	26,180	**232,284**
	793,112	770,162	**6,609,267**
Less accumulated depreciation	**(489,025)**	(475,157)	**(4,075,209)**
Total property, plant and equipment	**304,087**	295,005	**2,534,058**
Intangible assets:			
Goodwill	**3,980**	5,848	**33,167**
Other (Note 10)	**7,196**	6,576	**59,966**
Total intangible assets	**11,176**	12,424	**93,133**
Investments and other assets:			
Investment securities (Notes 7, 8 and 10)	**110,058**	94,414	**917,150**
Long-term loans receivable	**3,498**	4,203	**29,150**
Net defined benefit assets (Note 14)	**2,318**	1,240	**19,317**
Deferred tax assets (Note 13)	**681**	669	**5,675**
Other	**15,803**	13,870	**131,691**
Allowance for doubtful accounts	**(1,393)**	(1,393)	**(11,608)**
Total investments and other assets	**130,965**	113,003	**1,091,375**
Total assets	**¥655,675**	¥629,055	**$5,463,958**

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Liabilities and Net Assets			
Current liabilities:			
Short-term borrowings and the current portion of long-term debt (Notes 7, 10 and 11)	**¥115,009**	¥107,541	**$ 958,408**
Payables—			
Notes and accounts payable-trade (Notes 7 and 10)	**82,976**	86,332	**691,467**
Other	**12,462**	18,715	**103,850**
	95,438	105,047	**795,317**
Income taxes payable	**4,216**	3,768	**35,133**
Provision for directors' bonuses	**147**	116	**1,225**
Provision for surcharge	**—**	5,908	**—**
Other	**28,783**	27,015	**239,859**
Total current liabilities	**243,593**	249,395	**2,029,942**
Noncurrent liabilities:			
Long-term debt due after one year (Notes 7, 10 and 11)	**153,316**	148,476	**1,277,633**
Deferred tax liabilities (Note 13)	**14,938**	10,909	**124,483**
Provision for directors' retirement benefits	**911**	901	**7,592**
Net defined benefit liability (Note 14)	**11,345**	9,751	**94,542**
Other (Note 10)	**9,181**	7,964	**76,508**
Total noncurrent liabilities	**189,691**	178,001	**1,580,758**
Contingent liabilities (Note 15)			
Net assets (Note 16)**:**			
Shareholders' equity:			
Capital stock:			
Authorized – 800,000,000 shares Issued – 271,056,029 shares	**31,067**	31,067	**258,892**
Capital surplus	**33,998**	33,998	**283,317**
Retained earnings	**124,269**	123,674	**1,035,575**
Treasury stock:			
23,398,659 shares in 2015 and 23,372,030 shares in 2014	**(11,904)**	(11,891)	**(99,201)**
Total shareholders' equity	**177,430**	176,848	**1,478,583**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**23,238**	12,505	**193,650**
Deferred gains or losses on hedges	**(1)**	2	**(8)**
Foreign currency translation adjustment	**13,461**	6,942	**112,175**
Remeasurements of defined benefit plans	**2,225**	62	**18,541**
Total accumulated other comprehensive income	**38,923**	19,511	**324,358**
Minority interests	**6,038**	5,300	**50,317**
Total net assets	**222,391**	201,659	**1,853,258**
Total liabilities and net assets	**¥655,675**	¥629,055	**$5,463,958**

Consolidated Statements of Income

Rengo Co., Ltd. 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 20)	**¥522,672**	¥523,142	**$4,355,600**
Cost of sales	**446,243**	440,535	**3,718,692**
Selling, general and administrative expenses (Note 18)	**70,861**	68,386	**590,508**
Operating income (Note 20)	**5,568**	14,221	**46,400**
Other income (expenses):			
Interest and dividends income	**1,815**	1,696	**15,125**
Foreign exchange gains	**727**	1,225	**6,058**
Equity in earnings (losses) of affiliates	**1,010**	776	**8,417**
Interest expenses	**(1,946)**	(2,103)	**(16,217)**
Gain on sales of noncurrent assets	**10,507**	281	**87,559**
Loss on reduction of noncurrent assets	**(3,065)**	(522)	**(25,542)**
Business structure improvement expenses (Note 19)	**(1,373)**	—	**(11,442)**
Provision for surcharge	**—**	(5,908)	**—**
Other, net	**(1,162)**	21	**(9,683)**
Income before income taxes and minority interests	**12,081**	9,687	**100,675**
Income taxes (Note 13)**:**			
Income taxes-current	**6,011**	5,728	**50,092**
Income taxes-deferred	**201**	(113)	**1,675**
	6,212	5,615	**51,767**
Income before minority interests	**5,869**	4,072	**48,908**
Minority interests in income	**150**	369	**1,250**
Net income	**¥ 5,719**	¥ 3,703	**$ 47,658**

	Yen		U.S. dollars (Note 1)
Per share data:	**2015**	2014	**2015**
Net income per share, basic	**¥ 23.09**	¥ 14.95	**$ 0.19**
Net income per share, diluted	**—**	—	**—**
Cash dividends applicable to the year	**12.00**	12.00	**0.10**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Rengo Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Income before minority interests	**¥ 5,869**	¥ 4,072	**$ 48,908**
Other comprehensive income:			
Valuation difference on available-for-sale securities	**10,824**	5,924	**90,200**
Deferred gains or losses on hedges	**(3)**	5	**(25)**
Foreign currency translation adjustment	**3,543**	5,267	**29,525**
Remeasurements of defined benefit plans, net of tax	**2,175**	—	**18,125**
Share of other comprehensive income of associates accounted for using equity method	**3,200**	2,946	**26,667**
Total other comprehensive income (Note 17)	**19,739**	14,142	**164,492**
Comprehensive income	**¥25,608**	¥18,214	**$213,400**
Comprehensive income attributable to			
Owners of the parent	**¥25,129**	¥17,305	**$209,408**
Minority interests	**479**	909	**3,992**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Rengo Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Thousands	Millions of yen									
	Number of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Minority interests	Total
Balance at April 1, 2013	271,056	¥31,067	¥33,998	¥121,673	¥(11,860)	¥ 6,540	¥ 2	¥ (686)	¥ —	¥7,399	¥188,133
Change in scope of consolidation				(365)							(365)
Dividends from surplus				(2,973)							(2,973)
Net income				3,703							3,703
Purchase of treasury stock					(33)						(33)
Disposal of treasury stock			0		2						2
Due to merger of affiliated companies accounted for by the equity method				1,586							1,586
Other				50							50
Net changes in items other than shareholders' equity						5,965	0	7,628	62	(2,099)	11,556
Balance at March 31, 2014	271,056	¥31,067	¥33,998	¥123,674	¥(11,891)	¥12,505	¥ 2	¥ 6,942	¥ 62	¥5,300	¥201,659
Cumulative effects of changes in accounting policies				(2,098)							(2,098)
Restated balance	271,056	31,067	33,998	121,576	(11,891)	12,505	2	6,942	62	5,300	199,561
Change in scope of consolidation				(54)							(54)
Dividends from surplus				(2,972)							(2,972)
Net income				5,719							5,719
Purchase of treasury stock					(17)						(17)
Disposal of treasury stock			(0)		4						4
Other				0							0
Net changes in items other than shareholders' equity						10,733	(3)	6,519	2,163	738	20,150
Balance at March 31, 2015	**271,056**	**¥31,067**	**¥33,998**	**¥124,269**	**¥(11,904)**	**¥23,238**	**¥(1)**	**¥13,461**	**¥2,225**	**¥6,038**	**¥222,391**

	Thousands of U.S. dollars (Note 1)									
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Minority interests	Total
Balance at March 31, 2014	$258,892	$283,317	$1,030,616	$(99,092)	$104,208	$17	$ 57,850	$ 517	$44,167	$1,680,492
Cumulative effects of changes in accounting policies			(17,483)							(17,483)
Restated balance	258,892	283,317	1,013,133	(99,092)	104,208	17	57,850	517	44,167	1,663,009
Change in scope of consolidation			(449)							(449)
Dividends from surplus			(24,767)							(24,767)
Net income			47,658							47,658
Purchase of treasury stock				(142)						(142)
Disposal of treasury stock		(0)		33						33
Other			0							0
Net changes in items other than shareholders' equity					89,442	(25)	54,325	18,024	6,150	167,916
Balance at March 31, 2015	**$258,892**	**$283,317**	**$1,035,575**	**$(99,201)**	**$193,650**	**$(8)**	**$112,175**	**$18,541**	**$50,317**	**$ 1,853,258**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Rengo Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests	**¥12,081**	¥ 9,687	**$100,675**
Depreciation and amortization	**29,612**	28,582	**246,767**
Impairment loss	**75**	153	**625**
Amortization of goodwill	**1,495**	973	**12,458**
Loss on reduction of noncurrent assets	**3,065**	522	**25,542**
Business structure improvement expenses	**1,373**	—	**11,442**
Provision for surcharge	**—**	5,908	**—**
Increase (decrease) in provision for directors' retirement benefits	**10**	(77)	**83**
Increase (decrease) in net defined benefit liability	**408**	123	**3,400**
Interest and dividends income	**(1,815)**	(1,696)	**(15,125)**
Interest expenses	**1,946**	2,103	**16,217**
Equity in (earnings) losses of affiliates	**(1,010)**	(776)	**(8,417)**
Loss (gain) on sales of investment securities	**(1,082)**	(62)	**(9,017)**
Loss (gain) on valuation of investment securities	**55**	1	**458**
Loss (gain) on sales of property, plant and equipment	**(10,202)**	(251)	**(85,017)**
Loss on retirement of property, plant and equipment	**537**	755	**4,475**
Decrease (increase) in notes and accounts receivable-trade	**894**	1,454	**7,450**
Decrease (increase) in inventories	**(2,769)**	(3,441)	**(23,075)**
Increase (decrease) in notes and accounts payable-trade	**(4,670)**	7,297	**(38,917)**
Other, net	**568**	(6,428)	**4,734**
Subtotal	**30,571**	44,827	**254,758**
Interest and dividends income received	**2,210**	1,986	**18,417**
Interest expenses paid	**(2,064)**	(2,167)	**(17,200)**
Surcharge paid	**(5,732)**	—	**(47,767)**
Income taxes paid	**(5,576)**	(5,473)	**(46,466)**
Net cash provided by (used in) operating activities	**19,409**	39,173	**161,742**
Net cash provided by (used in) investing activities:			
Net decrease (increase) in time deposits	**(246)**	103	**(2,050)**
Purchase of property, plant and equipment	**(42,179)**	(46,654)	**(351,492)**
Proceeds from sales of property, plant and equipment	**11,692**	642	**97,433**
Purchase of intangible assets	**(1,293)**	(1,270)	**(10,775)**
Purchase of investment securities	**(3,706)**	(3,091)	**(30,883)**
Proceeds from sales and redemption of investment securities	**3,823**	128	**31,858**
Payments for investments in capital of subsidiaries and affiliates	**—**	(2,567)	**—**
Proceeds from sales of investments in capital of subsidiaries and affiliates	**1,311**	—	**10,925**
Net decrease (increase) in short-term loans receivable	**373**	122	**3,108**
Payments of long-term loans receivable	**(64)**	(170)	**(533)**
Collection of long-term loans receivable	**354**	202	**2,950**
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 5)	**—**	(3,762)	**—**
Other, net	**339**	(288)	**2,826**
Net cash provided by (used in) investing activities	**(29,596)**	(56,605)	**(246,633)**
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	**6,915**	754	**57,625**
Proceeds from long-term loans payable	**12,952**	48,489	**107,933**
Repayment of long-term loans payable	**(23,072)**	(22,247)	**(192,267)**
Proceeds from issuance of bonds	**20,000**	—	**166,667**
Redemption of bonds	**(5,000)**	(5,000)	**(41,667)**
Purchase of treasury stock	**(17)**	(32)	**(142)**
Proceeds from sales of treasury stock	**4**	2	**33**
Cash dividends paid	**(2,972)**	(2,973)	**(24,767)**
Repayments of lease obligations	**(2,398)**	(2,217)	**(19,983)**
Other, net	**(188)**	(427)	**(1,566)**
Net cash provided by (used in) financing activities	**6,224**	16,349	**51,866**
Effect of exchange rate change on cash and cash equivalents	**820**	2,105	**6,833**
Net increase (decrease) in cash and cash equivalents	**(3,143)**	1,022	**(26,192)**
Cash and cash equivalents at beginning of year	**22,139**	21,872	**184,492**
Increase in cash and cash equivalents from newly consolidated subsidiaries	**482**	199	**4,017**
Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries	**—**	(954)	**—**
Cash and cash equivalents at end of year (Note 5)	**¥19,478**	¥22,139	**$162,317**

The accompanying notes are an integral part of these statements.

1. BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Rengo Co., Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded disclosure) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which was ¥120 to U.S. $1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 54 (53 in 2014) significant subsidiaries over which the Company has power of control through majority voting rights or existence of certain other conditions evidencing control by the Company. 14 subsidiaries are consolidated on the basis of fiscal years ending on December 31, which differs from the date of the Company. However, necessary adjustments have been made if the effect of the difference is material.

Investments in 8 (8 in 2014) nonconsolidated subsidiaries and affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are mainly accounted for on the equity method and, accordingly, stated at cost adjusted for the equity in the undistributed earnings and losses from the date of acquisition.

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated, and the portion attributable to minority interests is charged or credited to minority interests.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority interests, are evaluated based on the fair value at the time the Company acquired control of the subsidiaries. Goodwill is amortized on a straight-line basis over the period in which the economic benefits are expected to be realized. However, if the economic benefits are not expected to be realized in the future, goodwill was fully expensed. Negative goodwill acquired prior to March 31, 2010 is amortized on a straight-line basis continuously.

(2) Translation of Foreign Currencies

A. Translation of Foreign Currencies Receivables and Payables
Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates.

B. Translation of Foreign Currency Financial Statements
The balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at year-end rates except for shareholders' equity accounts, which are translated at historical rates. The income statements of the consolidated overseas subsidiaries are translated at the year-end rates except for transactions with the Company, which are translated at rates used by the Company. The resulting foreign currency translation adjustments are shown as separate component of net assets, net of minority interest.

(3) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided for possible losses on unrecoverable receivables. The Companies provide the allowance for doubtful accounts for normal receivables based on the historical rate of loss and for specific doubtful accounts based on an individual evaluation.

(4) Securities

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method, are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported net of applicable income taxes as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies or available-for-sale securities declines significantly and is not expected to recover, such securities are stated at fair market value, and the difference between the fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies is not readily available, such securities should be written down to net asset value with a corresponding charge in the statement of income in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(5) Inventories
Raw materials are mainly stated at the lower of cost determined by the moving-average method or net realizable value. Other inventories are mainly stated at the lower of cost determined by the average method or net realizable value.

(6) Property, Plant and Equipment (Except Lease Assets)
Property, plant and equipment are carried at cost. Depreciation is mainly computed by the declining balance method over the estimated useful life of the assets in accordance with the Corporation Tax Law of Japan. Buildings acquired after April 1, 1998 are depreciated by the straight-line method.

(7) Intangible Assets (Except Lease Assets)
The Companies include internal use software in other intangible assets and amortize it using the straight-line method over the estimated useful life of 5 years.

Other intangible assets are mainly amortized using the straight-line method over the estimated useful life in accordance with the Corporation Tax Law of Japan.

(8) Lease Assets
Property, plant and equipment capitalized under finance lease arrangements without the transfer of ownership are depreciated over the estimated useful life or the lease term of the respective assets.

The Companies account for finance leases commencing prior to April 1, 2008 which do not transfer ownership of the leased property to the lessee as operating leases with the disclosure of certain "as if capitalized" information.

(9) Deferred Assets
The full cost of issuing bonds is recognized in expenses as incurred.

(10) Provision for Directors' Bonuses
The Companies provide directors' and audit & supervisory board members' bonuses applicable to the current fiscal year under review based on the projected amounts of payment.

(11) Provision for Directors' Retirement Benefits
Certain domestic consolidated subsidiaries pay lump-sum retirement benefits to directors and audit & supervisory board members. Those subsidiaries provide the amounts that would be required if the all directors and audit & supervisory board members retired at the balance sheet date, in accordance with internal rules.

(12) Allowance for Investment Loss
Allowance for investment loss is provided at the estimated amount of possible investment losses for unconsolidated subsidiaries and affiliate companies, according to internal rules, considering the financial condition of the investees.

The allowances deducted directly from the amounts of investment securities in the years ended March 31, 2015 and 2014 amounted to ¥100 million (U.S.$833 thousand) and ¥100 million, respectively.

(13) Income Taxes
The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(14) Net Defined Benefit Liability
When calculating retirement benefit obligations, a benefit formula basis is used to distribute the estimated amount of retirement benefits into the period up to the end of the current fiscal year.

The Companies provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the end of the year. Differences generated from changes in actuarial assumptions are amortized for the subsequent fiscal years on a straight-line basis over mainly 13 years, which is shorter than the average remaining service periods of the employees. Prior service costs are amortized as incurred over certain periods (10 years), which is shorter than the average remaining service periods of the employees.

(15) Derivative Transactions and Hedge Accounting
In principal, the Companies state derivative financial instruments at fair value and recognize changes in the fair value as gain or loss unless the derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gain or loss resulting from a change in the fair value of the derivative financial instrument until the related loss or gain on the hedged item is recognized. However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

A. If a forward foreign exchange contract or option contract is executed to hedge an existing denominated in a foreign currency,
(a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the consolidated statement of income in the period which includes the inception date, and
(b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

B. If a forward foreign exchange contract or option contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward or option rate, and no gain or loss on the forward foreign exchange contract is recognized.
Assets and liabilities denominated in foreign currencies for which foreign exchange forward contacts or currency swaps are used to hedge the foreign currency swaps qualify for hedge accounting.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value but the differential paid or received under the swap agreements are recognized and included in interested expense or income.

(16) Reclassifications
Certain reclassifications of the financial statements for the year ended March 31, 2014 have been made to conform to the presentation for the year ended March 31, 2015.

(17) Net Income Per Share
Basic net income per share is based on the weighted average number of shares of common stock outstanding during the year.

Diluted net incomes per share for the years ended March 31, 2015 and 2014 are not disclosed because there were no outstanding dilutive potential common stock equivalents.

Cash dividends per share represent actual amounts applicable to the respective years.

3. CHANGE IN ACCOUNTING POLICIES

(New Accounting Pronouncements and Accounting Changes - Accounting Standard for Retirement Benefits)
The Company and its consolidated domestic subsidiaries adopted article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012 (hereinafter, the "Statement No.26")) and article 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015 (hereinafter, the "Guidance No.25")) from the current fiscal year, and have changed the determination of retirement benefit obligations and current service costs. In addition, the Company and its consolidated domestic subsidiaries have changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis and determining the discount rates.

In accordance with article 37 of the Statement No.26, the effect of changing the determination of retirement benefit obligations and current service costs has been recognized in retained earnings at the beginning of the current fiscal year.

As a result of the application, the asset for retirement benefits obligation increased by ¥212 million (U.S.$1,766 thousand), the liability for retirement benefits obligation increased by ¥3,529 million (U.S.$29,408 thousand) and retained earnings decreased by ¥2,098 million (U.S.$17,483 thousand) at the beginning of the current fiscal year.

The effects of this change on operating income and income before tax are immaterial.

4. ISSUED BUT NOT YET ADOPTED ACCOUNTING STANDARD AND OTHERS

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

(1) Summary
The above standards and guidance have been revised primarily to account for:
① How the changes of the shares in subsidiaries, over which the Company continues to control, should be treated by the Company when additional stock of a subsidiary is acquired.
② Treatment of acquisition related costs
③ Presentation of current net income and the change of shareholder's equity from minority interests to non-controlling interests
④ Provisional application of accounting treatments

(2) Effective date
Effective from the beginning of the fiscal year ending March 31, 2016.
Provisional application of the accounting standards is scheduled to begin for business combinations effective after the beginning of the fiscal year ending March 31, 2016.

(3) Effects of the application of the standards
The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

5. CASH FLOW STATEMENTS

(1) Cash and Cash Equivalents
Cash and cash equivalents comprised cash on hand, bank deposits that were withdrawable on demand and short-term highly liquid investments due within three months at date of purchase and substantially free from any price fluctuation risk.

Reconciliations of cash and deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Cash and deposits	**¥20,278**	¥23,148	**$168,983**
Add: Negotiable certificates of deposits included in short-term investment securities account	**500**	—	**4,167**
Less: Time deposits with maturities exceeding three months	**(1,300)**	(1,009)	**(10,833)**
Cash and cash equivalents	**¥19,478**	¥22,139	**$162,317**

(2) Purchases of Newly Consolidated Subsidiaries
For the year ended March 31, 2014, MARSOL Holdings Co., Ltd. and two other subsidiaries were acquired by the Company. Assets and liabilities of these companies at the time of consolidation, cash paid for the capital and cash paid in conjunction with the purchases of consolidated subsidiaries were as follows:

	Millions of yen
	2014
Current assets	¥4,849
Fixed assets	5,687
Current liabilities	(2,320)
Noncurrent liabilities	(3,136)
Minority interests	(271)
Cash paid for the capital	4,809
Cash and cash equivalents of consolidated subsidiaries	(1,047)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	¥3,762

6. INVENTORIES
Inventories at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Merchandise and finished goods	**¥19,922**	¥16,941	**$166,017**
Work in process	**2,566**	2,218	**21,383**
Raw materials and supplies	**14,606**	13,943	**121,717**
Total	**¥37,094**	¥33,102	**$309,117**

7. FINANCIAL INSTRUMENTS
(1) Status of Financial Instruments
A. Policies for using financial instruments

The Companies set up the fund management plan based on the plan for capital expenditures and investments and procure the necessary long-term funds by borrowing from banks and issuing corporate bonds. The Companies raise short-term working capital for the ordinary business activities by bank loans and manage temporary surplus funds through financial assets that have a high level of safety. The Company and certain consolidated subsidiaries utilize derivative financial instruments to hedge interest rate fluctuation risk of long-term borrowings and foreign currency exchange rate fluctuation risk arising from export and import transactions denominated in foreign currencies and do not enter into derivative transactions for speculative purposes and with the high level of leveraged effect.

B. Details of financial instruments and associated risk and the risk management system

Notes and accounts receivable arising from operation are exposed to the credit risk of customers. The Companies set a credit limit for such business partners and manage the outstanding balances under credit management rules.

Investment securities are primarily the stocks of companies with which the Companies have business relationship and are exposed to market price fluctuation risk. The Companies periodically evaluate the fair value of these securities and monitor the issuing company and review its policies for the issuing of stocks.

Trade notes and accounts payable are due within one year. In addition, certain payables are denominated in foreign currencies and exposed to the risk of exchange rate fluctuations. The Company and certain subsidiaries use forward foreign exchange contracts to hedge the risk of such exchange rate fluctuations.

The Companies generally raise the working capital required for business transactions through short-term loans and procure long-term funds required for capital expenditure, investment and loans receivable through long-term loans and the bond issuances. Although some long-term loans are exposed to the risk of interest rate fluctuations or of exchange rate fluctuations, the Companies hedge the risk with derivative transactions such as interest rate swaps and currency swaps. The risks of fluctuations in interest rates and exchange rates have been assumed to be completely hedged over the period of the hedging contracts as the major conditions of the hedging instruments and hedged items are consistent. Accordingly, an evaluation of the effectiveness of the hedging contracts is unnecessary.

The derivative transactions are executed and managed by the Finance and Accounting Group in accordance with its established policies. In using derivatives transactions, the Companies mitigate counterparty risk by conducting transactions with highly creditworthy financial institutions. The Companies recognize almost no risk of default.

The Companies manage liquidity risk associated with trade payable and fund procurement (payment default risk) by creating and updating monthly cash flow plans as needed.

C. Supplemental information on fair values

The fair value of financial instruments is based on market prices or estimates of fair value for instruments for which market prices are not available. Estimates of fair value are subject to fluctuation because they employ variable factors and assumptions.

In addition, the contract amounts of the derivative transactions discussed in Note 9 below are not an indicator of the market risk associated with derivative transactions themselves.

(2) Fair Values of Financial Instruments

The book values of the financial instruments presented in the consolidated balance sheets, the market value and any differences as of March 31, 2015 and 2014 are set for in the tables below. Items whose fair market value was considered extremely difficult to determine were not presented in the tables. (See below Note (2))

	Millions of yen						Thousands of U.S. dollars		
	2015			2014			2015		
	Book value	Market value	Difference	Book value	Market value	Difference	Book value	Market value	Difference
(A) Cash and deposits	**¥ 20,278**	**¥ 20,278**	**¥ —**	¥ 23,148	¥ 23,148	¥ —	**$ 168,983**	**$ 168,983**	**$ —**
(B) Notes and accounts receivable-trade	**142,198**	**142,198**	**—**	141,780	141,780	—	**1,184,983**	**1,184,983**	**—**
(C) Securities and investment securities									
Held-to-maturity debt securities	**—**	**—**	**—**	346	346	—	**—**	**—**	**—**
Available-for-sale securities	**79,519**	**79,519**	**—**	64,094	64,094	—	**662,659**	**662,659**	**—**
Equity securities issued by affiliated companies	**13,413**	**5,738**	**(7,675)**	11,717	5,855	(5,862)	**111,775**	**47,817**	**(63,958)**
Total assets	**¥255,408**	**¥247,733**	**¥(7,675)**	¥241,085	¥235,223	¥(5,862)	**$2,128,400**	**$2,064,442**	**$(63,958)**
(A) Notes and accounts payable-trade	**¥ 82,976**	**¥ 82,976**	**¥ —**	¥ 86,332	¥ 86,332	¥ —	**$ 691,467**	**$ 691,467**	**$ —**
(B) Short-term borrowings and the current portion of long-term loans payable	**105,009**	**105,039**	**30**	102,541	102,645	104	**875,075**	**875,325**	**250**
(C) Current portion of bonds	**10,000**	**10,010**	**10**	5,000	5,050	50	**83,333**	**83,416**	**83**
(D) Bonds payable	**30,000**	**30,197**	**197**	20,000	20,184	184	**250,000**	**251,642**	**1,642**
(E) Long-term loans payable	**123,316**	**123,374**	**58**	128,476	130,067	1,591	**1,027,633**	**1,028,117**	**484**
Total liabilities	**¥351,301**	**¥351,596**	**¥ 295**	¥342,349	¥344,278	¥1,929	**$2,927,508**	**$2,929,967**	**$ 2,459**
Derivatives transactions (*1)									
(a) Hedge accounting not applied	**¥—**	**¥—**	**¥—**	¥—	¥—	¥—	**$—**	**$—**	**$—**
(b) Hedge accounting applied	**(1)**	**(1)**	**—**	4	4	—	**(8)**	**(8)**	**—**
Total derivatives transactions	**¥ (1)**	**¥ (1)**	**¥—**	¥ 4	¥ 4	¥—	**$ (8)**	**$ (8)**	**$—**

(*1) Amounts shown are net of assets and liabilities which from derivative transactions. Net liability items in the total are shown in parentheses ( ).

Note (1) Methods and assumptions to estimate fair value of financial instruments and matters concerning securities and derivative transactions.

Assets

(A) Cash and deposits and (B) Notes and accounts receivable-trade

All deposits are short-term. Therefore, the book value is used for the fair value of deposits because these amounts are essentially the same.

(C) Securities and investment securities

The fair value of investments in securities which have market values is the price listed on securities exchanges. Debt securities and negotiable certificates of deposits are short-term. Therefore, the fair value of debt securities and negotiable certificates of deposits are stated at the carrying amount, which are approximate to it. Note 8 provides information on marketable securities classified according to the purpose for which they are held.

Liabilities

(A) Notes and accounts payable-trade and (B) Short-term borrowings

Because of their short-term maturity, the book value and fair value are essentially equivalent. The book value, therefore, is used for the fair value. The current portion of long-term loans payable use the same methods for estimating fair value as that for (E) long-term loans payable.

(C) Current portion of bonds and (D) Bonds payable

The fair value of bonds issued by the Company with available fair market value is estimated based on market prices. The fair value of these investments with no available fair market value is estimated as the discounted present value of total principal and interest using assumed interest rates for equivalent new loans.

(E) Long-term loans payable

The book value approximates the fair value of these long-term floating-rate loans because the floating interest rate reflects the market rates within a short period and the Companies' credit conditions remain unchanged following the execution of such debt. The fair value of these investments is estimated as the discounted present value of total principal (*) and interest using assumed interest rates for equivalent new loans.

(*) For long-term loans using interest rate swaps subject to special treatment or currency swaps subject to appropriate treatment (Note 9 for additional explanation), the amount of principal and interest on the loans included in these interest rate swaps or currency swaps is used.

Derivatives Transactions

The details are described in Note 9.

Note (2) Financial instruments for which determining fair value is extremely difficult

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Available-for-sale securities	**¥ 3,909**	¥ 4,957	**$ 32,575**
Equity securities issued by unconsolidated subsidiaries and affiliated companies	**13,717**	13,646	**114,308**

These financial instruments for which determining fair value was extremely difficult because no market price was available and future cash flow estimates were not possible were not included in (C) Securities and investment securities.

Note (3) The redemption schedule for receivables and marketable securities with maturities subsequent to March 31, 2015 and 2014 was as follows:

	Millions of yen			
	2015			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	**¥ 20,278**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable-trade	**142,198**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities	**500**	**—**	**—**	**—**
Total	**¥162,976**	**¥ —**	**¥ —**	**¥ —**

	Millions of yen			
	2014			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	¥ 23,148	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	141,780	—	—	—
Securities and investment securities				
Held-to-maturity debt securities	346	—	—	—
Available-for-sale securities	—	—	1,000	—
Total	¥165,274	¥ —	¥1,000	¥ —

	Thousands of U.S. dollars			
	2015			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	**$ 168,983**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable-trade	**1,184,983**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities	**4,167**	**—**	**—**	**—**
Total	**$1,358,133**	**$ —**	**$ —**	**$ —**

Note (4) The repayment schedule of long-term debt and lease debt, others subsequent to March 31, 2015 and 2014 was as follows:

	Millions of yen					
	2015					
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term debt	**¥ 87,308**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Long-term debt	**27,701**	**38,604**	**38,621**	**28,046**	**15,548**	**32,497**
Lease debt	**1,817**	**1,589**	**1,236**	**892**	**579**	**509**
Others	**669**	**616**	**312**	**241**	**121**	**—**
Total	**¥117,495**	**¥40,809**	**¥40,169**	**¥29,179**	**¥16,248**	**¥33,006**

	Millions of yen					
	2014					
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term debt	¥ 79,962	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term debt	27,579	25,974	33,459	33,596	28,232	27,215
Lease debt	1,620	1,336	1,106	758	435	396
Others	518	522	468	164	91	—
Total	¥109,679	¥27,832	¥35,033	¥34,518	¥28,758	¥27,611

	Thousands of U.S. dollars					
	2015					
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term debt	**$727,566**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Long-term debt	**230,842**	**321,700**	**321,842**	**233,716**	**129,567**	**270,808**
Lease debt	**15,142**	**13,242**	**10,300**	**7,433**	**4,825**	**4,242**
Others	**5,575**	**5,133**	**2,600**	**2,009**	**1,008**	**—**
Total	**$979,125**	**$340,075**	**$334,742**	**$243,158**	**$135,400**	**$275,050**

8. INFORMATION ON SECURITIES

(1) Fair Values and Book Values of Held-to-maturity Debt Securities with Available Fair Values

The following table summarizes fair values and book values of held-to-maturity debt securities with available fair values as of March 31, 2015 and 2014.

	Millions of yen						Thousands of U.S. dollars		
	2015			2014			**2015**		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Held-to-maturity debt securities with fair values exceeding book values:									
Bonds	**¥ —**	**¥ —**	**¥ —**	¥ —	¥ —	¥ —	**$ —**	**$ —**	**$ —**
Held-to-maturity debt securities with fair values not exceeding book values:									
Bonds	**—**	**—**	**—**	346	346	—	**—**	**—**	**—**
Total	**¥ —**	**¥ —**	**¥ —**	¥346	¥346	¥ —	**$ —**	**$ —**	**$ —**

(2) Acquisition Costs and Book Values (Fair Values) of Available-for-Sale Securities with Available Fair Values

The following table summarizes acquisition costs and book values (fair values) of available-for-sale securities with available fair values as of March 31, 2015 and 2014.

	Millions of yen						Thousands of U.S. dollars		
	2015			2014			**2015**		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with book values (fair values) exceeding acquisition costs:									
Equity securities	**¥71,486**	**¥34,917**	**¥36,569**	¥53,428	¥30,427	¥23,001	**$595,717**	**$290,975**	**$304,742**
Bonds	**—**	**—**	**—**	1,004	1,002	2	**—**	**—**	**—**
Others	**24**	**13**	**11**	20	13	7	**200**	**108**	**92**
	71,510	**34,930**	**36,580**	54,452	31,442	23,010	**595,917**	**291,083**	**304,834**
Securities with book values (fair values) not exceeding acquisition costs:									
Equity securities	**7,509**	**9,221**	**(1,712)**	9,642	12,761	(3,119)	**62,575**	**76,842**	**(14,267)**
Bonds	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
Others	**500**	**500**	**—**	—	—	—	**4,167**	**4,167**	**—**
	8,009	**9,721**	**(1,712)**	9,642	12,761	(3,119)	**66,742**	**81,009**	**(14,267)**
Total	**¥79,519**	**¥44,651**	**¥34,868**	¥64,094	¥44,203	¥19,891	**$662,659**	**$372,092**	**$290,567**

(3) Sales of Available-for-Sale Securities

Proceeds from sales of available-for-sale securities in the years ended March 31, 2015 and 2014 amounted to ¥2,613 million (U.S. $21,775 thousand) and ¥27 million, respectively. The related gains for the years ended March 31, 2015 and 2014 amounted to ¥1,153 million (U.S. $9,608 thousand) and ¥0 million, respectively. The related losses for the years ended March 31, 2015 and 2014 amounted to ¥70 million (U.S. $583 thousand) and ¥17 million, respectively.

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

(1) Derivatives Transactions for which Hedge Accounting does not Apply

For the years ended March 31, 2015 and 2014, there were no relevant transaction.

(2) Derivatives Transactions for which Hedge Accounting Applies

			Millions of yen		
			2015		
Hedge accounting method	Type of transaction	Hedge item	Contract amount	Portion over one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps transaction Payable fixed rate swaps / Receivable floating interest rate	Long-term loans payable	**¥34,642**	**¥30,152**	(*2)
Appropriate treatment of interest rate and currency swaps transaction	Currency swaps transaction Pay yen/ Receive U.S. dollar	Long-term loans payable	**21,000**	**21,000**	(*3)
Forward exchange contracts with principle method	Forward exchange contracts Buying U.S. dollar	Accounts payable	**597**	**—**	**¥(1)**
Forward exchange contracts with allocation method	Forward exchange contracts Selling U.S. dollar	Accounts receivable	**4**	**—**	(*4)
Forward exchange contracts with allocation method	Forward exchange contracts Buying U.S. dollar	Accounts payable	**345**	**—**	(*4)

			Millions of yen		
			2014		
Hedge accounting method	Type of transaction	Hedge item	Contract amount	Portion over one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps transaction Payable fixed rate swaps / Receivable floating interest rate	Long-term loans payable	¥44,685	¥34,642	(*2)
Appropriate treatment of interest rate and currency swaps transaction	Currency swaps transaction Pay yen/ Receive U.S. dollar	Long-term loans payable	21,000	21,000	(*3)
Forward exchange contracts with principle method	Forward exchange contracts Selling U.S. dollar	Accounts receivable	9	—	¥(0)
Forward exchange contracts with principle method	Forward exchange contracts Buying U.S. dollar	Accounts payable	558	—	4
Forward exchange contracts with allocation method	Forward exchange contracts Buying U.S. dollar	Accounts payable	382	—	(*4)

			Thousands of U.S. dollars		
			2015		
Hedge accounting method	Type of transaction	Hedge item	Contract amount	Portion over one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps transaction Payable fixed rate swaps / Receivable floating interest rate	Long-term loans payable	**$288,683**	**$251,267**	(*2)
Appropriate treatment of interest rate and currency swaps transaction	Currency swaps transaction Pay yen/ Receive U.S. dollar	Long-term loans payable	**175,000**	**175,000**	(*3)
Forward exchange contracts with principle method	Forward exchange contracts Buying U.S. dollar	Accounts payable	**4,975**	**—**	**$(8)**
Forward exchange contracts with allocation method	Forward exchange contracts Selling U.S. dollar	Accounts receivable	**33**	**—**	(*4)
Forward exchange contracts with allocation method	Forward exchange contracts Buying U.S. dollar	Accounts payable	**2,875**	**—**	(*4)

(*1) The fair value of derivative transactions is determined by prices mainly reported by the financial institutions with which the Companies engage in derivative transactions.

(*2) The fair value of interest rate swaps subject to special treatment is included in the fair value of the corresponding long-term loans. The details have been described in Note 7.
(*3) The fair value of interest rate and currency swaps subject to appropriated treatment is included in the fair value of the corresponding long-term loans. The details have been described in Note 7.
(*4) The fair value of forward contracts that subject to appropriated treatment is included in the fair value of the corresponding accounts receivable and accounts payable. The details have been described in Note 7.

10. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral including factory foundation for short-term borrowings of ¥8,885 million (U.S.$ 74,042 thousand) and the current portion of long-term debt, long-term debt of ¥4,535 million (U.S. $37,792 thousand), accounts payable-trade of ¥391 million (U.S.$ 3,258 thousand) and others of ¥922 million (U.S.$ 7,683 thousand) at March 31, 2015 were summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Buildings and structures	**¥14,520**	**$121,000**
Machinery, equipment and vehicles	**17,733**	**147,775**
Land	**38,812**	**323,433**
Investment securities	**1,170**	**9,750**
Other	**402**	**3,350**
Total	**¥72,637**	**$605,308**

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings and the current portion of long-term debt at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2015	2014	**2015**	**2015**
Short-term borrowings	**¥ 87,308**	¥ 79,962	**$727,566**	**0.67%**
Current portion of long-term debt	**27,701**	27,579	**230,842**	**0.78**
Total	**¥115,009**	¥107,541	**$958,408**	**—**

Long-term debt at March 31, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
0.30% to 6.75% loans, mainly from banks and insurance companies, due in installments through 2030	**¥141,017**	¥151,055	**$1,175,142**
Unsecured 1.71% bonds, due November 2014	**—**	5,000	**—**
Unsecured 0.62% bonds, due June 2015	**10,000**	10,000	**83,333**
Unsecured 0.57% bonds, due July 2016	**5,000**	5,000	**41,667**
Unsecured 0.86% bonds, due July 2018	**5,000**	5,000	**41,667**
Unsecured 0.28% bonds, due September 2019	**10,000**	—	**83,333**
Unsecured 0.45% bonds, due September 2021	**10,000**	—	**83,333**
	181,017	176,055	**1,508,475**
Less current portion	**(27,701)**	(27,579)	**(230,842)**
	¥153,316	¥148,476	**$1,277,633**

The aggregate annual maturities of long-term debt at March 31, 2015 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2016	**¥ 27,701**	**$ 230,842**
2017	**38,604**	**321,700**
2018	**38,621**	**321,842**
2019	**28,046**	**233,716**
2020 and thereafter	**48,045**	**400,375**
Total	**¥181,017**	**$1,508,475**

12. LEASES

(1) Finance Leases

For finance lease transactions without the transfer of ownership, the Company and its consolidated domestic subsidiaries apply the accounting treatment similar to that used for sales transaction, except for transactions that commenced prior to April 1, 2008. Information relating to finance leases which are not capitalized and accounted for at March 31, 2015 and 2014 and for the fiscal years then ended, as lessee and lessor, were as follows:

Non-Capitalized finance leases, as lessee at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Assumed acquisition costs	**¥3,658**	¥4,318	**$30,483**
Accumulated depreciation	**2,131**	2,516	**17,758**
Net leased property	**¥1,527**	¥1,802	**$12,725**

As lessee under non-capitalized finance leases, the amount of future minimum payments inclusive of interest was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Due within one year	**¥ 205**	¥ 273	**$ 1,708**
Due over one year	**1,322**	1,529	**11,017**
Total	**¥1,527**	¥1,802	**$12,725**

Lease payments in the years ended March 31, 2015 and 2014 amounted to ¥275 million (U.S. $ 2,292 thousand) and ¥427 million, respectively.

Non-Capitalized finance leases, as lessor at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Assumed acquisition costs	**¥—**	¥7	**$—**
Accumulated depreciation	**—**	7	**—**
Net leased property	**¥—**	¥0	**$—**

As lessor under non-capitalized finance leases, the amount of future minimum inclusive of interest was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Due within one year	**¥—**	¥0	**$—**
Due over one year	**—**	—	**—**
Total	**¥—**	¥0	**$—**

Lease revenue in the years ended March 31, 2015 and 2014 amounted to ¥0 million (U.S. $ 0 thousand) and ¥1 million, respectively.

(2) Operating Leases

Future minimum non-cancelable operating lease payments for the remaining lease periods at March 31, 2015 and 2014:

As lessee under operating leases, the amount of future minimum payments inclusive of interest was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Due within one year	**¥ 7**	¥10	**$ 59**
Due over one year	**7**	16	**58**
Total	**¥14**	¥26	**$117**

13. INCOME TAXES

At March 31, 2015 and 2014, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Deferred tax assets:			
Net operating loss carryforwards for tax purposes	**¥ 2,628**	¥ 1,659	**$ 21,900**
Net defined benefit liability	**3,897**	3,733	**32,475**
Accrued bonuses	**2,127**	2,272	**17,725**
Write-down of golf club memberships	**484**	580	**4,033**
Provision for directors' retirement benefits	**306**	346	**2,550**
Loss on valuation of investment securities	**964**	980	**8,033**
Allowance for doubtful accounts	**247**	353	**2,058**
Unrealized gain on sale of property, plant and equipment eliminated on consolidation	**314**	329	**2,617**
Accrued enterprise taxes	**338**	247	**2,817**
Impairment loss	**419**	557	**3,492**
Other	**2,017**	2,192	**16,808**
Subtotal deferred tax assets	**13,741**	13,248	**114,508**
Valuation allowance	**(5,201)**	(4,090)	**(43,341)**
Total deferred tax assets	**8,540**	9,158	**71,167**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**(11,161)**	(7,019)	**(93,008)**
Deferred gain tax treatment of property	**(3,655)**	(3,790)	**(30,458)**
Land revaluation difference, net of taxes unrealized gain	**(3,998)**	(4,191)	**(33,317)**
Other	**(704)**	(999)	**(5,867)**
Total deferred tax liabilities	**(19,518)**	(15,999)	**(162,650)**
Net deferred tax assets (liabilities)	**¥(10,978)**	¥ (6,841)	**$ (91,483)**

At March 31, 2015 and 2014, the reconciliation of the aggregate statutory income tax rate to the effective income tax rate was as follows:

	2015	2014
Statutory tax rate	**35.4%**	37.7%
Effect of:		
Tax deductions	**(3.5)**	(4.8)
Non-deductible items such as entertainment expenses	**7.2**	10.4
Non-taxable items such as dividends received	**(8.5)**	(7.2)
Per capita inhabitants' taxes	**2.3**	2.9
Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates	**0.9**	2.7
Dividends received eliminated in consolidation	**3.2**	3.8
Provision for surcharge	**—**	23.0
Equity in earnings of affiliates	**(3.0)**	(3.0)
Valuation allowance	**13.6**	(5.4)
Other	**3.8**	(2.1)
Effective tax rate	**51.4%**	58.0%

On March 31, 2015, amendments to the Japanese tax regulations were enacted into law.

Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2015 to March 31, 2016 and on or after April 1, 2016 are changed from 35.4% for the fiscal year ended March 31, 2015 to 32.8% and 32.1%, respectively, as of March 31, 2015.

As a result of these changes, deferred tax liabilities (net of deferred tax assets) and income taxes-deferred decreased ¥916 million (U.S. $7,633 thousand) and ¥112 million (U.S. $933 thousand), respectively, and valuation difference on available-for-sale securities increased ¥827 million (U.S. $6,892 thousand), and deferred gains or losses on hedges and remeasurements of defined benefit plans decreased ¥0 million (U.S. $0 thousand) and ¥23 million (U.S. $192 thousand), respectively.

14. RETIREMENT BENEFITS

Net defined benefit asset and net defined benefit liability included in the consolidated balance sheets as of March 31, 2015 and 2014 and retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2015 and 2014 consisted of the following:

(1) Defined benefit plans

A. Movement in retirement benefit obligations, except plan applied simplified method

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balance at April 1, 2014 and 2013	**¥37,386**	¥37,322	**$311,550**
Cumulative effects of changes in accounting policies	**3,317**	—	**27,642**
Restated balance	**40,703**	37,322	**339,192**
Service cost	**2,586**	2,097	**21,550**
Interest cost	**296**	696	**2,467**
Actuarial loss (gain)	**469**	(81)	**3,908**
Benefits paid	**(2,551)**	(2,648)	**(21,259)**
Other	**84**	—	**700**
Balance at March 31, 2015 and 2014	**¥41,587**	¥37,386	**$346,558**

B. Movements in plan assets, except plan applied simplified method

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balance at April 1, 2014 and 2013	**¥31,134**	¥29,049	**$259,450**
Expected return on plan assets	**431**	406	**3,592**
Actuarial loss (gain)	**2,886**	1,616	**24,050**
Contributions paid by the employer	**2,020**	2,065	**16,833**
Benefits paid	**(1,892)**	(2,002)	**(15,767)**
Balance at March 31, 2015 and 2014	**¥34,579**	¥31,134	**$288,158**

C. Movement in liability for retirement benefits on defined benefit plan applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balance at April 1, 2014 and 2013	**¥2,259**	¥2,455	**$18,825**
Retirement benefit expenses	**199**	227	**1,658**
Benefits paid	**(301)**	(397)	**(2,508)**
Contributions paid by the employer	**(178)**	(177)	**(1,483)**
Other	**40**	151	**333**
Balance at March 31, 2015 and 2014	**¥2,019**	¥2,259	**$16,825**

D. Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Funded retirement benefit obligations	**¥43,641**	¥39,931	**$363,675**
Plan assets	**(37,079)**	(33,392)	**(308,992)**
	6,562	6,539	**54,683**
Unfunded retirement benefit obligations	**2,465**	1,972	**20,542**
Total net liability for retirement benefits at March 31, 2015 and 2014	**¥ 9,027**	¥ 8,511	**$ 75,225**
Net defined benefit liability	**¥11,345**	¥ 9,751	**$ 94,542**
Net defined benefit asset	**(2,318)**	(1,240)	**(19,317)**
Total net liability for retirement benefits at March 31, 2015 and 2014	**¥ 9,027**	¥ 8,511	**$ 75,225**

E. Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Service cost	**¥2,586**	¥2,097	**$21,550**
Interest cost	**296**	696	**2,467**
Expected return on plan assets	**(431)**	(406)	**(3,592)**
Amortization of net unrecognized actuarial differences	**713**	920	**5,942**
Amortization of past service cost	**(97)**	(98)	**(808)**
Retirement benefit expenses applying for simplified method	**199**	227	**1,658**
Total retirement benefit expenses for the fiscal years ended March 31, 2015 and 2014	**¥3,266**	¥3,436	**$27,217**

F. Remeasurements of defined benefit plans

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Past service cost	**¥ (97)**	¥—	**$ (808)**
Actuarial gains and losses	**3,132**	—	**26,100**
Total remeasurements of defined benefit plans for the fiscal years ended March 31, 2015 and 2014	**¥3,035**	¥—	**$25,292**

G. Accumulated adjustments for retirement benefit

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Actuarial gains and losses that are yet to be recognized	**¥ 625**	¥ 722	**$ 5,208**
Past service cost that are yet to be recognized	**1,964**	(1,168)	**16,367**
Total balance at March 31, 2015 and 2014	**¥2,589**	¥ (446)	**$21,575**

H. Plan assets
(a) Plan assets comprise:

	2015	2014
Equity securities	**34%**	34%
General account	**34**	36
Bonds	**28**	25
Other	**4**	5
Total	**100%**	100%

(b) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

I. Actuarial assumptions
The principal actuarial assumptions

	2015	2014
Discount rate	**mainly 0.7%**	mainly 2.0%
Long-term expected rate of return	**mainly 1.5%**	mainly 1.5%

(2) Defined contribution plan
Required contribution for defined contribution plans by consolidated subsidiaries in the years ended March 31, 2015 and 2014 amounted to ¥210 million (U.S. $1,750 thousand) and ¥204 million, respectively.

(3) Multi-employer pension plans
Required contribution to employees' pension fund plan of the multi-employer pension plans which was treated as same as defined contribution plan amounted to ¥376 million (U.S. $3,133 thousand) and ¥336 million, respectively.

A. The savings situation of the whole system

	Millions of yen		Thousands of U.S. dollars
	2015 (As of March 31, 2014)	2014 (As of March 31, 2013)	**2015 (As of March 31, 2014)**
Plan assets	**¥165,025**	¥123,524	**$1,375,208**
Net total actuarial obligations under pension funding programs and minimum actuarial reserve	**217,080**	182,265	**1,809,000**
Total balance	**¥ (52,055)**	¥ (58,741)	**$ (433,792)**

B. The ratio of Rengo group's contributions to the multi-employer pension plans against total contributions

For the year ended March 31, 2015 corresponding to the year ended March 31, 2014	4.0%
For the year ended March 31, 2014 corresponding to the year ended March 31, 2013	4.5%

C. Supplemental information
The main factor of total balance of A mentioned above is past service cost under pension funding programs and general reserve. Past service cost under pension funding programs for the years ended March 31, 2015 and 2014 amounted to ¥48,247 million (U.S. $402,058 thousand) and ¥38,799 million, respectively. General reserve for the years ended March 31, 2015 and 2014 amounted to ¥5,271 million (U.S. $43,925 thousand) and ¥19,690 million, respectively.
In addition, the ratio in B mentioned above does not accord with the real burden on the Rengo group ratio.

15. CONTINGENT LIABILITIES

As of March 31, 2015, the Companies' contingent liabilities were as follows:

	Millions of yen	Thousands of U.S. dollars
As endorser of notes discounted	**¥ 20**	**$ 167**
As endorser of notes endorsed	**162**	**1,350**
As guarantor of indebtedness and lease obligations	**97**	**808**

16. NET ASSETS

Under the Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

17. COMPREHENSIVE INCOME STATEMENTS

At March 31, 2015 and 2014, amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Valuation difference on available-for-sale securities			
Increase (decrease) during the year	**¥16,080**	¥ 9,145	**$134,000**
Reclassification adjustments for losses realized in net income	**(1,101)**	17	**(9,175)**
Subtotal, before tax amount	**14,979**	9,162	**124,825**
Tax (expense) or benefit	**(4,155)**	(3,238)	**(34,625)**
Subtotal, net of tax amount	**10,824**	5,924	**90,200**
Deferred gains and losses on hedges			
Increase (decrease) during the year	**(5)**	7	**(42)**
Tax (expense) or benefit	**2**	(2)	**17**
Subtotal, net of tax	**(3)**	5	**(25)**
Foreign currency translation adjustment			
Increase (decrease) during the year	**3,543**	5,267	**29,525**
Remeasurements of defined benefit plans			
Increase (decrease) during the year	**2,419**	—	**20,159**
Reclassification adjustments for losses realized in net income	**616**	—	**5,133**
Subtotal, before tax amount	**3,035**	—	**25,292**
Tax (expense) or benefit	**(860)**	—	**(7,167)**
Subtotal, net of tax amount	**2,175**	—	**18,125**
Share of other comprehensive income of affiliates accounted for using equity method			
Increase (decrease) during the year	**3,200**	2,946	**26,667**
Total other comprehensive income	**¥19,739**	¥14,142	**$164,492**

18. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are included in "General and administrative expenses" and are charged to income as incurred. The aggregate amounts of research and development expenses charged to income were ¥1,405 million (U.S.$11,708 thousand) and ¥1,421 million for the years ended March 31, 2015 and 2014, respectively.

19. BUSINESS STRUCTURE IMPROVEMENT EXPENSES

For the year ended March 31 2015, business structure improvement expenses were caused by the decision to renew a new paper machine for making containerboard (linerboard) and dispose of the old No.6 paper machine for making linerboard at Marusan Paper Mfg. Co., Ltd., which created of impairment loss of ¥819 million (U.S.$6,825 thousand), fixed costs of ¥554 million (U.S.$4,617 thousand) and other.

The components of the impairment loss were as follows:

Place	Use	Type of assets	Millions of yen	Thousands of U.S. dollars
Minamisoma-shi, Fukushima Prefecture	Assets scheduled for disposal	Buildings and structures	**¥100**	**$ 833**
		Machinery, equipment and vehicles	**718**	**5,984**
		Other	**1**	**8**
		Total	**¥819**	**$6,825**

The Companies grouped their fixed assets based on operating activities, and idle assets, rental assets and assets scheduled for disposal were each treated as separate property.

Assets scheduled for disposal: The Companies reduced the book values to the recoverable values and recognized the reduction in value as "Business structure improvement expenses" (Other income (expenses)) due to the decision made to dispose of the above assets.

The recoverable values of the assets were measured on the basis of the net selling price. The evaluations of unsalable buildings and others were mainly zero.

20. SEGMENT INFORMATION

(1) Segment Information

A. Overview of reportable segments

The Company's reportable segments are the business units for which separate financial information is available and which are periodically reviewed by the Board of Directors for the purposes of monitoring to determine the allocation of business resources and evaluate business performance.

To fulfill the multiple needs of packaging as "General Packaging Industry (GPI)," the Companies expanded the business field into flexible packaging and heavy duty packaging and overseas and had been making plans for a comprehensive strategy about products in each business field, in addition to the integrated production from paperboards to corrugated boxes. The Company has designated four reportable segments, which are the "Paperboard and Packaging-Related Business," "Flexible Packaging-Related Business," "Heavy Duty Packaging-Related Business," and "Overseas Business" segments, based on the business field.

The "Paperboard and Packaging-Related Business" segment includes manufacturing and sales of paperboard, corrugated board and corrugated boxes domestically. The "Flexible Packaging-Related Business" segment includes manufacturing and sales of flexible packaging and cellophane domestically. The "Heavy Duty Packaging-Related Business" segment includes manufacturing and sales of heavy duty packaging products domestically. The "Overseas Business" segment includes manufacturing and sales of paperboard, corrugated board, corrugated boxes, flexible packaging, heavy duty packaging and nonwoven products in overseas operations.

B. Method of calculating sales, profit or loss, assets and other material items by reportable segment

The accounting policies for business segments reported are generally the same as on those described in Note 2, "Summary of Significant Accounting Policies." Figures for reportable segment income are based on operating income. Internal transactions are based on the current market prices.

C. Information on sales, profit or loss, assets and other material items by reportable segment

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

	Millions of yen							
	2015							
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses (*1)	Adjustments (*2)	Total (*3)
Sales to third parties	**¥358,821**	**¥61,627**	**¥40,596**	**¥27,997**	**¥489,041**	**¥33,631**	**¥ —**	**¥522,672**
Intergroup sales and transfers	**1,663**	**38**	**1,329**	**6,397**	**9,427**	**21,457**	**(30,884)**	**—**
Total sales	**360,484**	**61,665**	**41,925**	**34,394**	**498,468**	**55,088**	**(30,884)**	**522,672**
Segment profit (loss)	**3,225**	**2,103**	**622**	**(654)**	**5,296**	**102**	**170**	**5,568**
Segment assets	**517,795**	**44,963**	**40,860**	**72,773**	**676,391**	**34,504**	**(55,220)**	**655,675**
Other items								
Depreciation and amortization	**22,699**	**2,211**	**928**	**1,957**	**27,795**	**1,750**	**(61)**	**29,484**
Amortization of goodwill	**445**	**238**	**359**	**595**	**1,637**	**69**	**—**	**1,706**
Investment in equity method affiliates	**641**	**—**	**—**	**28,522**	**29,163**	**917**	**—**	**30,080**
Increase in property, plant and equipment and intangible assets	**30,485**	**1,949**	**1,129**	**4,087**	**37,650**	**2,375**	**(43)**	**39,982**

Millions of yen								
2014								
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses (*1)	Adjustments (*2)	Total (*3)
Sales to third parties	¥372,632	¥60,663	¥32,093	¥24,455	¥489,843	¥33,299	¥ —	¥523,142
Intergroup sales and transfers	2,108	85	1,130	3,198	6,521	22,358	(28,879)	—
Total sales	374,740	60,748	33,223	27,653	496,364	55,657	(28,879)	523,142
Segment profit (loss)	12,399	948	883	(653)	13,577	582	62	14,221
Segment assets	506,787	45,151	36,937	58,321	647,196	33,444	(51,585)	629,055
Other items								
Depreciation and amortization	21,834	2,420	795	1,667	26,716	1,776	(60)	28,432
Amortization of goodwill	465	237	213	458	1,373	69	—	1,442
Investment in equity method affiliates	640	—	—	24,689	25,329	967	—	26,296
Increase in property, plant and equipment and intangible assets	42,023	2,636	852	4,858	50,369	2,548	(68)	52,849

Thousands of US dollars								
2015								
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses (*1)	Adjustments (*2)	Total (*3)
Sales to third parties	**$2,990,175**	**$513,558**	**$338,300**	**$233,309**	**$4,075,342**	**$280,258**	**$ —**	**$4,355,600**
Intergroup sales and transfers	**13,858**	**317**	**11,075**	**53,308**	**78,558**	**178,809**	**(257,367)**	**—**
Total sales	**3,004,033**	**513,875**	**349,375**	**286,617**	**4,153,900**	**459,067**	**(257,367)**	**4,355,600**
Segment profit (loss)	**26,875**	**17,525**	**5,183**	**(5,450)**	**44,133**	**850**	**1,417**	**46,400**
Segment assets	**4,314,958**	**374,692**	**340,500**	**606,442**	**5,636,592**	**287,533**	**(460,167)**	**5,463,958**
Other items								
Depreciation and amortization	**189,159**	**18,425**	**7,733**	**16,308**	**231,625**	**14,583**	**(508)**	**245,700**
Amortization of goodwill	**3,708**	**1,983**	**2,992**	**4,959**	**13,642**	**575**	**—**	**14,217**
Investment in equity method affiliates	**5,342**	**—**	**—**	**237,683**	**243,025**	**7,642**	**—**	**250,667**
Increase in property, plant and equipment and intangible assets	**254,042**	**16,242**	**9,408**	**34,058**	**313,750**	**19,791**	**(358)**	**333,183**

(*1) "Other Businesses" are the businesses which are not included in reportable segments and included manufacturing and sales of nonwoven products, paper packaging machinery, printing paper and other businesses such as transport, insurance agency, leasing and real estate.

(*2) Resulting "Adjustments" were as follows:
- (a) The adjustments of segment profits (losses) of ¥170 million (U.S.$1,417 thousand) and ¥62 million for the years ended March 31, 2015 and 2014, respectively, were from the elimination of intersegment transactions.
- (b) The adjustments of segment assets of -¥55,220 million (-U.S.$460,167 thousand) and -¥51,585 million for the years ended March 31, 2015 and 2014, respectively, were from the elimination of intersegment transactions.
- (c) The adjustments of depreciation and amortization of -¥61 million (-U.S.$508 thousand) and -¥60 million for the years ended March 31, 2015 and 2014, respectively, were from the elimination of intersegment transactions.
- (d) The adjustments of increases in property, plant and equipment, and intangible assets of -¥43 million (-U.S.$358 thousand) and -¥68 million for the years ended March 31, 2015 and 2014, respectively, were from the elimination of intersegment transactions.

(*3) The segment profit (loss) was reconciled with operating income in the consolidated statements of income.

(2) Related Information
A. Products and Services

	Millions of yen		Thousands of US dollars
	2015	2014	**2015**
	Sales to third parties		
Paperboard	**¥ 48,547**	¥ 52,831	**$ 404,558**
Corrugated board	**39,625**	43,485	**330,208**
Corrugated boxes	**260,590**	267,402	**2,171,584**
Flexible packaging and cellophane	**63,894**	62,243	**532,450**
Other	**110,016**	97,181	**916,800**
Total	**¥522,672**	¥523,142	**$4,355,600**

B. Geographical Segments
The ratios of sale and of property, plant and equipment in Japan to those in the consolidated financial statements exceeded 90% for the years ended March 31, 2015 and 2014. Therefore, information regarding geographical segments was not required to be disclosed.

C. Major Customers
There were no specific customers whose sales exceeded 10% of the total sales in the consolidated statements of income for the years ended March 31, 2015 and 2014. Therefore, information regarding such major customers was not required to be disclosed.

(3) Information on Impairment Loss in Property, Plant and Equipment by Reportable Segments

	Millions of yen							
	2015							
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Impairment loss	**¥893**	**¥—**	**¥—**	**¥175**	**¥1,068**	**¥—**	**¥—**	**¥1,068**

	Millions of yen							
	2014							
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Impairment loss	¥117	¥—	¥—	¥36	¥153	¥—	¥—	¥153

	Thousands of US dollars							
	2015							
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Impairment loss	**$7,442**	**$—**	**$—**	**$1,458**	**$8,900**	**$—**	**$—**	**$8,900**

"Other Businesses" are the businesses which are not included in reportable segments and included manufacturing and sales of nonwoven products, paper packaging machinery, printing paper and other businesses such as transport, insurance agency, leasing and real estate.

In Paperboard and Packaging-Related Business, impairment loss of ¥819 million (U.S.$6,825 thousand) related to the business structure improvement is included in "Business structure improvement expenses" (Other income (expenses)) of the consolidated statements of income as of March 31, 2015.

In Overseas Business, impairment loss of ¥175 million (U.S.$1,458 thousand) related to the fire disaster is included in "Other, net" (Other income (expenses)) of the consolidated statements of income as of March 31, 2015.

(4) Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment

	Millions of yen							
	2015							
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Goodwill								
Amortized for the period	**¥445**	**¥238**	**¥ 359**	**¥ 595**	**¥1,637**	**¥69**	**¥—**	**¥1,706**
Balance at end of period	**898**	**950**	**1,246**	**1,168**	**4,262**	**86**	**—**	**4,348**
Negative goodwill								
Amortized for the period	**76**	**2**	**106**	**26**	**210**	**—**	**—**	**210**
Balance at end of period	**262**	**18**	**—**	**88**	**368**	**—**	**—**	**368**

	Millions of yen							
	2014							
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Goodwill								
Amortized for the period	¥ 465	¥ 237	¥ 213	¥ 458	¥1,373	¥ 69	¥—	¥1,442
Balance at end of period	1,743	1,187	1,806	1,535	6,271	155	—	6,426
Negative goodwill								
Amortized for the period	197	2	219	51	469	—	—	469
Balance at end of period	339	20	106	113	578	—	—	578

	Thousands of US dollars							
	2015							
	Reportable segment							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Goodwill								
Amortized for the period	**$3,708**	**$1,983**	**$ 2,992**	**$4,959**	**$13,642**	**$575**	**$—**	**$14,217**
Balance at end of period	**7,483**	**7,917**	**10,384**	**9,733**	**35,517**	**716**	**—**	**36,233**
Negative goodwill								
Amortized for the period	**633**	**17**	**883**	**217**	**1,750**	**—**	**—**	**1,750**
Balance at end of period	**2,184**	**150**	**—**	**733**	**3,067**	**—**	**—**	**3,067**

"Other Businesses" are the businesses which are not included in reportable segments and included manufacturing and sales of nonwoven products, paper packaging machinery, printing paper and other businesses such as transport, insurance agency, leasing and real estate.

(5) Information on Gain on Negative Goodwill by Reportable Segment
For the years ended March 31, 2015 and 2014, gain on negative goodwill was not material and has not been presented.

21. SUBSEQUENT EVENTS

At the Board of Directors meeting held on May 14, 2015, the Company resolved the following year-end appropriation of non-consolidated retained earnings:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥6.00 = U.S. $0.05 per share)	¥1,486	$12,383

The above mentioned appropriation has not been reflected in the consolidated financial statements as of March 31, 2015. Such appropriations are recognized in the period in which they are approved.

Independent Auditor's Report

To the Board of Directors of Rengo Co., Ltd.:

We have audited the accompanying consolidated financial statements of Rengo Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated income statements, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and 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 our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control 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, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 present fairly, in all material respects, the financial position of Rengo Co., Ltd. and its consolidated subsidiaries as at March 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

Osaka, Japan
June 26, 2015

KPMG AZSA LLC

Investor Information

(As of March 31, 2015)

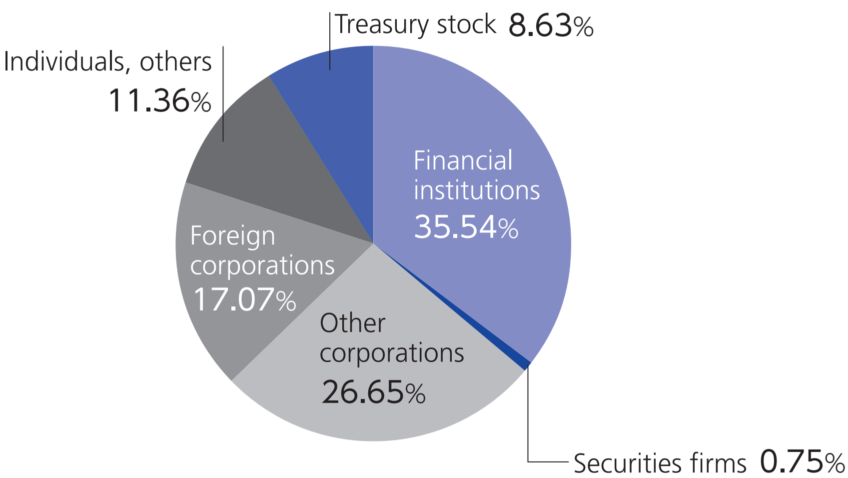
Founded	April 12, 1909	
Incorporated	May 2, 1920	
Capital Stock	¥31,067 million	
Number of Shares	Authorized: 800,000,000	
	Issued: 271,056,029	
Number of Shareholders	16,463	
Number of Employees	Parent Company	3,719
	Consolidated Subsidiaries	10,341
	Total	14,060
Stock Listings	Tokyo	
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 4-5-33 Kitahama, Chuo-ku, Osaka, Japan	

Major Shareholders

Shareholders	% of total shares issued
Japan Trustee Services Bank, Ltd.	13.69 %
Nippon Paper Industries Co., Ltd.	4.87
The Master Trust Bank of Japan, Ltd.	4.32
Sumitomo Mitsui Banking Corporation	3.53
Sumitomo Life Insurance Company	2.57
Mitsui Sumitomo Insurance Company, Limited	2.33
The Norinchukin Bank	2.20
Sumitomo Corporation	1.94
Trust & Custody Services Bank, Ltd.	1.35
Rengo Co., Ltd. Employee Share Ownership	1.24

In addition to the above, the Company owns 8.63% of its treasury stock.

Shareholder Distribution



Directory

(As of June 30, 2015)

Rengo Co., Ltd. Domestic Network

Head Office
2-2-7 Nakanoshima Kita-ku,
Osaka, Japan 530-0005
Phone: 06-6223-2371
Fax: 06-4706-9909

Tokyo Head Office
2-16-1 Konan, Minato-ku,
Tokyo, Japan 108-0075
Phone: 03-6716-7300
Fax: 03-6716-7330

Laboratories
Osaka, Fukui

Packaging Technical Centers
Tokyo, Osaka

Plants and Mills

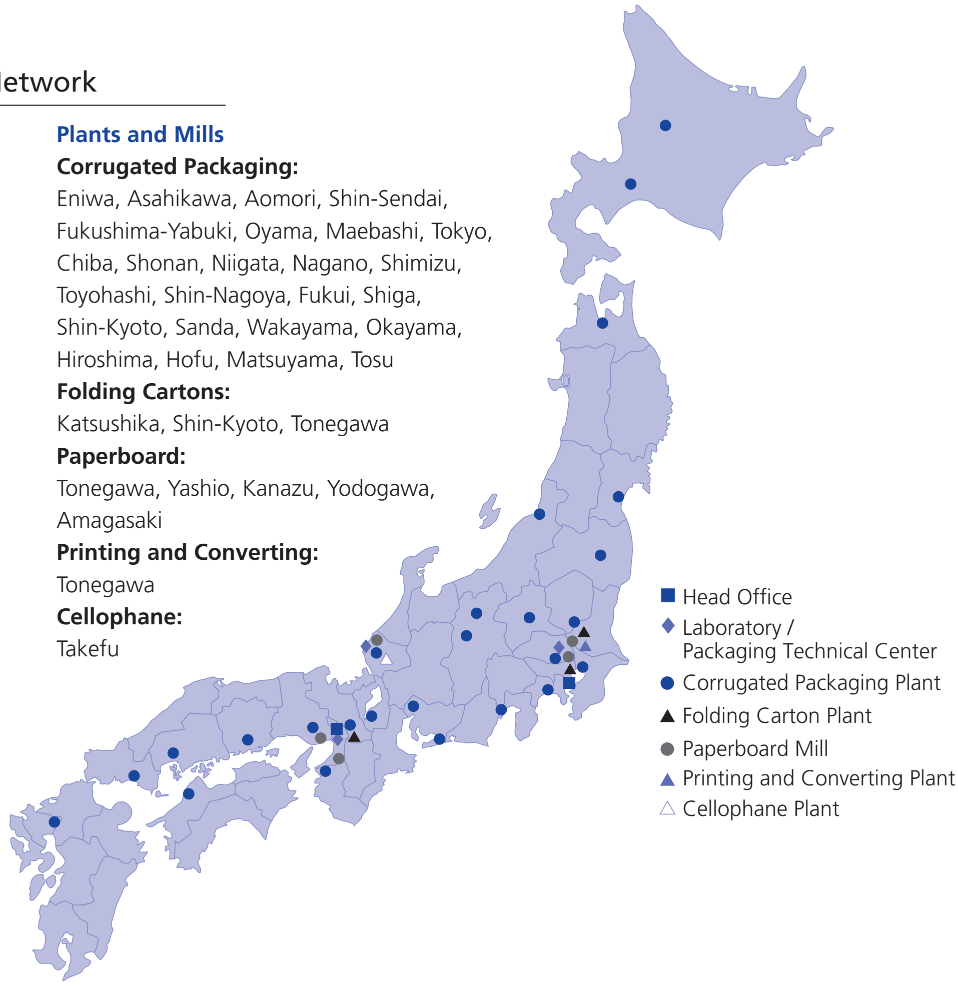
Corrugated Packaging:
Eniwa, Asahikawa, Aomori, Shin-Sendai, Fukushima-Yabuki, Oyama, Maebashi, Tokyo, Chiba, Shonan, Niigata, Nagano, Shimizu, Toyohashi, Shin-Nagoya, Fukui, Shiga, Shin-Kyoto, Sanda, Wakayama, Okayama, Hiroshima, Hofu, Matsuyama, Tosu

Folding Cartons:
Katsushika, Shin-Kyoto, Tonegawa

Paperboard:
Tonegawa, Yashio, Kanazu, Yodogawa, Amagasaki

Printing and Converting:
Tonegawa

Cellophane:
Takefu



Rengo Group Companies in Japan

Corrugated Packaging / Folding Cartons
Yamato Shiki Co., Ltd.
Settsu Carton Co., Ltd.
Tokai Shiki Co., Ltd.
Hinode Shiki Kogyo Co., Ltd.
Asahi Danboru Co., Ltd.
Asahi Shiko Co., Ltd.
Awaji Shiko Co., Ltd.
Daimaru Itagami Kako Co., Ltd.
Edogawa Danboru Co., Ltd.
Engei Shizai Center Co., Ltd.
Fuji-Hoso Shiki Co., Ltd.
Hirooka Shiki Co., Ltd.
Hokkoku Hoso Kizai Co., Ltd.
Hokuriku Shiki Corporation
Ihara Shiki Co., Ltd.
Kendan Co., Ltd.
Kofu Daiichi-Jitugyo Co., Ltd.
Kowa Sangyo Co., Ltd.
Kyoei Danboru Co., Ltd.
Kyowa Shigyo Co., Ltd.
Kyushu Carton Co., Ltd.
Matai Shiko Co., Ltd.
Miyazawa Corporation
Nichidan Co., Ltd.
Nitto Shiki Kogyo Co., Ltd.
Otsu Seikan Co., Ltd.
Rengo Riverwood Packaging, Ltd.
Shinwa Shiki Co., Ltd.
Sakaiminato Gyokan Co., Ltd.
Sakai Shoten Co., Ltd.
Sanko Co., Ltd.
Sankyo Danboru Co., Ltd.
Tachikawa Danboru Kogyo Co., Ltd.
Taiyo Industry Co., Ltd.
Taiyo Shigyo Co., Ltd.
Tohoku Asahi Danboru Co., Ltd.
Tohoku Carton Co., Ltd.
Tohoku Kogyo Co., Ltd.
Tohoku Shiki Co., Ltd.
Toyotsu New Pack Co., Ltd.
Yamatoya Co., Ltd.
Yoshikawa Shigyo Co., Ltd.

Paper / Paperboard
Marusan Paper Mfg. Co., Ltd.
Osaka Paper Co., Ltd.

Flexible Packaging
Howa Sangyo Co., Ltd.

Heavy Duty Packaging
Nihon Matai Co., Ltd.

Others
Rengo Logistics Co., Ltd.
Rengo Nonwoven Products Co., Ltd.
Bioteck Co., Ltd.
Green Omoto Co., Ltd.
Green Recycle Co., Ltd.
Ishikawa Seisakusho, Ltd.
RE Omoto Co., Ltd.
Rengo Paper Business Co., Ltd.
Sanyo Jidosha Unso Co., Ltd.
Yamada Kikai Kogyo Co., Ltd.

Rengo Group Companies Overseas

Corrugated Packaging / Folding Cartons

China:
Dalian Rengo Packaging Co., Ltd.
Dalian Guoli Packaging Co., Ltd.
Tianjin Rengo Packaging Co., Ltd.
Qingdao Rengo Packaging Co., Ltd.
Wuxi Rengo Packaging Co., Ltd.
Shanghai Rengo Packaging Co., Ltd.
Guangdong Rengo Packaging Co., Ltd.
Hung Hing Printing Group Limited

Thailand:
Thai Containers Group Co., Ltd.
Thai Containers Rayong Co., Ltd.
Thai Containers Khonkaen Co., Ltd.
Tawana Container Co., Ltd.
Dyna Packs Co., Ltd.
Orient Containers Co., Ltd.
D-In Pack Co., Ltd.

Singapore:
TCG Rengo (S) Limited

Malaysia:
Rengo Packaging Malaysia Sdn. Bhd.

Indonesia:
PT Surya Rengo Containers
PT Indoris Printingdo
PT Primacorr Mandiri

Vietnam:
New Asia Industries Co., Ltd.
Alcamax Packaging (Vietnam) Co., Ltd.
AP Packaging (Hanoi) Co., Ltd.
Settsu Carton Vietnam Corporation

U.S.A.:
Rengo Packaging, Inc.

Paperboard

China:
Zhongshan Rengo Hung Hing Paper Mfg. Co., Ltd.

Vietnam:
Vina Kraft Paper Co., Ltd.

Flexible Packaging

China:
Jiangsu Zhongjin Matai Medicinal Packaging Co., Ltd.
Sichuan Zhongjin Medicinal Packaging Co., Ltd.

Thailand:
TC Flexible Packaging Co., Ltd.
Prepack Thailand Co., Ltd.

Vietnam:
Packamex (Vietnam) Co., Ltd.
Tin Thanh Packing Joint Stock Company

Heavy Duty Packaging

Thailand:
Thai Marsol Co., Ltd.

Indonesia:
PT Marsol Abadi Indonesia
PT Taiyo Marsol Indonesia

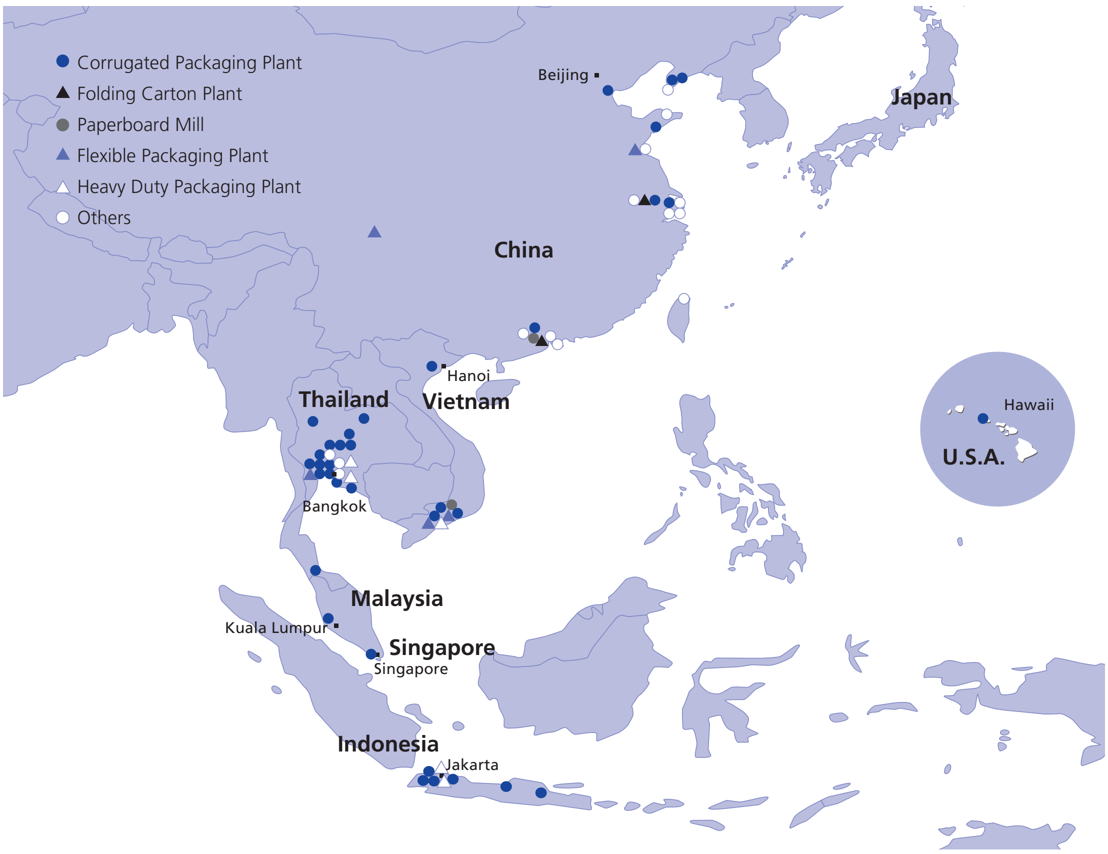
Vietnam:
Matai (Vietnam) Co., Ltd.

Others

China:
Rengo Co., Ltd. Shanghai Office/
Shanghai Packaging Technical Center
Howa (Shanghai) Co., Ltd.
Shanghai Matai Trading Co., Ltd.
Lianyungang Benyi Chemicals Co., Ltd.
Dalian Marsol Trading Co., Ltd.
Yantai Marsol Co., Ltd.
Wuxi RNP Trading Co., Ltd.

Taipei:
Howa Sangyo Co., Ltd. Taiwan Branch

Thailand:
Pal Tech (ASIA) Co., Ltd.
Yamato Shiki (Thailand) Co., Ltd.
Howa Sangyo Co., Ltd. Representative Office (Thailand)



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