



IBIDEN Co.,Ltd.
ANNUAL REPORT 2015

Year Ended March 31, 2015



IBIDEN Worldwide—IBI-TECHNO without Borders

Profile

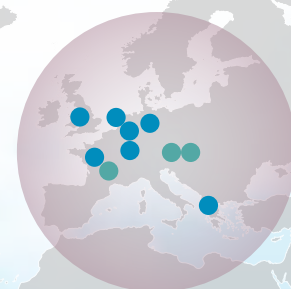
IBIDEN was established in 1912 as an electric power company to bring growth to the regional economy. Ever since then, we at IBIDEN have pioneered new business operations and continued to grow by fusing and combining our own innovative core technologies to create new technologies. At present, we are rolling out operations and steadily expanding our record of performance on a global scale, centering on electronics and ceramics products.

To celebrate the 100th anniversary of the Company’s foundation, IBIDEN renewed its corporate philosophy, IBIDEN WAY, and brand logo mark in November 2012. The renewed IBIDEN WAY and logo embody our commitments that; every one of our employees will work with integrity and respects for the harmony with others. We also will practice the corporate values by courageously meeting challenges given by the changing time, and realize the sustainable development of “IBI-TECHNO”—our unique technologies and values into the future.

For all stakeholders, we aim to strengthen responsible corporate management and become a corporate group that enjoys sustained growth.

Global Network

EUROPE



- Electronic Substrate
- Ceramic
- Sales and Others

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Forward-Looking Statements

Forward-looking statements made in this annual report concerning performance or business strategies have been determined according to assumptions and beliefs based on information available at the time of publication and may contain elements of risk and uncertainty.

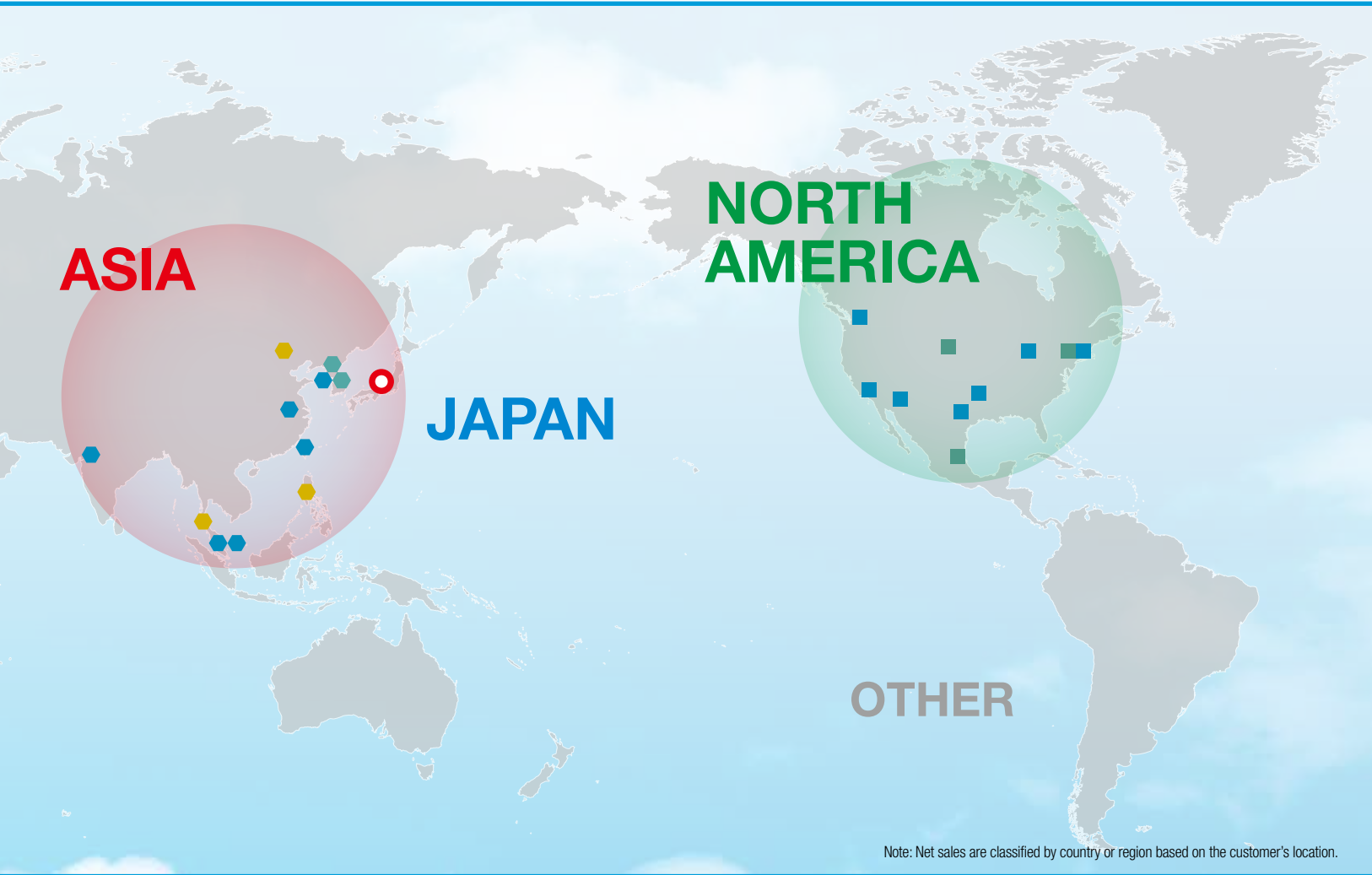
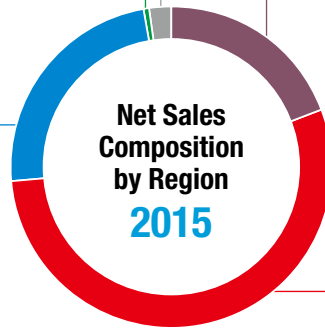
Other 2.2%

North America 0.1%

Japan 23.6%

Europe 19.3%

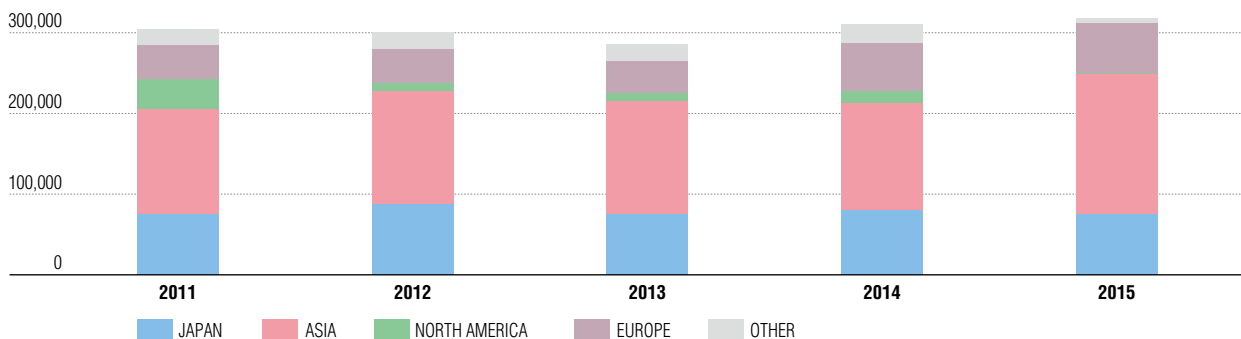
Asia 54.8%



Note: Net sales are classified by country or region based on the customer's location.

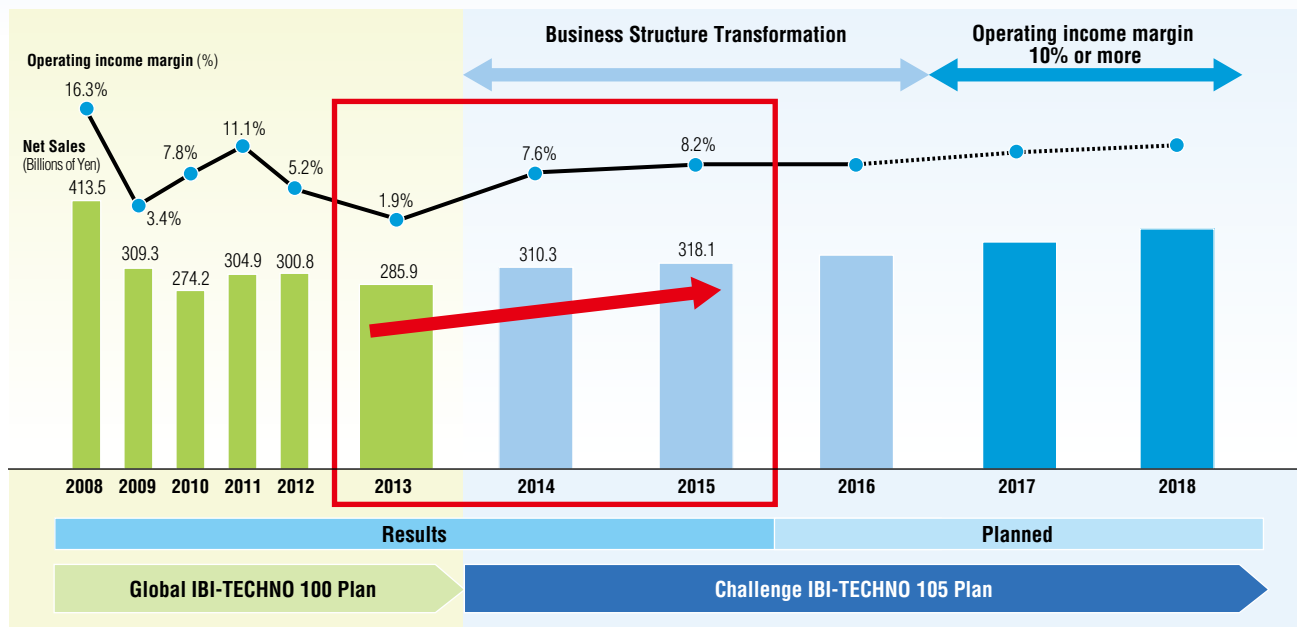
Net Sales by Region

(Millions of Yen)



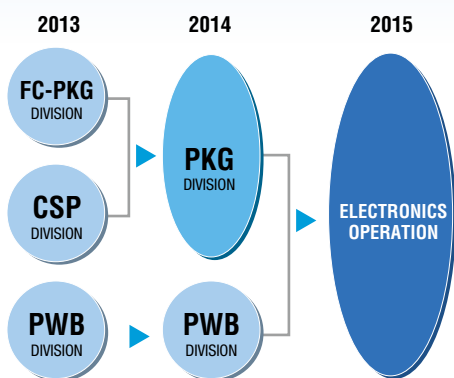
Business Snapshot

1 Boosted Net Sales and Profits for the Second Consecutive Year



During the fiscal year ended March 31, 2014, IBIDEN launched its consolidated medium-term management plan, “Challenge IBI-TECHNO 105 Plan.” Due to solid results achieved in line with the plan’s target of reconstructing and enhancing the competitiveness of core operations, we boosted net sales and profits for the second consecutive year, up through the fiscal year ended March 31, 2015.

2 Strengthened Our Competitiveness by Integrating Divisions



In the Electronics Operation, we integrated the FC-PKG division and the CSP division during the fiscal year ended March 31, 2015 as well as the PWB division in January 2015, to further promote the integration of technologies and products.

3 Strengthening of Competitiveness through Overseas Production

In the Ceramics Operation, we saw IBIDEN Graphite Korea commence operations in 2013. With the commencement of operations for the third plant building at IBIDEN Hungary as well as the production of Substrate Holding Mat there, we have been strengthening our overseas production framework in line with market trends. In June 2015, IBIDEN Mexico began operations with a new production base for DPFs for large diesel vehicles that is expected to become a new prime source of earnings going forward.



IBIDEN Mexico, S.A. de C.V. began operations from June 2015.

March 2015

Electronics Operation (PKG)

Awarded the 14th SCQI by Intel Corporation



In March 2015, IBIDEN was awarded the Supplier Continuance Quality Improvement (SCQI) Award by Intel Corporation. In 2014, there were 11 companies that won this award. This time, the award was granted to IBIDEN for achieving remarkable results in terms of Intel targets and for being deemed to have fulfilled a role as an important leader within the industry in terms of all important items evaluated by quality, cost, supply frameworks, technological prowess, customer service, labor, ethics systems as well as environmental sustainability. The SCQI Award is an award of the highest distinction and is given to supply corporations for achieving extremely formidable results. IBIDEN supplied package substrates to Intel which were indispensable for its success.

February 2015

Electronics Operation (GSP)

Received Samsung Electronics' Best Partner Award



In February 2015, IBIDEN received the Best Partner Award from Samsung Electronics Co. Ltd. for the third consecutive year. The award was presented to excellent suppliers that had provided outstanding products and service to Samsung during the previous fiscal year. We were nominated for the award by Samsung Electronics Semiconductor Segment, primarily due to our strong track record in well-developed support, outstanding quality, stable delivery and splendid services. Seventeen companies received awards as excellent suppliers.

June 2014

Cremics Operation (DPF)

Awarded the Special Jury Prize from the Peugeot Citroën Group (PSA)



At 2014 Supplier Day, which was held by the Peugeot Citroën Group in June 2014, the commendation of 18 quality supplier companies (total of 7 divisions) for the year 2013 took place, with IBIDEN taking home the Special Jury Prize. For many years, IBIDEN has supplied PSA with DPFs, a recognized track record of performance that allowed IBIDEN to win the award for the second time.

Corporate Philosophy: IBIDEN WAY

The power that has enabled IBIDEN to overcome many adversities with all our employees and to continue to operate, and the wisdom and vitality that have achieved dramatic growth in recent years—these have persisted throughout IBIDEN's long history of 97 years. The systematization that

carries this on, transcending borders, is the "IBIDEN WAY."

To mark its 100th anniversary, we have revamped our corporate philosophy, the "IBIDEN WAY," simplifying it to enhance its understanding by all IBIDEN Group employees worldwide.



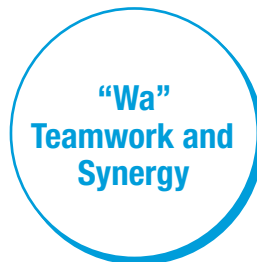
SPIRIT

We share our spirits with all staffs globally. And through accomplishing these, "Corporate Philosophy" will be realized.



Gaining customer and societal trust through "Genchi Genbutsu*"

*Genchi Genbutsu: Go and See for yourself to thoroughly understand the situation



Integrating knowledge and wisdom from the employee involvement for greater power.



Anticipating change, and acting boldly to create new value.



Evolving by overcoming hurdles through creativity and ingenuity.

“Challenge IBI-TECHNO 105 Plan”

We reinforce our capacities for total productive management, management of technology, management of business, and management capability in order to establish a robust corporate culture resilient to any market changes.

Today’s business environment surrounding IBIDEN Group is extremely volatile, faced by the fierce competition between companies seeking global survival.

In April 2013, we launched our consolidated medium-term management plan, “Challenge IBI-TECHNO 105 Plan,” envisioning next 100 years ahead of us. By redefining and strengthening our total productive management, management of technology, management of business and management capability, we will solidify and restructure our core business competitiveness. By emphasizing the global implementation of TPM activities, we boost our onsite capabilities, while at the same time engaging in the creation of innovative technologies in the fields of materials, facilities, and production processes.

Also, based on our core technologies nurtured through the company’s distinguished history, we will set up specific goals and engage ourselves in the development of new electronic and ceramic products, as well as product development and business implementation in new business areas.

Furthermore, in our effort to successfully run our CSR management, we put our emphasis on “human resource management” to nurture people who can thrive globally.

Through the steady implementation of the consolidated medium-term management plan, we will further reinforce our revenue base, and everyone in the Group will actively take up new challenges to realize a new level of growth.

Consolidated medium-term management plan “Challenge IBI-TECHNO 105 Plan”

Period

FY2013 to FY2017 【5 year term】

Pillar of the strategy

1. Reconstruct and enhance competitiveness of core operations
2. Work on the creation of new business
3. Develop and promote CSR management globally

Five-Year Consolidated Financial Summary

IBIDEN CO., LTD. and Consolidated Subsidiaries

For the years ended March 31, 2015, 2014, 2013, 2012, and 2011

For the year:	Millions of yen					Thousands of U.S. dollars (Note)
	2015	2014	2013	2012	2011	2015
Net sales	¥ 318,072	¥ 310,268	¥ 285,947	¥ 300,864	¥ 304,968	\$ 2,647,295
Operating income	26,039	23,442	5,420	15,516	33,811	216,725
Income before income taxes and minority interests	29,604	25,484	7,356	15,258	30,373	246,399
Net income	19,107	17,479	2,232	10,648	19,741	159,026
Comprehensive income	42,042	40,724	22,885	9,489	13,279	349,914
EBITDA	65,467	59,144	48,118	57,903	74,508	246,399
Capital expenditures	56,350	37,731	43,262	47,313	60,335	468,997
Depreciation and amortization	39,428	35,702	42,698	42,387	40,697	328,164
Research and development cost	15,512	15,031	15,125	16,123	14,554	129,105
Net cash provided by operating activities	61,547	50,093	45,101	37,371	70,232	512,257
Net cash used in investing activities	(54,888)	(38,364)	(58,325)	(59,292)	(46,841)	(456,831)
Net cash provided by (used in) financing activities	9,835	(6,935)	(11,508)	34,092	(9,238)	81,852
Free cash flow	6,659	11,729	(13,224)	(21,921)	23,391	55,426

At year-end:

Total assets	¥ 519,847	¥ 462,113	¥ 430,040	¥ 425,871	¥ 397,580	\$ 4,326,642
Total net assets	360,092	322,562	286,705	274,900	271,249	2,997,014
Interest-bearing debt	75,855	61,574	63,925	63,738	23,463	6,313,338
Cash and cash equivalents	110,479	91,679	82,970	104,487	92,886	919,511
Total number of shares issued (shares)	150,860,557	150,860,557	150,860,557	150,860,557	150,860,557	

Per share data:	Yen					U.S. Dollars (Note)
	2015	2014	2013	2012	2011	2015
Net income per share—basic	¥ 138.37	¥ 126.58	¥ 15.97	¥ 74.41	¥ 137.21	\$ 1.15
Net income per share—diluted	—	126.15	15.86	73.69	135.63	—
Net assets per share	2,578.85	2,305.93	2,043.29	1,885.53	1,861.11	21.46


Ratios:

Ratios:	%				
	2015	2014	2013	2012	2011
Equity ratio	68.50%	68.91%	65.57%	63.35%	66.98%
ROE	5.67	5.82	0.81	3.97	7.45
ROA	3.89	3.92	0.52	2.59	5.20
Price earnings ratio (times)	14.65	16.07	91.78	28.45	19.15

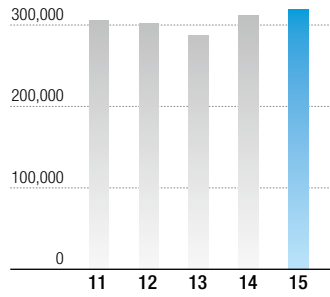


Notes: 1. U.S. dollar amounts have been converted for convenience only at the rate of ¥120.15=US\$1, the rate of exchange on March 31, 2015.

2. EBITDA = Operating income + Depreciation and amortization

3. Effective from the year ended March 31, 2012, the Group adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 issued on June 30, 2011). As a result of the adoption of this standard, the Company has represented comprehensive income for the year ended March 31, 2013, 2012, 2011 and 2010.

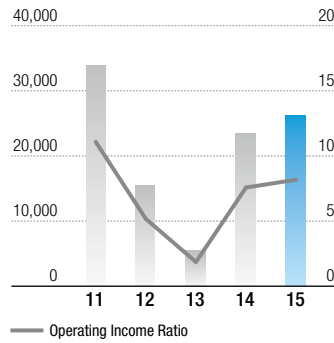

Net Sales2.5% Up (Y o Y) 

(Millions of Yen)

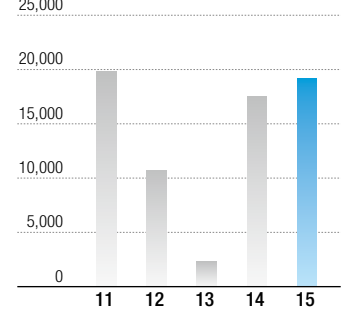


**Operating Income**11.1% Up (Y o Y) **Operating Income Ratio**0.6% Up (Y o Y) 

(Millions of Yen)

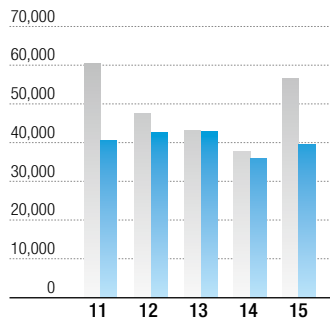
(%)

**Net Income**9.3% Up (Y o Y) 


(Millions of Yen)

**Capital Expenditures**49.3% Up (Y o Y) **Depreciation and Amortization**10.4% Up (Y o Y) 

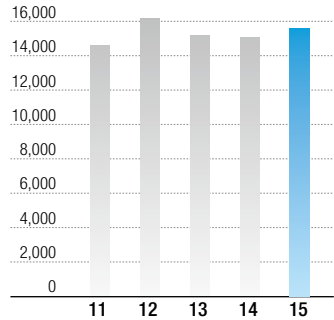

(Millions of Yen)



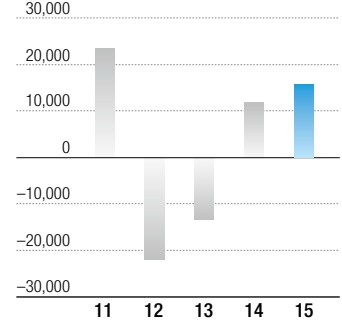

■ Capital Expenditures
■ Depreciation and Amortization

Research and Development Cost3.2% Up (Y o Y) 

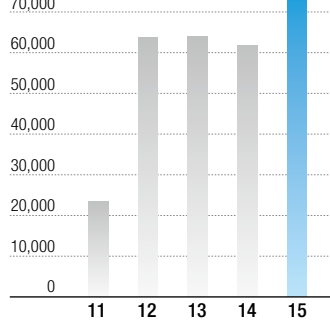


(Millions of Yen)

**Free Cash Flow**3.2% Up (Y o Y) 

(Millions of Yen)

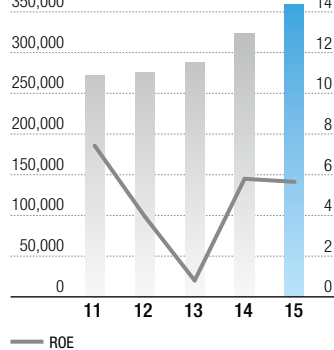


**Interest-Bearing Debt**23.2% Up (Y o Y) 

(Millions of Yen)

**Total Net Assets**11.6% Up (Y o Y) **ROE**0.2% Down (Y o Y) 

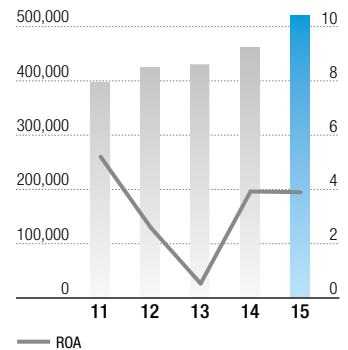
(Millions of Yen)

(%)

**Total Assets/**12.5% Up (Y o Y) **ROA**0.03% Down (Y o Y) 

(Millions of Yen)

(%)



Message from the President



Market Conditions

A Difficult Market Environment

Let me begin by expressing my gratitude for your continued support of IBIDEN CO., LTD. and the IBIDEN Group.

During the fiscal year under review, the global economy moved toward a recovery trend, led by the buoyant U.S. economy. Nevertheless, there were concerns about an economic slowdown in China and other emerging countries, and a sharp decline in crude oil prices and geopolitical risks added to uncertainty. Reflecting rising capital expenditure and a recovery in the labor market, consumer spending was healthy in Japan, resulting in a moderate recovery in the overall economy.

In the semiconductor and the electronic components industry, smartphones continued to enjoy a high rate of growth. However, the main growth driver shifted to lower-end products, especially in emerging nations, while Chinese manufacturers boosted their presence in the market, intensifying competition among suppliers. In the PC market, sales remained below year-on-year levels, despite supporting demand from corporate users to replace older PCs. Accordingly, the Electronics Operation continued to face an intensely challenging business environment. Automotive sales remained brisk around the world, as the European market recovered, and were supported by buoyant sales in the North American and Asian markets.

Results for the Year Ended March 31, 2015

We Achieved Higher Sales and Profits for the Second Consecutive Year by Accelerating Our Business Structure Transformation

The IBIDEN Group focused its management resources intensively on boosting sales in the growing smartphone market. In January 2015, we established the Electronics Operation by integrating

package substrate operation for PCs, a small-sized thin substrate operation for smartphones and tablet-type devices, and a printed wiring board (PWB) operation for smartphones and tablet-type devices, to combine technologies and share manufacturing facilities. In line with our company-wide objective of boosting the competitiveness of each business, we promoted global improvement activities at each of our operations to enhance our earnings base. As a result, we succeeded in recording increases in sales and operating income over the previous fiscal year.

Looking Ahead and Key Strategies

Aiming for a Swift and Continuous Response to Changes in the Business Environment, to Further Boost Competitiveness

In terms of our outlook for market in fiscal year 2016, in the Electronics Operation we anticipate slow growth in smartphones and tablet-type devices and a continued decline in the PC market. By responding to changes in the market, we will strive all-out to acquire new customers. In the Ceramics Operation, we will focus on launching new operations at IBIDEN Mexico S.A. de C.V., comprising a new production base for diesel particulate filters (DPFs) for large vehicles. In line with our medium-term management plan, we will work intensively to bolster our competitive advantages.

We thank you for your continued support and understanding of the Group.

Hiroki Takenaka
President & CEO

Management Discussion and Analysis

Results for the Year Ended March 31, 2015

During the consolidated fiscal year under review, the Group posted consolidated net sales of ¥318,072 million, representing a year-on-year increase of 2.5%. Operating income rose 11.1% to ¥2,597million, and net income also climbed to ¥1,627million, representing a 9.3% increase from the previous fiscal year.

Analysis of Our Financial Condition and Business Performance

Analysis of Our Financial Condition

(1) Assets

Total assets at the end of the fiscal year under review were ¥519,847 million (a 12.5% increase from the previous fiscal year-end).

Current assets amounted to ¥221,772 million (a 9.6% increase), and fixed assets were ¥298,075 million (a 14.7% increase).

The significant contributing component in current assets was an increase of ¥29,475 million in cash and deposits.

The major factors in fixed assets were an increase of ¥28,452 million in property, plant and equipment and an increase of ¥12,363 million in investment securities.

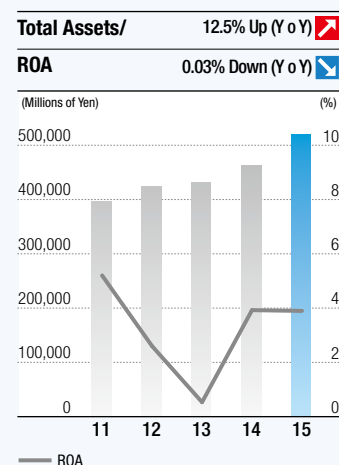
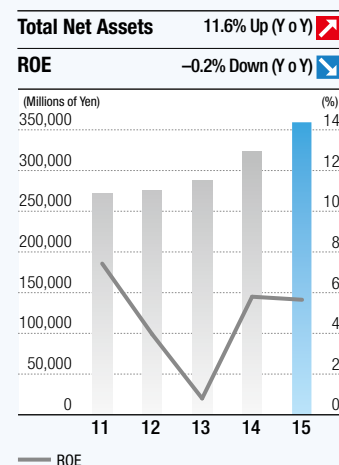
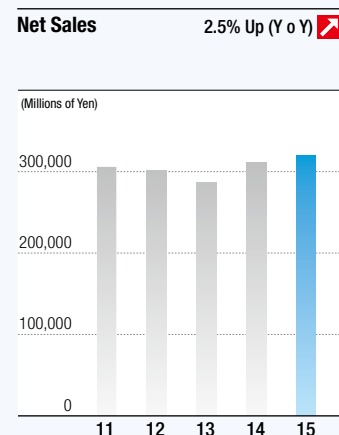
(2) Liabilities and Net Assets

Total liabilities at the end of the fiscal year under review were ¥159,755 million (a 14.5% increase from the previous fiscal year-end). Current liabilities amounted to ¥98,166 million (a 12.7% decrease), and long-term liabilities were ¥61,589 million (a 126.8% increase).

Major factors attributable to the decrease in current liabilities included a decrease of ¥25,000 million in the current portion of bonds.

The rise in long-term liabilities reflected mainly an increase of ¥25,000 million in corporate bonds..

Total net assets at the end of the fiscal year under review were ¥360,092 million (a 11.6% increase over the previous fiscal year-end) due to an increase in retained earnings and an increase in translation adjustments for the period. For further details regarding increases/decreases, please refer to “Consolidated Statements of Changes in Net Assets.”



Management Discussion and Analysis

As a result of the above, the equity ratio decreased to 68.5% from 68.9% at the end of the previous fiscal year. Net assets per share rose to ¥2,305.93 from ¥2,578.85.

Analysis of Our Business Performance

(1) Net Sales and Operating Income

Please see “Review of Operations” on pages 14 through 16 for the general status of net sales and segment income for the business segments.

Cost of sales amounted to ¥237,242 million (a 0.1% increase from the same period in the previous year). The cost-to-sales ratio improved by 1.8 percentage points to 76.4%.

(2) Other Income (Expenses)

In the category of other income and expenses, the Company recorded other income of ¥3,565 million (net) for the fiscal year under review compared to ¥2,042 million reported one year earlier. The major factor behind the increase in other income was ¥5,769 million in a foreign exchange gain compared to ¥5,167 million in the previous fiscal year and ¥832 million in loss on impairment of fixed assets compared to ¥1,823 million in the previous fiscal year.

As a result, income before income taxes and minority interests grew 16.2% to ¥29,604 million.

(3) Income and Other (Including Adjustments for Income Tax and Others)

Income taxes increased from ¥7,838 million in the previous fiscal year to ¥10,339 million in the fiscal year under review.

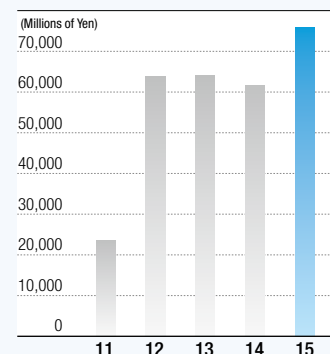
(4) Minority Interests in Earnings

Minority interests in earnings amounted to ¥158 million versus ¥166 million in the previous fiscal year.

(5) Net Income

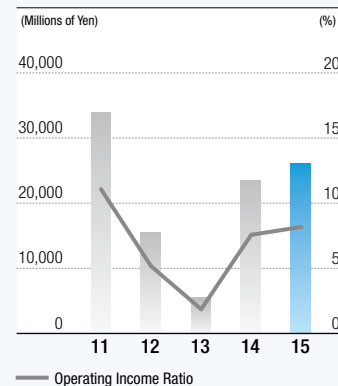
Net income for this period was ¥19,107 million (a 9.3% increase from the previous fiscal year). Net income per share for this period was ¥138.37 (versus ¥126.58 in the previous fiscal year). Return on equity (ROE) was 5.7%, down 0.1 percentage points.

Interest-Bearing Debt 23.2% Up (Y o Y)

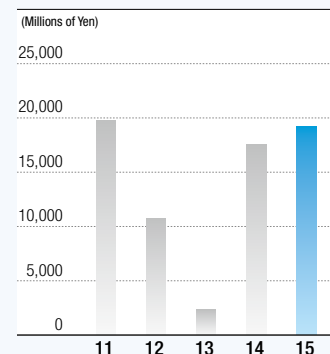


Operating Income 11.1% Up (Y o Y)

Operating Income Ratio 0.6% Up (Y o Y)



Net Income 9.3% Up (Y o Y)



Cash Flow Conditions

Cash and cash equivalents (hereafter “cash”) at the end of the fiscal year under review amounted to ¥110,479 million, up ¥18,800 million over the previous fiscal year-end.

The following is a summary of cash flow activities.

(1) Cash Flow from Operating Activities

Net cash provided by operating activities was ¥61,547 million (versus ¥50,093 million in the previous fiscal year). This was primarily attributable to increases of ¥29,604 million in income before income taxes and minority interests and ¥39,428 million in depreciation and amortization as well as a decrease of ¥2,073 in notes and accounts payable and ¥4,198 million in income taxes paid.

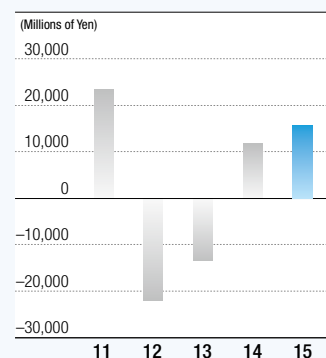
(2) Cash Flow from Investing Activities

Net cash used in investing activities was ¥54,888 million (versus ¥38,364 million in the previous fiscal year). This was mainly due to a payment of ¥54,803 million for purchases of property, plant and equipment.

(3) Cash Flow from Financing Activities

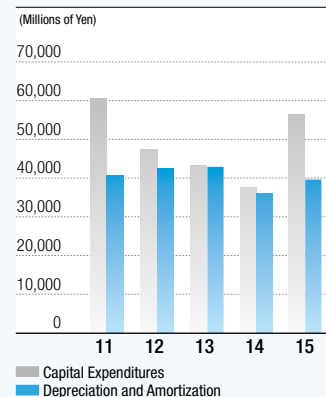
Net cash provided by investing activities totaled ¥9,835 million, compared with ¥6,935 million in net cash used during the previous fiscal year. This change reflected increases of ¥10,000 million in long-term debt and ¥4,504 million in short-term borrowings as well as a decrease of ¥4,142 million in cash dividends paid.

Free Cash Flow 3.2% Up (Y o Y)

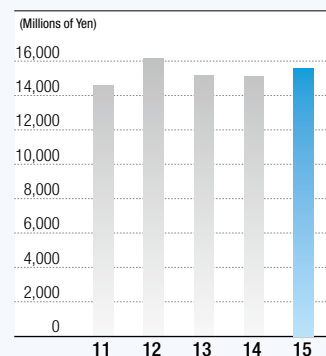


Capital Expenditures 49.3% Up (Y o Y)

Depreciation and Amortization 10.4% Up (Y o Y)



Research and Development Cost 3.2% Up (Y o Y)



At a Glance

Net Sales and Net Sales Composition

Overview

Electronics Operation

¥159,850 million

50.2%



Matching today's high speed of technical innovation, our electronics technology continues to develop new products at the cutting edge of the world electronics field. Our built-up substrates for high-density circuits as well as electronic components and plastic packages for a range of semiconductors are the materialization of our IBI-TECHNO philosophy.

Ceramics Operation

¥99,191 million

31.2%



Over the years, we have developed technologies in essential materials such as carbide and ferrosilicon. In line with our IBI-TECHNO philosophy, we have emerged as a leading developer of advanced ceramics including environment-related ceramics products, (such as SiC-DPFs and substrate holding mats), graphite specialty products, ceramics fibers, and fine ceramics products.

Housing Materials Operation

¥22,518 million

7.1%



We manufacture and sell the melamine decorative laminates used in every field, not only for residential housing equipment but also for commercial facilities, offices, hospitals, and more. We provide strong support for designs creating stylish and artistic spaces that answer the needs of the era, with high-pressure melamine decorative laminates.

Construction Operation

¥14,226 million

4.5%



In the construction field, we have achieved a unique fusion of slope facing technology and landscaping under the guiding concepts of disaster prevention, environmental preservation, and city redevelopment. Our goal is to create a better symbiosis between human beings and the natural environment through "technology that utilizes the power of nature," mixing environmental preservation with development.

Other Operation

¥22,287 million

7.0%

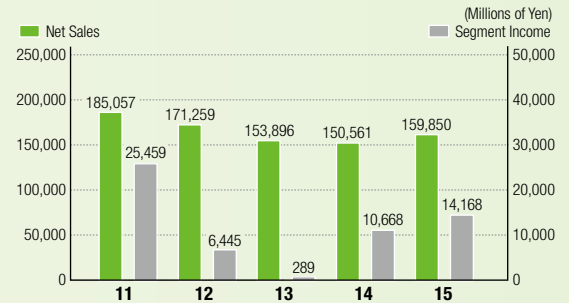


We develop and expand business in a range of sectors including environmental engineering technology, medical software package development, the sale of information and communication terminals, and the sale of welfare vehicles.

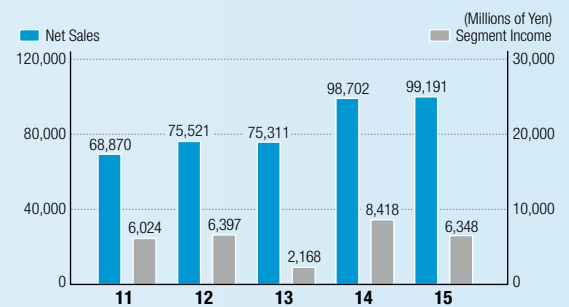
Segment Strategies

For clients consisting of major global semiconductor manufacturers as well as tablet PC and smartphone manufacturers, we have been manufacturing and selling IC package substrates and printed wiring boards. As of January of 2015, our Electronics Operation underwent an organizational integration to form one operational headquarters, resulting in the establishment of a stable earnings structure supported by three pillars: PKG, CSP and PWB.

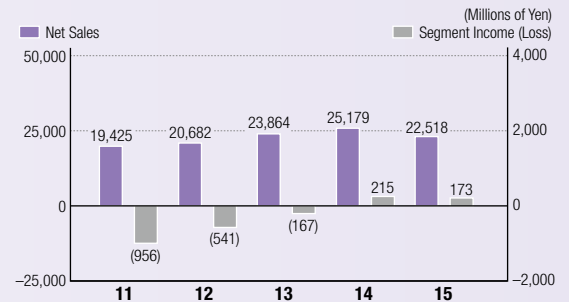
Net Sales & Segment Income (Loss)



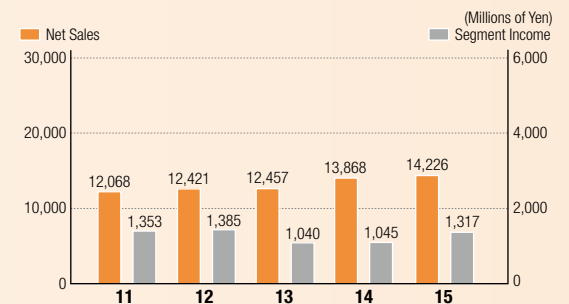
Within our Ceramics Operation, we manufacture and sell SiC-DPF, SCR, Substrate Holding Mat, ceramic fibers and graphite specialty products for clients such as major global automotive manufacturers and semiconductor manufacturing equipment manufacturers. Going forward, we will expand business within the large vehicle market for all DPFs, SCRs and MATs.



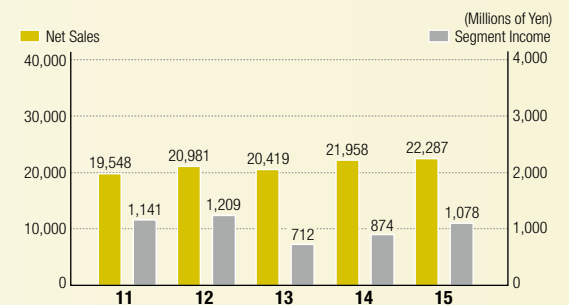
In this business, we manufacture and sell melamine decorative laminates for clients consisting of interior building materials companies, detached home builders along with material suppliers who cater to apartment construction contractors and leasing companies. There is market expansion projected to result from increases in the number of newly constructed leased homes, the enhancement of measures and policies for the conservation of energy on the part of the national government, as well as due to the holding of the Tokyo Olympics. We will expand orders through the injection of new products into the market such as products that simplify and reduce construction process.



For clients that include major real-estate companies as well as national and local government bodies, we have been developing business for areas such as landscaping work and public works. Going forward, there is projected to be an expansion in demand as a result of the Tokyo Olympics and the reconstruction of the areas devastated by the Great East Japan Earthquake, as well as due to the revamping of ageing infrastructure. We're also going to increase orders through expansion of the kind of works we're certified to handle and by increasing the number certified personnel.



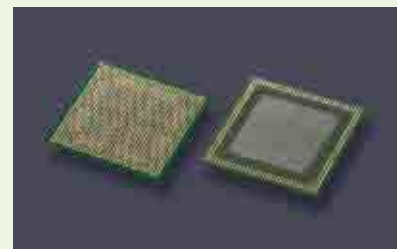
Here, we have been developing various kinds of domestic business. We have gone about expanding our business bases through the enhancement of competitiveness of each of our businesses in synchronization with the economic expansion occurring in anticipation of the 2020 Tokyo Olympics. Particularly within the business area of power generation, we have been moving forward with the revamping of power generation plants and see this as a stable long term source of earnings.



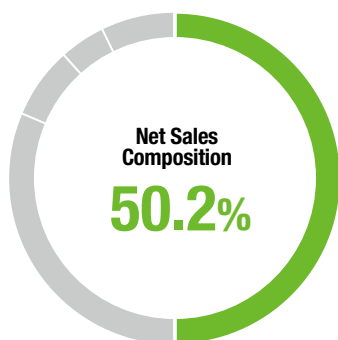
Electronics Operation



FWSS® (Free via stacked up structure)

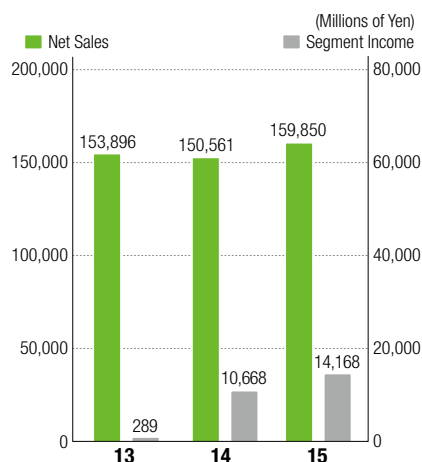


Build up FC-CSP substrate



Net Sales **¥159,850 million**

Segment Income **¥14,168 million**



Main Products

- **Package substrates**
(for computers, mobile devices and home information appliances)
- **Printed wiring boards**
(for use in mobile electronic equipment/information communication infrastructure*)
*Used in servers, routers and other equipment forming high-speed digital communication networks.

In IC package business, although sales in the PC market remained below year-on-year levels, sales of IC packages for PCs remained unchanged from the previous fiscal year due to changes in the product mix. Sales of IC packages for smartphones and tablet-type devices increased as a result of successful new product launches. Accordingly, IC package operations saw sales expand.



High-performance and high-function package substrate

Motherboard/printed wiring board (PWB) business experienced a decline in sales reflecting changes in the smartphone market and heightened competition.

Net sales generated from the Electronics Operation increased 6.2% year on year, to ¥159,850 million. Segment income amounted to ¥14,168 million, up 32.8% from the previous fiscal year.

Ceramics Operation



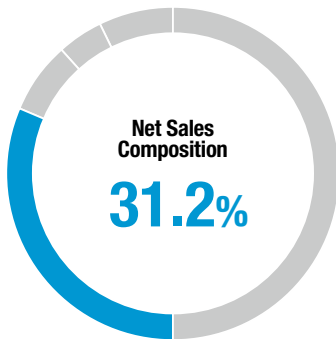
Graphite specialty "EDX-7"



Substrate holding mat

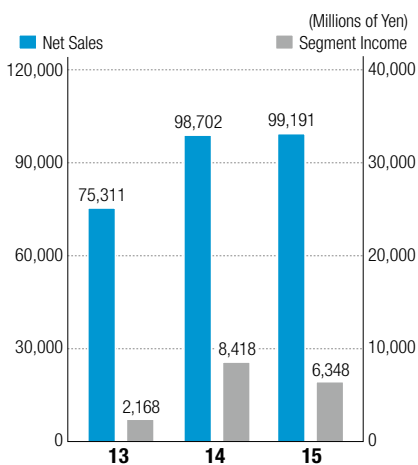


IBI WOOLE E



Net Sales **¥99,191 million**

Segment Income **¥6,348 million**



Main Products

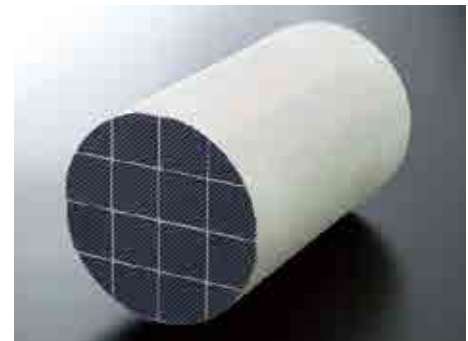
- Diesel particulate filters (DPFs)
- Substrate holding mats (AFPs)
- NOx reduction catalysts (SCRs)
(for semiconductor manufacturing equipment and new energy-related products)
- Ceramics fiber

Sales of diesel particulate filters (DPFs) and substrate holding mats (MATS) expanded reflecting a steady increase in global automobile sales including a slight upturn in the European automobile market.

Sales of NOx reduction catalysts (SCRs) fell due to seasonal weakness in automotive exhaust system components accompanying transitional period of exhaust gas regulations.

Sales of graphite specialty products remained roughly at the same level as the previous year despite a still difficult market environment.

Net sales in the Ceramics Operation rose 0.5% year on year, to ¥99,191 million. Segment income totaled ¥6,347 million, down 24.6% from the previous fiscal year, due to the influence of the production shift to new models.



SiC-DPF

Housing Materials Operation

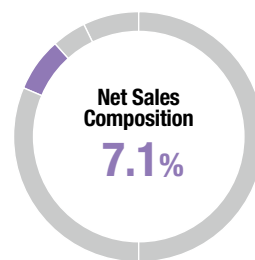


Net Sales **¥22,518** million

Segment Income **¥173** million

Main Business Areas

- **Services equipment for housing**
(for condominiums, multi-dwelling housing and general housing)
- **Melamine decorative laminates**
(for commercial facilities, offices and system kitchen doors)



The melamine decorative laminates department succeeded in generating net sales on a par with the previous fiscal year, as result of redoubling efforts to boost sales of decorative laminates for toilet booths, kitchen cabinet doors with high pressure laminates and noncombustible laminates for housing.

Sales of services equipment for housing decreased due to lower sales of solar power generation system in addition to a decline in new housing demand after consumption tax hike.

Net sales in the Housing Materials Operation totaled ¥22,518 million, down 10.6 % from the previous fiscal year. The segment income was ¥173 million (versus a segment loss of ¥167 million in the previous fiscal year).

Construction Operation

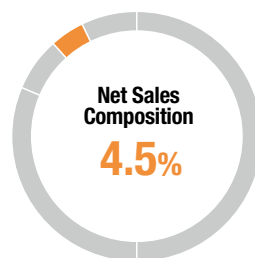


Net Sales **¥14,226** million

Segment Income **¥1,317** million

Main Business Areas

- **Slope protection construction department**
(slope stabilization, slope protection constructions)
- **Landscape gardening department**
(external grounds, planting work, wall and roof greening for buildings)
- **Environmental facility department**
(environmental measurements of water quality, air, soil, etc.)



The slope protection construction department experienced an increase in net sales buoyed by increased demand of public works for disaster prevention.

The landscape gardening department recorded lower sales as a result of decline in large-scale construction projects.

The Construction Operation's net sales were up 2.6% year on year, to ¥14,226 million. Segment income was ¥1,317 million, up 26.1% from the previous fiscal year.

Other Operation

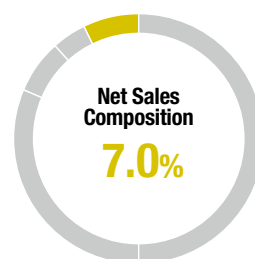


Net Sales **¥22,287** million

Segment Income **¥1,078** million

Main Business Areas

- **Synthetic resin processing department**
- **Agriculture, livestock, and fishery processing department**
- **Oil products sales department**
- **Information services department**



The information service department experienced an increase in sales reflecting our efforts to boost sales of health examination systems for medical use as well as higher introduction projects for mission-critical systems in the private sector.

The synthetic resin processing department achieved higher sales due to increased sales to new customers.

As a result, the Other Operations generated net sales of ¥22,287 million, up 1.5% from the previous fiscal year. Segment income totaled ¥1,078 million, up 25.3% from the previous fiscal year.

Research and Development

The research and development activities conducted within the group are carried out extensively by technology development divisions, production technology divisions as well as the technology divisions for each of the businesses, and at domestic and overseas affiliate companies.

In technology development divisions, we are carrying out deep cultivation of core technologies in fields related to electronics and ceramics, as well as product planning based on original marketing. We also have research and development being carried out in order to create new creative products for the next generation and beyond.

At production technology divisions, we are currently making proactive efforts for the development of new innovative methods and facilities that are to increase our competitiveness.

Moreover, at technology divisions within each of the businesses we are currently carrying out development of new technologies and products that aim to expand upon our existing businesses.

R&D costs of the Group during the fiscal year ended March 2015, on a consolidated basis, amounted to ¥15,512 million.

Major R&D activities are as follows:

Electronics Operation

We have been conducting the development of element and process technologies needed for next-generation (and beyond) semiconductor package substrates and printed wiring boards. Furthermore, we are currently conducting research for substrates with built-in functions that result in a further level of higher added value and new processes aimed at reduction of burden placed on the environment.

During the fiscal year under review, R&D costs for this division amounted to ¥9,680 million.

Ceramics Operation

Our current focus for research and development for next-generation (and beyond) products are for environmentally friendly products in the area of automobiles, such as diesel particulate filters (DPF), catalyst carriers for NOx purification and substrate holding mats (AFP). Moreover, we are also carrying out research and development for specialty carbon products and fine ceramic products geared towards environmental and energy-related areas.

R&D costs for this division amounted to ¥5,773 million in the fiscal year under review.

Housing Materials Operation

We are currently conducting development investigations for new materials that use environmentally friendly waste. Moreover, we are also conducting research and development activities geared towards new fields.

In the fiscal year under review, R&D costs for this division totaled ¥20 million.

Construction Operation

We are currently working on technology development under a “green” theme of environmental friendliness. Within the slope-related business we have been developing methods of construction evolved from patented technology (GT Frame Method) that makes both slope face disaster prevention and full-out surface vegetation possible. In landscape gardening, we’re currently conducting research and development with efforts focused on technologies for the vegetation of particular spaces such as wall surfaces and roofs.

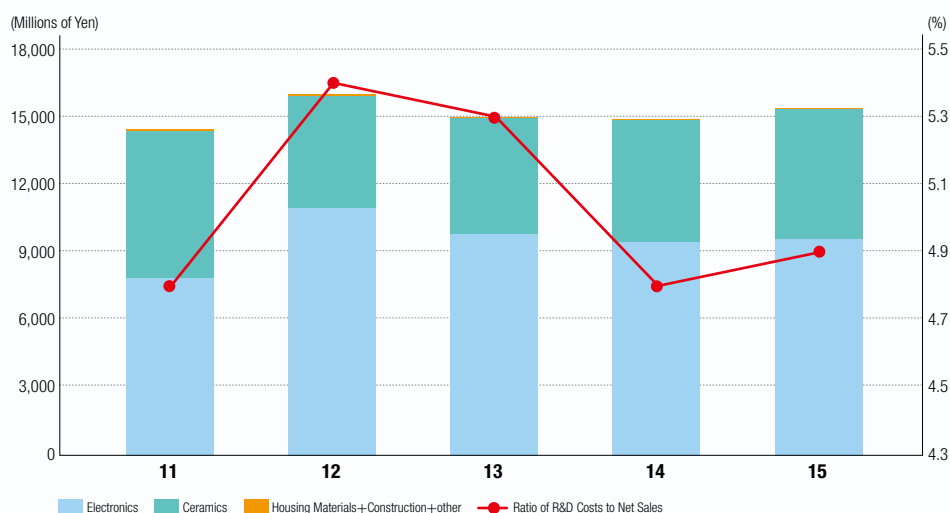
During the fiscal year under review, R&D costs for this division amounted to ¥33 million.

Other Operation

IBIDEN Jushi Co. Ltd., which is in the synthetic resin processing business, is currently improving upon basic technologies for the development of new areas of business.

R&D costs for this division totaled ¥4 million in the fiscal year under review.

R&D Costs and Ratio of R&D Costs to Net Sales



Capital Expenditures

During the fiscal year under review, the IBIDEN Group invested a total of ¥56,350 million, primarily to establish new facilities to boost production capacity.

Capital expenditures in the Electronics Operation totaled ¥39,511 million, which was used mainly for production facilities for both IC package substrates (¥9,543 million) and print wiring boards (¥29,967 million).

In the Ceramics Operation, the Group spent ¥13,227 million, primarily for production facilities related to diesel particulate filters (DPFs) (¥10,630 million).

The Housing Materials Operation, Construction Operation, Other Operation and corporate were allocated ¥3,612 million.

Based on its policy of using cash on hand to fund the necessary capital expenditures and relevant investments, the Group carries out efficient fund management through intra-group finance. In addition, to maintain the flexibility of fund management, funds are raised with borrowings as necessary.

In April 2014, the Company issued the seventh series of unsecured corporate bonds (issue amount: ¥25,000 million).

During the fiscal year under review, no major disposal or removal of facilities took place that would have a noteworthy impact on production capacity.

Major Projects Completed

IBIDEN	
Segments/bases	Main description of projects
Electronics Operation •Ogaki Central Plant	Rationalized and upgraded production facilities for IC package substrates (PKGs and CSPs).
Other Operation •Kawakami Power Plant	Upgraded (refurbished) power generation facilities at the Kawakami Power Plant.
Subsidiaries	
Electronics Operation •IBIDEN Electronics Malaysia Sdn. Bhd.	Established utility facilities in the second plant building.
Ceramics Operation •IBIDEN Mexico, S.A. de C.V.	Established plant building and utility facilities.

Major Projects Established/Expanded/Updated in Progress

IBIDEN	
Segments/bases	Main description of projects
Electronics Operation •Aoyanagi Plant •Ogaki Plant	Established production facilities for FVSS. Established production facilities for the next-generation IC package substrates (PKGs and CSPs).
Subsidiaries	
Electronics Operation •IBIDEN Philippines, Inc.	Established production facilities for next-generation IC package substrates (CSP).
•IBIDEN Electronics Malaysia Sdn. Bhd.	Established production facilities in the second plant building (phase II).
•IBIDEN Electronics (Beijing) Co., Ltd.	Expanded production facilities for FVSS.
Ceramics Operation •IBIDEN Hungary Kft.	Established the second plant building for AFPs in the fourth plant, utility facilities, and production facilities.
•IBIDEN Mexico, S.A. de C.V.	Established production facilities for DPFs.

Significant Sales, Removal, or Loss of Fixed Assets Implemented

With the exception of regular disposal and sales for updating the facilities, there were no major sales, removal, or loss of facilities that would have a noteworthy impact on production capacity during the fiscal year under review.

Capital Expenditures and Depreciation and Amortization

¥56,350 million

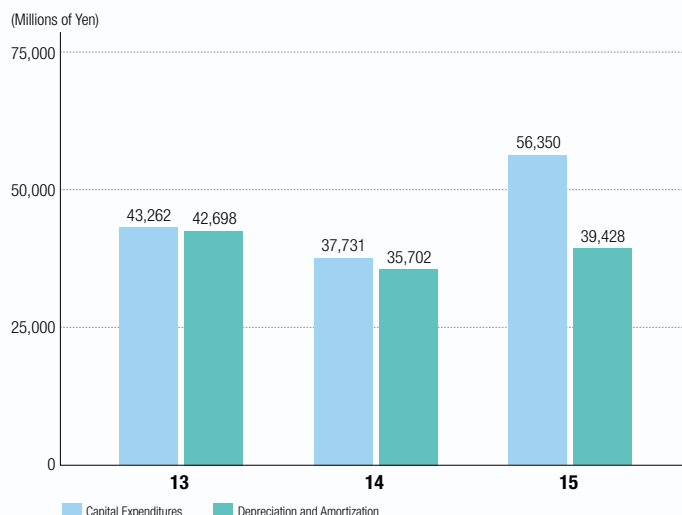
Capital expenditures by geographical areas in the fiscal year under review are summarized as follows:

Electronics-related:

Japan..... ¥6,700 million
Overseas ¥32,900 million

Ceramics-related:

Japan..... ¥500 million
Overseas ¥12,700 million



Corporate Governance

Corporate Governance Structure

Overview of Corporate Governance

To ensure fair and highly transparent management, IBIDEN invites two persons to serve as outside directors on the Company's Board of Directors to reflect their advice in the management of the Company. The maximum number of directors is set at 18, while the term of each director is limited to one year to clarify the management accountability of each director, strengthen management practices and enhance the agility needed to implement optimal management practices and respond quickly to the changing business environment. An executive officer system has been introduced to enable swift managerial decision-making and accelerated business execution.

IBIDEN has elected to operate as a company with corporate auditors and a Board of Corporate Auditors.

In addition to the corporate governance structure described above, the Company has set up a Management Conference to fortify its structure. Composed of parties responsible for management decisions and business execution such as representative directors, directors, executive officers and managing officers, in addition to full-time corporate auditors, the Management Conference is authorized to conduct advance deliberations on matters to be placed on the agenda of the Board of Directors and is authorized, under the Company's rules on authorizations, to approve such items. It also deliberates on and decides important matters including management of the progress made in yearly and monthly budgets and managerial issues.

To ensure the appropriateness and fairness of business conducted by the IBIDEN Group companies, IBIDEN has advised the heads of the Group companies to use a structure, designed to advance compliance and risk management, that is similar to its own. At Group information exchange meetings, it keeps abreast of actions advocating compliance and risk management, the status of management and progress made to meet the targets mapped out in their plans for profit generation.

Status of Development of System to Ensure the Appropriateness of Business Operations at Subsidiaries

The Company made the supervisory management department, which is

responsible for internal control of all subsidiaries, the Corporate Planning Group, Office of the President, Strategic Corporate Planning Operation. The Company provides guidance and support to each company in cooperation with other internal control promotion divisions.

Pursuant to the Regulations for Management of Domestic Affiliated Companies and the Regulations for Management of Overseas Affiliated Companies, a structure is in place under which important business execution by directors and the Board of Directors of subsidiaries is reported to the Company in advance and decision making of the Company is properly carried out.

Furthermore, the executive officer in charge of the CSR Promotion Division sufficiently exchanges information with directors in charge of internal control or the department.

Indicated below is a diagram of the corporate governance system of the Company.

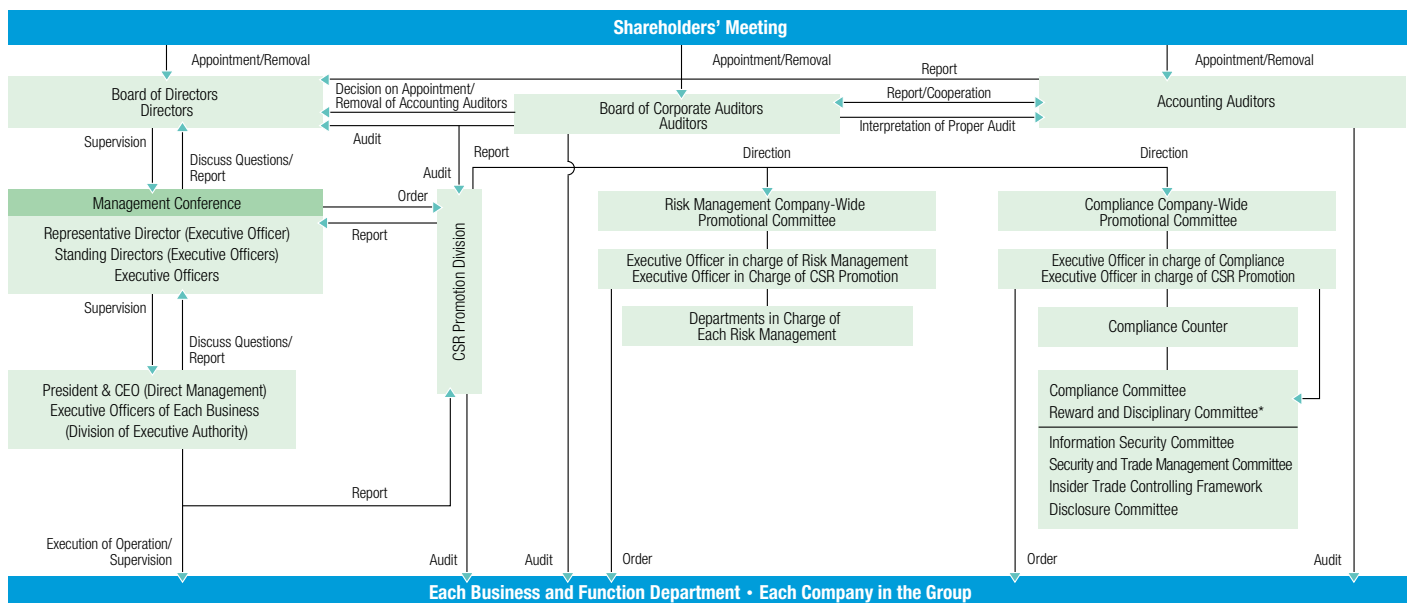
Reasons for Establishment of the Corporate Governance Structure

The IBIDEN Group's corporate governance is conducted effectively and efficiently under the current corporate auditor system. Given the business size and organizational structure of the Group, the Company believes that the current structure is best suited to the Group in terms of achieving the independence of auditing work and the efficiency of corporate governance.

Current Status of the Internal Control System and Risk Management Structure

Based on the belief that corporate governance is a crucial management issue, the Group's internal control system calls for proactive implementation of measures across the Group aimed at advancing compliance and risk management and further augmentation of monitoring functions. The status of actions and their development are reported regularly by executive officers in charge of compliance and risk management promotion to the Board of Directors and the Management Conference, and such actions are monitored and reviewed from time to time to make the compliance and risk management structure fairer, stronger and more appropriate.

The Corporate Governance System



*Established on an ad hoc-basis when related issues arise

Status of Internal Audits and Audits by Corporate Auditors

The Company has four corporate auditors, two of whom are outside corporate auditors with no conflict of interest with the Company. Three of the five corporate auditors of the Company are persons who have substantial knowledge of finance and accounting, either through long service in the Company's Finance or Accounting Division or through obtaining professional qualifications such as certificates to practice tax accounting.

Corporate auditors participate in major meetings including those of the Board of Directors and the Management Conference to audit the business executed by the directors. In addition, full-time corporate auditors work in cooperation with the CSR Promotion Division, which is the internal auditing organ of the Company, and accounting auditors to perform audits on IBIDEN and its Group companies as required by law and other rules.

Executive officers and others submit reports at the request of the corporate auditors in compliance with the Rules of the Board of Corporate Auditors and the Corporate Auditors' Auditing Rules set forth by the Board of Corporate Auditors.

The Company has also created an Audit Group in CSR Promotion Division (comprising six members), which is responsible for executing internal audits. Corporate auditors and CSR Promotion Division have forged mutual close cooperation including regular exchange of information and opinions with accounting auditors to ensure greater effectiveness of the audit structure of the Group.

Outside Directors and Outside Corporate Auditors

As stated in the preceding section, the Company has a governance structure that includes two outside directors and two outside corporate auditors. The Company anticipates their contribution to proper and fair corporate governance and their valuable advice concerning the Employee's Code of Conduct. Although IBIDEN has no standard or policy of its own with respect to the requirements to ensure the independence of outside directors and outside corporate auditors, when electing any of its outside directors or outside corporate auditors, IBIDEN makes sure that he or she meets the requirements of being independent and of being unlikely to have any conflict of interest with the general shareholders of IBIDEN.

Shozo Saito, who serves as IBIDEN's outside director, is Standing Counsel of Toshiba Corporation. No special relationship exists between the said company and IBIDEN. Chiaki Yamaguchi, who serves as IBIDEN's outside director, is advisor of Towa Real Estate Co., Ltd. No special relationship exists between the said company and IBIDEN.

Shigenori Shiota, Partner of Tanabe & Partners, serves as outside corporate auditor. No special relationship exists between the said company and IBIDEN. The outside corporate auditor, Fumio Kato is representative of Fumio Kato Certified Tax Accountant Office. No special relationship exists between the said company and IBIDEN.

At IBIDEN's Board of Directors meetings, outside directors express opinions based on their wealth of managerial experiences and provide important advice to advance the IBIDEN Group's governance. Outside corporate auditors express their opinions based on their academic experiences or professional expertise in taxation and financial matters at the Board of Directors and the Board of Corporate Auditors meetings and provide fair and objective advice to the Company's directors. The Company believes that the aforementioned outside directors and the outside corporate auditors, who have demonstrated their

independence, have successfully undertaken their responsibilities expected of them by the Company.

Number of Meetings Convened by Principal Management Bodies

Board of Directors	12
Board of Corporate Auditors	14
Outside director attendance at Board of Directors' meetings	88%
Outside corporate auditor attendance at Board of Corporate Auditors' meetings	100%
Outside corporate auditor attendance at Board of Directors' meetings	100%

Overview of Limited Liability Agreements

We have entered into limited liability agreements with outside directors and outside auditors that limit their liabilities for damages, based on Paragraph 1, Article 423 of the Company Law. Under these agreements, outside directors are subject to the higher of either ¥20 million or the minimum limited amount as specified under Paragraph 1, Article 425 of the Company Law when they have acted in good will and they have committed no material negligence in executing their duties.

Under these agreements, outside auditors are subject to the higher of either ¥18 million or the minimum limited amount set forth under Paragraph 1, Article 425 of the Company Law when they have acted in good will and they have committed no material negligence in executing their duties.

Corporate Audit

We have concluded a corporate auditing agreement with Ernst & Young ShinNihon LLC, and the certification of the audit is conducted by certified public accountants Shingo Watanabe, Masaaki Ohashi and Toshikatsu Sekiguchi, who are Ernst & Young ShinNihon's designated and engagement partners.

They are assisted by 17 certified public accountants and five other staff in the conduct of their auditing duties.

Compensation of Directors and Corporate Auditors

(a) Total remuneration of directors and corporate auditors for the year ended March 31, 2015 is as follows:

Position	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)				Number of recipients
		Basic remuneration	Stock options	Bonuses	Retirement benefits	
Directors (not including outside directors)	¥537	¥370	—	¥167	—	12
Corporate auditors (not including outside corporate auditors)	64	64	—	—	—	2
Outside directors and outside corporate auditors	41	41	—	—	—	5

Notes:

- The resolution setting the upper limit of remuneration for the directors at not more than ¥45 million per month was approved at the 154th general shareholders' meeting held on June 22, 2007. Of the total, the amount for outside directors' accounts for ¥3 million or less, with the remaining ¥42 million or less paid to the other directors. Compensation under stock option plans is set separately. Salary for directors as company employees is also excluded from the figures.
- In addition to the remuneration mentioned above in 1, at the 158th general shareholders' meeting held on June 22, 2011, the resolution was approved stipulating that directors, excluding the outside directors, are to receive a bonus equal to 0.5% of the consolidated net income for the fiscal year as well as 1.6% of the total amount of annual dividends for the applicable fiscal year. However, the maximum

limit was also set at not more than ¥500 million by the resolution with amounts less than ¥1 million being rounded down.

3. The maximum limit of remuneration for corporate auditors was approved at not more than ¥9 million per month at the 159th general shareholders' meeting held on June 20, 2012.
4. The above bonuses for directors totaling ¥167 million were approved at the Board of Directors' meeting held on May 18, 2015.
5. In addition to the above payments, three subsidiaries of the Company paid a total amount of ¥11 million as monthly remuneration to the three directors of said subsidiaries who also served concurrently as directors of the Company.

(b) Policy regarding the determination of the amount and calculation method of remuneration of directors and corporate auditors
IBIDEN has not set forth a policy regarding amounts of remuneration for its officers or the computation thereof.

Matters for Resolution at General Shareholders' Meetings That May Be Resolved at Board of Directors' Meetings

The Company's Articles of Incorporation stipulate that the Company, by a resolution of the Board of Directors, may determine the amount of dividends to be paid from reserves and acquire its own shares through market transactions and other methods unless otherwise provided, pursuant to Paragraph 1, Article 459 of the Company Law. This allows the Company flexibility in conducting its business.

Furthermore, as stipulated under Paragraph 5, Article 454 of the Company Law, the Board of Directors agreed that in accordance with the Company's Articles of Incorporation interim dividends shall be paid each year on September 30.

Resolution Requirement for Appointing Directors

The Company's Articles of Incorporation stipulate that directors may be appointed by a majority vote of shareholders present at a meeting, who collectively hold not less than one-third of the voting rights of all shareholders entitled to exercise the rights.

Furthermore, the Company's Articles of Incorporation also stipulate that appointment of directors shall not be determined by cumulative voting.

Special Resolution Requirement for General Shareholders' Meetings

The Company has stipulated in the Articles of Incorporation a special resolution requirement at general shareholders' meetings, in accordance with the provision of Paragraph 2, Article 309 of the Company Law, as follows: The resolution shall be authorized by a two-thirds majority of the voting rights held by the shareholders present at a general shareholders' meeting. These voting shareholders must hold shares representing not less than one-third of the voting rights of all shareholders entitled to exercise the rights. This enables shareholders' meetings to progress smoothly.

Overview of Shareholdings

- (a) Investment shares held for purposes other than pure investment
Number of issues: 60
Total recognized on the balance sheet: ¥49,801 million
- (b) The main purpose for holding investment shares other than pure investment is to strengthen a stable business relationship.
- (c) Shares held purely for investment purposes: None

Accountability—Relationships with Stakeholders and Timely Disclosure

Aware of its mission to increase corporate value and meet shareholder expectations, the Group understands that it must fulfill its responsibilities with respect to employees, local residents, local communities, suppliers, investors, and other non-shareholding stakeholders. For this reason, we have instituted the Disclosure Regulations to facilitate proper assessments of our Group. Our aim is to help stakeholders understand the Group and to win their broad consent to reconciling their interests of different stakeholder groups. With the decision of the Disclosure Committee, consisting chiefly of the president and the information disclosure officer, management information is disclosed in a fair, timely, and appropriate manner.

The Company issued approximately 150 million shares and had about 34,000 shareholders as of March 31, 2015. We held a general shareholders' meeting in the multi-purpose hall in the IBIDEN Headquarters Building on June 17, 2015. We have been focusing on establishing a more open environment by adopting the voting rights exercise platform for shareholders who are unable to attend the meeting since fiscal year 2006. We endeavor to enhance information by attaching the details of the business report to the notice of ordinary general meeting of shareholders, starting from fiscal year 2011, and providing them to shareholders via Shareholder Information.

In addition, we hold periodic briefings for analysts and institutional investors after the announcement of business results for the full year and those for an interim term, and release materials for the briefings on our website. Furthermore, we take part in various events as briefings for individual investors, thus providing them with opportunities to invest in shares of the Company.

Risk Management

The IBIDEN Group enables business continuity by analyzing various risks surrounding management, accurately handling losses of business resources that have a great negative impact on the ease of our business operations, ensuring the safety of our shareholders, customers and officers, and reducing and preventing losses of business resources.

The Group is actively developing risk management promotion activities by, for example, setting up a department responsible for each risk category, strengthening the accountability structure, and offering seminars and workshops geared toward officers and employees. The managing officer of the CSR Promotion Division who also acts as the officer responsible for risk management conducts these risk-management promotion activities and reports to the Risk Management Company-Wide Promotional Committee (Secretariat: CSR Promotion Division; CSR Promotion Group) headed by the president and CEO.

Should the internal audit or other mechanisms discover business actions that may create risk of loss, the managing officer of the CSR Promotion Division is immediately tasked to understand the details of the said risk as well as the scope of its potential loss. He then gives instructions on swift and systematic measures and attempts to prevent the loss from occurring. Furthermore, in case of a large-scale accident or a disaster, he immediately sets up the headquarters to thoroughly understand the situation, implement first responses, and prevent further loss to minimize the loss.

Board of Directors, Auditors and Executive Officers (As of June 17, 2015)

Directors



*President & CEO,
Representative Director*
Hiroki TAKENAKA
Date of Birth: January 1, 1951

Apr. 1973 Joined IBIDEN Co., Ltd.
Jun. 1997 Director
Jun. 2001 Managing Director
Jun. 2005 Director & Executive Managing Officer
Apr. 2007 Representative Director, President & CEO (to present)
Jan. 2015 In charge of Electronics Operation (to present)
Jan. 2015 In charge of R&D Operation (to present)
May 2015 In charge of DPF Operation (to present)



*Director & Executive
Managing Officer*
Yoichi KUWAYAMA
Date of Birth: May 30, 1958

Apr. 1983 Joined IBIDEN Co., Ltd.
Apr. 2007 Executive
Apr. 2008 Corporate Officer
Apr. 2011 Operation Manager of DPF Operation
Apr. 2012 Managing Officer
Jun. 2012 Director & Managing Officer
Apr. 2014 Director & Executive Managing Officer (to present)
Apr. 2014 Operation Manager of Ceramics Operation (to present)



*Director & Executive
Managing Officer*
Tsuyoshi NISHIDA
Date of Birth: July 10, 1956

Apr. 1980 Joined IBIDEN Co., Ltd.
Apr. 2008 Executive
Apr. 2011 Corporate Officer
Apr. 2011 Operation Manager of CSP Operation
Jun. 2013 Director & Corporate Officer
Apr. 2011 Director & Managing Officer
Apr. 2011 Operation Manager of PKG Operation
Jan. 2015 Director & Executive Managing Officer (to present)
Jan. 2015 Operation Manager of Electronics Operation (to present)
Jan. 2015 Director of IBIDEN Electronics (Beijing) Co., Ltd. (to present)



*Director & Executive
Managing Officer*
Takayuki TAKAGI
Date of Birth: January 13, 1951

Jul. 1975 Joined IBIDEN Co., Ltd.
Jun. 2003 Director
Jan. 2005 Deputy Operation Manager of Electronics Operation
Jun. 2005 Corporate Officer
Apr. 2006 Deputy Operation Manager of PKG Operation
Apr. 2008 Managing Officer
Apr. 2009 Operation Manager of Energy & Environment Operation
Apr. 2012 Executive Managing Officer (to present)
Jan. 2015 Operation Manager of Strategic Manufacturing Operation (to present)
Jan. 2015 In charge of CSR Promotion (to present)
Jan. 2015 In charge of Energy Control Division (to present)



*Director & Senior Managing
Officer*
Takeshi AOKI
Date of Birth: February 4, 1958

Apr. 1981 Joined IBIDEN Co., Ltd.
Apr. 2006 Executive
Apr. 2008 Corporate Officer
Apr. 2013 Deputy Operation Manager of ECP Operation
Jun. 2013 Director & Corporate Officer
Apr. 2014 Director & Managing Officer (to present)
Apr. 2014 Deputy Operation Manager of Ceramics Operation (to present)
Aug. 2014 In charge of SCR Operation (to present)



*Director & Senior Managing
Officer*
Kozo KODAMA
Date of Birth: March 23, 1963

Apr. 1986 Joined IBIDEN Co., Ltd.
Apr. 2007 Division Manager of Production Management Division
APG Operation
Apr. 2008 Executive
Apr. 2009 Unit Manager of Unit 1 APKG Operation
Apr. 2010 Deputy Operation Manager of PKG Operation
Apr. 2012 Corporate Officer
Apr. 2012 Vice President of IBIDEN Philippines Inc.
Jan. 2015 Managing Officer (to present)
Jan. 2015 Deputy Operation Manager of Electronics Operation (to present)



Director & Managing Officer
Kazushige OHNO
Date of Birth: October 05, 1966

May 1991 Joined IBIDEN Co., Ltd.
Feb. 2006 Waseda University PhD (Engineering)
Apr. 2008 Executive
Apr. 2012 Corporate Officer
Apr. 2013 Operation Manager of R&D Operation (to present)
Jun. 2013 Director & Corporate Officer (to present)



Director & Managing Officer
Masahiko IKUTA
Date of Birth: August 29, 1962

Apr. 1985 Joined IBIDEN Co., Ltd.
Apr. 2008 Executive
Apr. 2010 Corporate Officer
Apr. 2010 Operation Manager of Strategic Corporate Planning
Operation
Apr. 2011 Operation Manager of FGM Operation
Oct. 2013 In charge of FGM Operation (to present)
Oct. 2013 In charge of IR, Operation Manager of Strategic
Corporate Planning Operation (to present)
Jun. 2014 Director & Corporate Officer (to present)



Outside Director
Shozo SAITO
Date of Birth: July 9, 1950

Jun. 2007 Executive Officer, Corporate Vice President of Toshiba
Corporation
Jun. 2010 Executive Officer, Corporate Executive Vice President
of Toshiba Corporation
Jun. 2012 Director, Representative Executive Officer, Corporate
Senior Executive Vice President of Toshiba Corporation
Jun. 2013 Outside Director of IBIDEN Co., Ltd. (to present)
Jun. 2013 Executive Adviser of Toshiba Corporation (to present)



Outside Director
Chiaki YAMAGUCHI
Date of Birth: December 25, 1949

Jun. 2003 Full-time Corporate Auditor of Toyota Industries
Corporation
Jun. 2011 Executive Managing Director of Toyota Industries
Corporation
Jun. 2012 Representative Director & Senior Vice President of
Toyota Industries Corporation
Jun. 2014 Outside Director of IBIDEN Co., Ltd. (to present)
Jun. 2015 Advisor of Towa Real Estate Co., Ltd. (to present)

Auditors



Standing Auditor
Yoshio HIRABAYASHI
Date of Birth: November 19, 1948

Apr. 1972 Joined IBIDEN Co., Ltd.
Jun. 2001 Director
Jun. 2003 Managing Director
Jun. 2005 Director & Managing Officer
Apr. 2007 Director & Executive Managing Officer
Apr. 2012 Standing Auditor (to present)



Standing Auditor
Keiichi SAKASHITA
Date of Birth: April 21, 1956

Apr. 1981 Joined IBIDEN Co., Ltd.
Apr. 2007 Director & Managing Officer
Apr. 2009 In charge of Ceramic Operation
Apr. 2009 Operation Manager of DPF Operation
Apr. 2011 Operation Manager of Strategic Manufacturing Operation
Apr. 2013 Director & Executive Managing Officer (to present)
Jan. 2015 In charge of Audit (to present)
Jan. 2015 In charge of IMS promotion (to present)



Outside Corporate Auditor
Shigenori SHIODA
Date of Birth: May 13, 1942

Apr. 1966 Joined Ministry of Finance
May 1975 Embassy of Japan in Belgium and Clerical Officer of Delegation of the European Community
Jun. 1990 Director-General of Fukuoka Regional Taxation Bureau, National Tax Agency
Jun. 1998 Secretary-general of Japan Fair Trade Commission
Jun. 2000 Deputy President of Shoko Chukin Bank
Aug. 2010 Registered to Dai-Ichi Tokyo Bar Association, belongs to Tanabe and Partners (to present)
Jun. 2012 Standing Auditor of IBIDEN Co., Ltd (to present)



Outside Corporate Auditor
Fumio KATO
Date of Birth: January 20, 1944

Jul. 2000 Deputy Manager of Investigation Department Nagoya Regional Taxation Bureau
Jul. 2001 Superintendent of Showa Tax Office
Aug. 2002 Registered as certified tax accountant, Opened Fumio Kato Certified Tax Accountant Office, Representative of Fumio Kato Certified Tax Accountant Office (to present)
Jul. 2004 Outside Corporate Auditor of Seino Holdings Co., Ltd (to present)
Nov. 2014 Outside Corporate Auditor of Himiraya Co., Ltd. (to present)

Executive Officers

President & CEO

Hiroki Takenaka

Executive Managing Officers

Yoichi Kuwayama

Tsuyoshi Nishida

Takayuki Takagi

Managing Officers

Kazushige Ohno

Masahiko Ikuta

Sotaro Ito

Koji Kawashima

Masashi Maruyama

Senior Managing Officers

Takeshi Aoki

Kozo Kodama

CSR Management

IBIDEN achieves sustainable growth by implementing CSR management in response to globalization.

CSR Policy

We aim to enhance our corporate value

- By raising awareness of the need for IBIDEN to act responsibly and honestly in the interest of sustainable operations
- By fulfilling our responsibilities in a well-balanced manner from an economic, environmental and social standpoint
- By working in partnership with all of our stakeholders



Building a trustworthy relationship with all our stakeholders.

Framework for CSR Promotion

We designated a management person in charge of the promotion in each division who performs duties such as promoting CSR activities and compliance, supervising the implementation of compliance, hosting educational sessions and trainings for the members of the division, and reporting of compliance violations within the division as well as the improvement of the violation risks. We convene a conference for management persons responsible for CSR promotion two times in fiscal year 2014. During the conference, the participants confirm the company-wide promotion items and their progress as well as share anecdotal examples of promotional activities at their workplace or within the group companies.

Publication of CSR Information

The Group's CSR Report is disclosed on our website in accordance with the core section of the GRI G4 Sustainability Reporting Guidelines (Version 4). We will update detailed environmental and social information on the website in an appropriate manner.



Internal Control

Compliance Promotion Activities

IBIDEN has established the IBIDEN employees' code of conduct and implements activities aimed to promote awareness of it. We also set targets for voluntary compliance activities and carry them out at respective business locations each year. We aim to enhance the level of these compliance activities by organizing them at a number of different business locations.



Environmental Management

Measures to Develop Clean Energy

We have been conducting hydroelectric power generation since its foundation and currently operate three hydroelectric power plants in the upstream on the Ibi River. The generated power is supplied to power consumers in the region. We will continue to utilize hydroelectric power as a source of clean energy.

Hydroelectric power generated in fiscal year 2014

164,412 Mwh

Equivalent to the annual energy consumption of about 3,300 households.

Energy Conservation

We are accelerating the improvement of energy conservation practices designed to lower the basic unit of energy consumption in all divisions within the entire Company, striving to strengthen the company-wide CO₂ reduction activities as well as our product-making system.

Global target for fiscal years 2013 to 2017:

3% compound annual improvement

Notes:

*1: CO₂ emissions show figures covering production-related locations in Japan and overseas. With regard to the CO₂ emission factor at the time of calculation, we used the factor provided by the "List of Calculation Methods/Emission Factors in the Calculation, Report and Publication System" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry in Japan as well as by gas distribution companies.

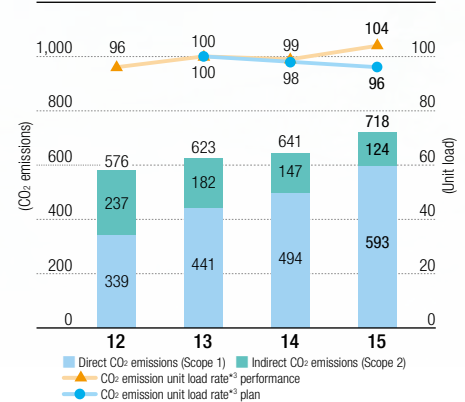
*2: Unit load rate (indicator) is calculated by excluding CO₂ emissions of purchased electricity equivalent to sold hydroelectric power.

*3: The rates on the right side are calculated at the rate of 100 percent of the result of fiscal year 2012.



Higashi-Yokoyama power plant

CO₂ emission*¹ and CO₂ emission unit load rate*² (per production volume) [IBIDEN Group]



Human Resource Management

Human Resource Development

We plan to define model employees with the respective qualifications and to carry out education and training to enhance our strength, and thus become a company that can grow and develop on a permanent basis.

Respect for Worker Rights

We believe it is important to work on the issue of human rights with the entire supply chain and thus cooperate with our direct suppliers in dealing with such issues. In IBIDEN Group Supplier CSR guidelines, we specifically request that labor-related human rights be observed, including bans of child labor and forced labor.

Occupational Health and Safety

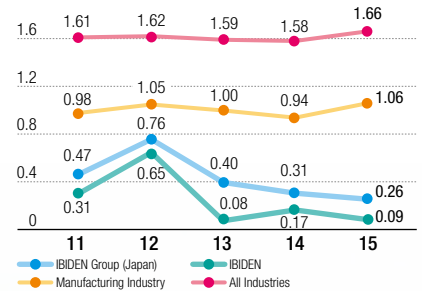
Mainly through the occupational health and safety activities requiring the participation of all our employees, we have achieved an occupational accident frequency rate* of the domestic Group companies at a level below the national manufacturing industry average.

* Number of occupational injuries (equal to or exceeding accidents requiring leave) for every million cumulative actual working hours.



Educational training

Occupational accident frequency rate (IBIDEN and Domestic Group companies)



Social Contribution

Protecting the Global Environment

In fiscal year 2008, we embarked on a forest building initiative: "IBIDEN's Forest." This activity takes place chiefly in Higashi-Yokoyama, where the Company operates its initial hydroelectric power generation business. Together with local residents, employees and former employees, we aim to achieve coexistence with the global environment.

Total area of "IBIDEN's Forest"

41.31 ha

This forest area is equivalent to some 58 football fields.



Scene of tree planting activity

Consolidated Balance Sheet

IBIDEN CO., LTD. and Consolidated Subsidiaries

March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Assets			
Current assets:			
Cash and deposits (Notes 5 and 20).....	¥ 106,646	¥ 77,171	\$ 887,607
Short-term investments (Notes 5, 6 and 20)	5,197	15,191	43,259
Notes and accounts receivable (Note 5):			
Trade	59,655	59,153	496,505
Allowance for doubtful accounts.....	(347)	(494)	(2,893)
Inventories:			
Merchandise and finished goods	13,201	14,796	109,874
Work in process	9,866	8,374	82,111
Raw materials and supplies	14,938	15,468	124,330
Deferred income taxes (Note 11)	2,877	2,579	23,946
Other current assets	9,739	10,025	81,058
Total current assets	221,772	202,263	1,845,797
Property, plant and equipment:			
Land (Note 15).....	19,056	19,115	158,604
Buildings and structures (Notes 13 and 14)	183,649	166,121	1,528,500
Machinery and equipment (Notes 13 and 14).....	444,089	393,145	3,696,119
Leased assets	2,727	5,381	22,696
Construction in progress (Note 13)	31,393	28,465	261,278
	680,914	612,227	5,667,197
Accumulated depreciation	(444,760)	(404,525)	(3,701,708)
Property, plant and equipment, net	236,154	207,702	1,965,489
Investments and other assets:			
Investment securities (Notes 5, 6 and 8):			
Unconsolidated subsidiaries and affiliates	892	879	7,422
Other	51,395	39,045	427,761
Long-term loans receivable (Note 5)	32	35	266
Deferred income taxes (Note 11)	1,311	1,341	10,911
Other assets	8,631	11,241	71,838
Allowance for doubtful accounts.....	(340)	(393)	(2,832)
Total investments and other assets	61,921	52,148	515,366
Total assets (Note 22)	¥ 519,847	¥ 462,113	\$ 4,326,652

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Liabilities and net assets			
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Notes 5 and 7)	¥ 25,665	¥ 43,161	\$ 213,610
Notes and accounts payable (Notes 5 and 8):			
Trade	31,882	33,253	265,351
Other	18,150	18,685	151,063
Lease obligations (Note 9)	341	347	2,838
Accrued expenses	6,318	5,953	52,584
Income taxes payable (Note 11)	6,457	999	53,743
Deferred income taxes (Note 11)	36	16	299
Accrued bonuses for employees	3,958	3,830	32,944
Accrued bonuses for directors and audit & supervisory board members	167	153	1,389
Other current liabilities (Note 8)	5,192	5,996	43,210
Total current liabilities	98,166	112,393	817,031
Long-term liabilities:			
Long-term debt (Notes 5 and 7)	50,190	18,413	417,728
Lease obligations (Note 9)	359	545	2,986
Liability for retirement benefits (Note 10)	504	503	4,198
Deferred income taxes (Note 11)	8,969	5,702	74,653
Other long-term liabilities	1,567	1,995	13,042
Total long-term liabilities	61,589	27,158	512,607
Net assets:			
Shareholders' equity (Note 12):			
Common stock:			
Authorized – 230,000,000 shares			
Issued – 150,860,557 shares in 2015 and 2014	64,152	64,152	533,938
Capital surplus	68,355	68,355	568,908
Retained earnings	210,424	195,459	1,751,343
Less treasury stock, at cost	(37,115)	(37,111)	(308,908)
Total shareholders' equity	305,816	290,855	2,545,281
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on other securities	21,003	11,433	174,806
Deferred loss on hedges (Note 21)	(1)	–	(10)
Surplus arising from land revaluation (Note 15)	157	71	1,303
Translation adjustments	29,126	16,060	242,415
Total accumulated other comprehensive income	50,285	27,564	418,514
Stock acquisition rights	–	353	–
Minority interests	3,991	3,790	33,219
Total net assets (Note 18)	360,092	322,562	2,997,014
Total liabilities and net assets	¥519,847	¥462,113	\$4,326,642

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Net sales (Note 22)	¥318,072	¥310,268	\$2,647,295
Cost of sales	237,242	236,927	1,974,545
Gross profit.....	80,830	73,341	672,750
Selling, general and administrative expenses (Note 16)	54,791	49,899	456,025
Operating income (Note 22)	26,039	23,442	216,725
Other income (expenses):			
Interest and dividend income	1,189	1,017	9,901
Interest expense	(369)	(374)	(3,071)
Other, net (Note 17)	2,745	1,399	22,844
Income before income taxes and minority interests	29,604	25,484	246,399
Income taxes (Note 11):			
Current	(9,681)	(5,800)	(80,574)
Deferred	(658)	(2,039)	(5,483)
	(10,339)	(7,839)	(86,057)
Income before minority interests	19,265	17,645	160,342
Minority interests	(158)	(166)	(1,316)
Net income (Note 18).....	¥ 19,107	¥ 17,479	\$ 159,026

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Income before minority interests	¥19,265	¥17,645	\$160,342
Other comprehensive income:			
Net unrealized holding gain on other securities	9,626	4,706	80,120
Deferred (loss) gain on hedges.....	(1)	12	(10)
Surplus arising from land revaluation.....	85	—	709
Translation adjustments	13,067	18,361	108,753
Total other comprehensive income (Note 19)	22,777	23,079	189,572
Comprehensive income	¥42,042	¥40,724	\$349,914
Comprehensive income attributable to:			
Shareholders of the Company	¥41,827	¥40,549	\$348,126
Minority interests	215	175	1,788

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

Millions of yen

	Number of shares in issue (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on other securities	Deferred loss on hedges	Surplus arising from land revaluation	Translation adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2013.....	150,861	¥64,152	¥68,355	¥182,263	¥(37,107)	¥ 6,736	¥(12)	¥71	¥(2,301)	¥920	¥3,628	¥286,705
Cash dividends	—	—	—	(4,143)	—	—	—	—	—	—	—	(4,143)
Net income.....	—	—	—	17,479	—	—	—	—	—	—	—	17,479
Change in the scope of consolidation	—	—	—	(1)	—	—	—	—	—	—	—	(1)
Purchases of treasury stock	—	—	—	—	(4)	—	—	—	—	—	—	(4)
Sales of treasury stock	—	—	0	—	0	—	—	—	—	—	—	0
Change in fiscal year end of consolidated subsidiaries.....	—	—	—	(139)	—	—	—	—	—	—	—	(139)
Other changes	—	—	—	—	—	4,697	12	—	18,361	(567)	162	22,665
Balance at April 1, 2014.....	150,861	64,152	68,355	195,459	(37,111)	11,433	—	71	16,060	353	3,790	322,562
Cash dividends	—	—	—	(4,142)	—	—	—	—	—	—	—	(4,142)
Net income.....	—	—	—	19,107	—	—	—	—	—	—	—	19,107
Purchases of treasury stock	—	—	—	—	(4)	—	—	—	—	—	—	(4)
Sales of treasury stock	—	—	0	—	0	—	—	—	—	—	—	0
Other changes	—	—	—	—	—	9,570	(1)	86	13,066	(353)	201	22,569
Balance at March 31, 2015.....	150,861	¥64,152	¥68,355	¥210,424	¥(37,115)	¥21,003	¥(1)	¥157	¥ 29,126	¥—	¥3,991	¥360,092

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

Thousands of U.S. dollars (Note 4)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on other securities	Deferred loss on hedges	Surplus arising from land revaluation	Translation adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2014.....	\$533,938	\$568,908	\$1,626,795	\$(308,871)	\$ 95,157	\$ —	\$ 595	\$133,662	\$2,940	\$31,539	\$2,684,663
Cash dividends	—	—	(34,478)	—	—	—	—	—	—	—	(34,478)
Net income	—	—	159,026	—	—	—	—	—	—	—	159,026
Purchases of treasury stock	—	—	—	(38)	—	—	—	—	—	—	(38)
Sales of treasury stock	—	0	—	1	—	—	—	—	—	—	1
Other changes	—	—	—	—	79,649	(10)	708	108,753	(2,940)	1,680	187,840
Balance at March 31, 2015.....	\$533,938	\$568,908	\$1,751,343	\$(308,908)	\$174,806	\$ (10)	\$1,303	\$242,415	\$ —	\$33,219	\$2,997,014

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Operating activities			
Income before income taxes and minority interests.....	¥ 29,604	¥ 25,484	\$ 246,399
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	39,428	35,702	328,164
Loss on impairment of fixed assets.....	832	1,823	6,930
Provision for accrued bonuses for employees	115	525	958
Reversal of allowance for doubtful accounts	(201)	(11)	(1,678)
Increase in liability for retirement benefits	1	147	13
Interest and dividend income	(1,189)	(1,017)	(9,901)
Interest expense	369	374	3,071
Gain on sales of property and equipment	(193)	(68)	(1,611)
Loss on disposal of property and equipment and other assets	1,436	1,292	11,958
Gain on sales of investment securities	—	(188)	—
Loss on devaluation of investment securities	1	2	9
(Increase) decrease in notes and accounts receivable.....	(745)	4,147	(6,206)
Decrease in inventories.....	594	1,236	4,944
Decrease in notes and accounts payable.....	(2,073)	(4,988)	(17,254)
Other, net	(3,046)	(4,677)	(25,363)
Subtotal.....	64,933	59,783	540,433
Interest and dividends received.....	1,169	988	9,730
Interest paid	(357)	(374)	(2,972)
Income taxes paid	(4,198)	(10,304)	(34,934)
Net cash provided by operating activities.....	¥ 61,547	¥ 50,093	\$ 512,257

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Investing activities			
Purchases of property and equipment	¥ (54,803)	¥ (36,030)	\$ (456,123)
Proceeds from sales of property and equipment.....	116	383	968
Purchases of intangible assets.....	(545)	(437)	(4,543)
Purchases of investment securities	(52)	(2,046)	(439)
Proceeds from sales of investment securities.....	0	276	3
Long-term loans receivable made.....	—	(19)	—
Collection of long-term loans receivable.....	7	22	60
Other, net	389	(513)	3,243
Net cash used in investing activities.....	(54,888)	(38,364)	(456,831)
Financing activities			
Increase (Decrease) in short-term borrowings, net	4,504	(395)	37,486
Increase in long-term debt.....	10,000	202	83,229
Repayment of long-term debt.....	(206)	(2,194)	(1,709)
Proceeds from issuance of bonds.....	25,000	—	208,073
Redemption of bonds.....	(25,000)	—	(208,073)
Purchases of treasury stock.....	(4)	(4)	(38)
Proceeds from sales of treasury stock	0	0	1
Cash dividends paid to minority shareholders of consolidated subsidiaries	(15)	(16)	(126)
Cash dividends paid	(4,142)	(4,143)	(34,478)
Repayments of lease obligations.....	(302)	(485)	(2,513)
Other, net	—	100	—
Net cash provided by (used in) financing activities.....	9,835	(6,935)	81,852
Effect of exchange rate changes on cash and cash equivalents	2,306	4,002	19,199
Increase in cash and cash equivalents	18,800	8,796	156,477
Cash and cash equivalents at beginning of year.....	91,679	82,970	763,034
Increase in cash and cash equivalents resulting from inclusion of			
a subsidiary in consolidation	—	7	—
Decrease in cash and cash equivalents due to change in fiscal year end of			
consolidated subsidiaries	—	(94)	—
Cash and cash equivalents at end of year (Note 20).....	¥110,479	¥ 91,679	\$ 919,511

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

IBIDEN CO., LTD. and Consolidated Subsidiaries

March 31, 2015

1. Basis of Presentation

IBIDEN CO., LTD. (the "Company") and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled

from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically for the convenience of readers outside Japan. Furthermore, the notes to the consolidated financial statements include certain information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and its 39 significant consolidated subsidiaries for the years ended March 31, 2015 and 2014.

The principles of consolidation are to include significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. For the years ended March 31, 2015 and 2014, there are no affiliates accounted for by the equity method.

All significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in unconsolidated subsidiaries and affiliates are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written them down.

The financial statements of certain overseas consolidated subsidiaries whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year closing on March 31 for consolidation purposes.

(b) Foreign currency translation

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

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates of exchange in effect at the respective transaction dates. Gain or loss resulting from foreign currency transactions is credited or charged to income in the year in which the gain or loss is recognized for financial reporting purposes.

The balance sheet accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except that the components of net assets excluding minority interests are translated at their historical exchange rates. Revenue and expense accounts are translated into yen at the average rates of exchange in effect during the year. Adjustments resulting from translating financial statements denominated in a foreign currency are not included in the determination of net income, but are reported as translation adjustments and minority interests in net assets in the accompanying consolidated balance sheet.

(c) Cash equivalents

For the purposes of the consolidated statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(d) Allowance for doubtful accounts

An allowance for doubtful accounts of the Company and its domestic consolidated subsidiaries is provided at an amount principally calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

An allowance for doubtful accounts of the Company's overseas consolidated subsidiaries is provided at an amount principally calculated based on an estimate of their probable specific bad debts.

(e) Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the lower of cost or net selling value, cost being determined primarily by the moving average method. Inventories of the overseas consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined primarily by the first-in, first-out method.

(f) Short-term investments and investment securities

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

(g) Property, plant and equipment and depreciation (other than leased assets)

Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is calculated principally by the declining-balance method based on the estimated useful lives of the respective assets and the residual value determined by the Company and each domestic consolidated subsidiary.

Depreciation of property, plant and equipment of the overseas consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives of the respective assets and the residual value determined by each overseas consolidated subsidiary.

The principal estimated useful lives are as follows:

Buildings and structures	3 to 75 years
Machinery and equipment	3 to 22 years

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

(h) Leases

Leased assets under finance leases are depreciated to their residual value of zero by the straight-line method using the contract term as the useful life. Finance leases that do not transfer ownership of the leased assets to the lessee starting on or before March 31, 2008 are primarily accounted for as operating leases.

(i) Intangible assets included in other assets (other than leased assets)

Amortization of intangible assets is calculated by the straight-line method. Capitalized computer software intended for internal use is amortized over its estimated useful life of five years.

(j) Accrued bonuses for employees

Accrued bonuses for employees of the Company and its domestic consolidated subsidiaries are provided for the current portion of the estimated amount of bonuses to be paid to the employees in the following year.

(k) Accrued bonuses for directors and audit & supervisory board members

Accrued bonuses for directors and audit & supervisory board members of the Company is provided for the current portion of the estimated amount of bonuses to be paid to the directors and audit & supervisory board members in the following year.

(l) Retirement benefits for employees

Liability for retirement benefits for employees of certain consolidated subsidiaries is provided principally at an amount calculated based on the retirement benefit obligation.

Retirement benefit obligation of certain consolidated subsidiaries is attributed to each year by the straight-line basis over the estimated remaining years of service of the eligible employees.

Certain consolidated subsidiaries have adopted a simplified method for the retirement benefits calculation. Under this simplified method, liability for retirement benefits is stated at the amount which would be required to be paid if all eligible employees voluntarily terminated their employment at the balance sheet date.

(m) Income taxes

Deferred tax assets and liabilities have been recognized in the accompanying consolidated financial statements with respect to the differences between the amounts recorded for financial reporting purposes and the tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(n) Deferred assets

Bond issuance costs are charged to expense as incurred.

(o) Research and development costs

Research and development costs are charged to expense as incurred.

(p) Revenues and related costs

Revenues and the related costs and expenses, except for those from construction contracts, are generally recognized on sales of products at the

time of shipment. The Company recognizes revenue by applying the percentage-of-completion method for the construction projects for which the outcome of the construction activity is deemed certain at the end of the reporting period. To estimate the progress of such construction projects, the Company measures the percentage of completion by comparing costs incurred to date with the most recent estimate of total costs required to complete the project (cost to cost basis). For other construction projects where the outcome cannot be reliably measured, the completed-contract method is applied.

(q) Derivatives

Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred and reported as deferred gain or loss on hedges in a separate component of accumulated other comprehensive income (loss).

(r) Distribution of retained earnings

Under the Corporation Law of Japan (the "Law"), the distribution of retained earnings with respect to a given fiscal year is made by resolution at a meeting of the Board of Directors of the Company held subsequent to the close of such fiscal year. The accounts for that fiscal year do not, therefore, reflect such distributions. (Refer to Note 23.)

3. Accounting Change

Change in accounting for retirement benefits

The Company and its domestic subsidiaries adopted Section 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012) and the main clause of Section 67 of "Guidance on Accounting

Standard for Retirement Benefits" (ASBJ Guidance No.25 of March 26, 2015) effective from April 1, 2014. These changes had no impact on the consolidated financial statements for the year ended March 31, 2015.

4. U.S. Dollar Amounts

The U.S. dollar amounts in the accompanying consolidated financial statements have been translated from yen, solely for convenience and as a matter of arithmetic computation only, at ¥120.15 = U.S.\$1.00, the rate of exchange

prevailing on March 31, 2015. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

5. Financial Instruments

Status of financial instruments

The Company and its consolidated subsidiaries (collectively, the "Group") raise funds principally through the issuance of bonds and loans from banks in consideration of plans for capital expenditures. The Group manages temporary cash surpluses through highly liquid financial assets. Furthermore, the Group raises short-term capital through loans from banks. The Group utilizes derivative financial instruments for the purpose of reducing the risk mentioned below and does not enter into derivative transactions for speculative purposes.

Notes and accounts receivable, trade, are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from trade receivables denominated in foreign currencies. Short-term investments and investment securities are exposed to market risk. Those securities mainly consist of the shares of other companies with which the Group has business relationships and debt securities through which the Group manages temporary cash surpluses.

Substantially all notes and accounts payable have payment due dates within one year. In addition, the Group is exposed to foreign currency exchange risk arising from those trade payables denominated in foreign currencies.

The Group conducts varied financing activities to acquire necessary funding for working capital investments in property, plant and equipment, and so forth. Borrowings and bonds with floating interest as a part of such financing are exposed to the risk of interest rate fluctuation.

Regarding derivative transactions, the Group enters into forward foreign exchange contracts to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies.

In accordance with the internal policies of the Group for managing credit risk (risk of non-performance by any of the counterparties) arising from trade receivables, the Group periodically monitors credit worthiness of customers and takes prompt action on outstanding balances in order to mitigate the credit risks. In addition, the Group only acquires held-to-maturity debt securities with high credit ratings.

For trade receivables and payables denominated in foreign currencies, the Company identifies the foreign currency exchange risk for each currency on a monthly basis and enters into forward foreign exchange contracts to hedge such risk.

In order to mitigate the unfavorable impact caused by foreign currency exchange fluctuations on accounts receivable deriving from forecasted export sales transactions, the Company also enters into forward foreign exchange contracts to the extent it is probable that those forecasted export sales take place.

For short-term investments and investment securities, the Group periodically reviews market prices and the financial position of the issuers who are business counterparty of the Group. In addition, the Group continuously evaluates whether securities other than those classified as held-to-maturity debt securities should be maintained taking into account their fair values and relationships with the counterparty companies.

Derivative transactions are entered into by the division in charge of derivative transactions with the approval from authorized officers in accordance with the internal policies, which set forth delegation of authority and maximum upper limit on positions.

In order to manage liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates) responsible division prepares and updates its cash flow plans on a timely basis based on reports from each division.

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 21, "Derivatives" are not necessarily indicative of the actual market risk involved in the derivative transactions.

Notes to Consolidated Financial Statements (continued)

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet and estimated fair value at March 31, 2015 and 2014 are summarized as follows.

Financial instruments for which it is extremely difficult to determine the fair value are not included in the following table.

	Carrying value	2015	
		Estimated fair value	Difference
(Millions of yen)			
Assets:			
Cash and deposits	¥106,646	¥106,646	¥ —
Notes and accounts receivable, trade	59,655	59,655	—
Short-term investments and investment securities	55,635	55,635	—
Long-term loans receivable	32	30	(2)
Total assets	¥221,968	¥221,966	¥ (2)

Liabilities:			
Short-term borrowings	¥ 22,600	¥ 22,600	¥ —
Notes and accounts payable, trade	31,882	31,882	—
Notes and accounts payable, other	18,150	18,150	—
Long-term debt, including current portion of long-term debt	53,255	53,388	133
Total liabilities	125,887	126,020	133
Derivative transactions (*)	¥ 116	¥ 116	¥ —

	Carrying value	2014	
		Estimated fair value	Difference
(Millions of yen)			
Assets:			
Cash and deposits	¥ 77,171	¥ 77,171	¥ —
Notes and accounts receivable, trade	59,153	59,153	—
Short-term investments and investment securities	53,312	53,312	—
Long-term loans receivable	35	33	(2)
Total assets	¥189,671	¥189,669	¥ (2)

Liabilities:			
Short-term borrowings	¥ 18,096	¥ 18,096	¥ —
Notes and accounts payable, trade	33,253	33,253	—
Notes and accounts payable, other	18,685	18,685	—
Long-term debt, including current portion of long-term debt	43,478	43,586	108
Total liabilities	113,512	113,620	108
Derivative transactions (*)	¥ 5	¥ 5	¥ —

	Carrying value	2015	
		Estimated fair value	Difference
(Thousands of U.S. dollars)			
Assets:			
Cash and deposits	\$ 887,607	\$ 887,607	\$ —
Notes and accounts receivable, trade	496,505	496,505	—
Short-term investments and investment securities	463,051	463,051	—
Long-term loans receivable	266	250	(16)
Total assets	\$1,847,429	\$1,847,413	\$ (16)

Liabilities:			
Short-term borrowings	\$ 188,098	\$ 188,098	\$ —
Notes and accounts payable, trade	265,351	265,351	—
Notes and accounts payable, other	151,063	151,063	—
Long-term debt, including current portion of long-term loans debt	443,240	444,342	1,102
Total liabilities	1,047,752	1,048,854	1,102
Derivative transactions (*)	\$ 967	\$ 967	\$ —

* Assets and liabilities arising from derivatives are presented at net value. The amount in parentheses represents a net liability position.

Methods to determine the estimated fair value of financial instruments are as follows:

Carrying value of cash and deposits, notes and accounts receivable, trade, approximates fair value because these items are settled in a short period of time.

Regarding short-term investments and investment securities, the fair value of shares is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by financial institutions.

For information on securities classified by holding purpose, please refer to Note 6, "Short-Term Investments and Investment Securities."

Fair value of long-term loans receivable, classified by the maturity and current credit risk of each loan, is based on the present value of the total of principal and interest discounted by the interest rate determined taking into account

that of Japanese government bonds and the credit spreads of each loan. The fair value in the table above includes the current portion of long-term loans receivable.

Carrying value of short-term borrowings and notes and accounts payable, trade and other approximates fair value because these items are settled in a short period of time.

The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into. The fair value in the table above includes the current portion of long-term loans debt.

Regarding fair value of derivatives, please refer to Note 21, "Derivatives."

Carrying value of financial instruments for which it is extremely difficult to determine the fair value at March 31, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unlisted equity securities	¥1,849	¥1,803	\$15,391

Redemption schedules for monetary assets at March 31, 2015 and 2014 were as follows:

	2015			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
	(Millions of yen)			
Cash and deposits	¥106,646	¥—	¥—	¥—
Notes and accounts receivable, trade.....	59,655	—	—	—
Long-term loans receivable.....	—	20	12	—
Total	¥166,301	¥20	¥12	¥—

	2014			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
	(Millions of yen)			
Cash and deposits	¥ 77,171	¥—	¥—	¥—
Notes and accounts receivable, trade.....	59,153	—	—	—
Long-term loans receivable.....	—	20	15	—
Total	¥136,324	¥20	¥15	¥—

	2015			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
	(Thousands of U.S. dollars)			
Cash and deposits	\$ 887,607	\$ —	\$ —	\$ —
Notes and accounts receivable, trade.....	496,505	—	—	—
Long-term loans receivable.....	—	167	99	—
Total	\$1,384,112	\$167	\$ 99	\$ —

Notes to Consolidated Financial Statements (continued)

6. Short-Term Investments and Investment Securities

(a) Marketable securities classified as other securities at March 31, 2015 and 2014 are summarized as follows:

	2015		
	Acquisition cost	Market value reflected in the balance sheet (Millions of yen)	Difference
Securities whose market value reflected in the balance sheet exceeds their acquisition cost:			
Equity securities	¥20,335	¥50,434	¥30,098
Other	—	—	—
Subtotal	20,335	50,434	30,098
Securities whose market value reflected in the balance sheet does not exceed their acquisition cost:			
Equity securities	4	3	(1)
Other	5,198	5,198	—
Subtotal	5,202	5,201	(1)
Total	¥25,537	¥55,635	¥30,098

	2014		
	Acquisition cost	Market value reflected in the balance sheet (Millions of yen)	Difference
Securities whose market value reflected in the balance sheet exceeds their acquisition cost:			
Equity securities	¥18,918	¥37,038	¥18,120
Other	—	—	—
Subtotal	18,918	37,038	18,120
Securities whose market value reflected in the balance sheet does not exceed their acquisition cost:			
Equity securities	1,379	1,083	(296)
Other	15,191	15,191	—
Subtotal	16,570	16,274	(296)
Total	¥35,488	¥53,312	¥17,824

	2015		
	Acquisition cost	Market value reflected in the balance sheet (Thousands of U.S. dollars)	Difference
Securities whose market value reflected in the balance sheet exceeds their acquisition cost:			
Equity securities	\$169,250	\$419,759	\$250,509
Other	—	—	—
Subtotal	169,250	419,759	250,509
Securities whose market value reflected in the balance sheet does not exceed their acquisition cost:			
Equity securities	35	33	(2)
Other	43,259	43,259	—
Subtotal	43,294	43,292	(2)
Total	\$212,544	\$463,051	\$250,507

Unlisted equity securities (recorded in the accompanying consolidated balance sheet in the amounts of ¥1,849 million (\$15,391 thousand) and ¥1,803 million at March 31, 2015 and 2014, respectively) are not included in the table above because there were no quoted market prices available and it is extremely difficult to determine the fair value.

The Company and certain domestic consolidated subsidiaries have recognized losses on devaluation of investment securities classified as other securi-

ties of ¥1 million (\$9 thousand) and ¥2 million for the years ended March 31, 2015 and 2014, respectively.

Loss on devaluation of investment securities are recorded for the securities whose market value represents a substantial decline of 50% or more and for those which have declined within a range of 30% or more, but less than 50% if the decline is deemed to be irrecoverable.

(b) The proceeds from sales of, and gross realized gain and loss on, other securities for the years ended March 31, 2015 and 2014 are summarized as follows:

	2015		
	Proceeds	Gross realized gain (Millions of yen)	Gross realized loss
Equity securities.....	¥ 0	¥ —	¥—
Other	10,000	—	—
Total	¥10,000	¥ —	¥—

	2014		
	Proceeds	Gross realized gain (Millions of yen)	Gross realized loss
Equity securities.....	¥ 276	¥188	¥ —
Other	5,000	—	—
Total	¥ 5,276	¥188	¥ —

	2015		
	Proceeds	Gross realized gain (Thousands of U.S. dollars)	Gross realized loss
Equity securities.....	\$ 3	\$ —	\$—
Other	83,229	—	—
Total	\$83,232	\$ —	\$—

7. 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
	2015	2014	2015
Short-term borrowings.....	¥22,600	¥18,096	\$188,098
Current portion of long-term debt	3,065	25,065	25,512
	¥25,665	¥43,161	\$213,610

The weighted-average annual interest rates applicable to short-term borrowings outstanding at March 31, 2015 and 2014 were 0.49% and 0.35%, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Debt without collateral:			
Loans from banks due April 2016 through March 2018, at average interest rates of 0.70% and 1.88% per annum at March 31, 2015 and 2014, respectively.....	¥13,255	¥ 3,478	\$110,323
Bonds in yen due September 2014 at rate of 0.358%	—	25,000	—
Bonds in yen due September 2016 at rate of 0.495%	15,000	15,000	124,844
Bonds in yen due April 2019 at rate of 0.294%	25,000	—	208,073
Subtotal	¥53,255	¥43,478	\$443,240
Less current portion.....	(3,065)	(25,065)	(25,512)
	¥50,190	¥18,413	\$417,728

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

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 3,065	\$ 25,512
2017	25,127	209,132
2018	63	523
2019	—	—
2020 and thereafter.....	25,000	208,073
	¥53,255	\$443,240

Notes to Consolidated Financial Statements (continued)

8. Assets Pledged as Collateral

Assets pledged as collateral for accounts payable and other current liabilities of ¥201 million (\$1,680 thousand) at March 31, 2015 were as follows:

	Millions of yen	Thousands of U.S. dollars
Investment securities	¥16	\$136

9. Lease Obligations

The aggregate annual maturities of lease obligations subsequent to March 31, 2015 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥341	\$2,838
2017	149	1,243
2018	113	941
2019	92	765
2020 and thereafter	5	37
	¥700	\$5,824

10. Retirement Benefits

The Company and certain domestic consolidated subsidiaries have defined contribution pension plans and a monthly payment scheme for retirement benefits. Other domestic consolidated subsidiaries have defined benefit plans, including lump-sum payment plans, covering substantially all employees who

are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

Certain consolidated subsidiaries calculate the liability for retirement benefits based on the simplified method.

The changes in the retirement benefit obligation for the years ended March 31, 2015 and 2014 are summarized as follows (excluding retirement benefit obligations based on the simplified method):

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation at the beginning of the year	¥491	¥344	\$4,088
Service cost	29	45	242
Interest cost	13	15	107
Foreign currency translation difference	(42)	62	(347)
Others	4	25	32
Retirement benefit obligation at the end of the year	¥495	¥491	\$4,122

The changes in the retirement benefit obligation under the simplified method for the years ended March 31, 2015 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation at the beginning of the year	¥ 12	¥ 11	\$ 97
Service cost	0	2	4
Benefit paid	(3)	(1)	(25)
Retirement benefit obligation at the end of the year	9	12	76

The balance of retirement benefit obligation and plan assets at fair value at March 31, 2015 and 2014 and liabilities recognized in the consolidated balance sheet at March 31, 2015 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unfunded retirement benefit obligation*	¥504	¥503	\$4,198
Net amount of liabilities and assets recognized in consolidated balance sheet	504	503	4,198
Liability for retirement benefits	504	503	4,198
Asset for retirement benefits	—	—	—
Net amount of liabilities and assets recognized in consolidated balance sheet	¥504	¥503	\$4,198

* Certain domestic consolidated subsidiaries have calculated their retirement benefit obligation based on the simplified method.

The components of retirement benefit expenses for the years ended March 31, 2015 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost.....	¥29	¥47	\$246
Interest cost	13	15	107
Amortization of actuarial loss	4	8	33
Retirement benefit expenses.....	¥46	¥70	\$386

The actuarial assumption used in accounting for the above plans was as follows:

	2015	2014
Discount rates	2.8%	3.7%

The required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were ¥1,665 million (\$13,863 thousand) and ¥1,658 million for the years ended March 31, 2015 and 2014, respectively.

11. Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise taxes, which, in the aggregate, resulted in statutory tax rates of approximately

34.8% and 37.2% for the years ended March 31, 2015 and 2014, respectively. Income taxes of the overseas consolidated subsidiaries are based generally on the tax rate applicable in their respective countries of incorporation.

The effective tax rates for the years ended March 31, 2015 and 2014 differed from the statutory tax rates for the following reasons:

	2015	2014
Statutory tax rates	34.8%	37.2%
Effect of:		
Elimination of dividend income received from overseas consolidated subsidiaries	2.5	8.6
Permanently non-deductible expenses	0.8	1.2
Tax effect of retained earnings in overseas consolidated subsidiaries.....	1.2	(0.6)
Change in statutory income tax rate.....	2.6	2.5
Difference between statutory tax rate in Japan and income tax rates applied at overseas consolidated subsidiaries	(5.7)	(6.9)
Tax credits.....	(4.1)	(2.3)
Permanently non-taxable dividends received.....	(3.1)	(9.3)
Valuation allowance.....	3.7	(1.4)
Other, net	2.2	1.8
Effective tax rates	34.9%	30.8%

The "Act for Partial Amendment of the Income Tax Act, etc." and the "Act for Partial Amendment of the Local Tax Act, etc." were promulgated on March 31, 2015

In line with these revisions, the statutory tax rates used in the calculation of deferred tax assets and deferred tax liabilities changed from 34.8% to 32.3% for temporary differences expected to be realized during the period from April

1, 2015 to March 31, 2016, and to 31.5% for temporary differences expected to be realized from April 1, 2016.

As a result of these changes in statutory tax rates, net deferred tax assets (after netting with deferred tax liabilities) decreased by ¥558 million (\$4,648 thousand) and income taxes-deferred increased by ¥558 million (\$4,648 thousand) as of and for the year ended March 31, 2015.

Notes to Consolidated Financial Statements (continued)

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Depreciation.....	¥ 3,430	¥ 3,736	\$ 28,550
Tax loss carryforwards.....	915	966	7,616
Accrued bonuses.....	1,259	1,322	10,482
Intercompany profit on sales of property, plant and equipment.....	706	710	5,876
Loss on devaluation of investment securities.....	695	771	5,783
Loss on devaluation of inventories.....	465	390	3,871
Loss on impairment of fixed assets.....	706	804	5,873
Provision for doubtful accounts.....	232	281	1,931
Other.....	983	855	8,183
Gross deferred tax assets.....	9,391	9,835	78,165
Less: valuation allowance.....	(3,003)	(3,409)	(24,993)
Total deferred tax assets.....	6,388	6,426	53,172
Deferred tax liabilities:			
Net unrealized holding gain on other securities.....	(8,862)	(6,207)	(73,764)
Net unrealized gain on land revaluation resulting from inclusion of a subsidiary in consolidation.....	(741)	(741)	(6,167)
Reserve for depreciation for tax purposes.....	(49)	(58)	(409)
Tax effect of retained earnings in overseas consolidated subsidiaries.....	(1,409)	(1,061)	(11,727)
Surplus arising from land revaluation.....	(72)	(157)	(600)
Total deferred tax liabilities.....	(11,133)	(8,224)	(92,667)
Net deferred tax liabilities.....	¥ (4,745)	¥ 1,798	\$ (39,495)

12. Shareholders' Equity

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

Retained earnings include the legal reserve provided in accordance with the Law. The legal reserve of the Company included in retained earnings at

March 31, 2015 and 2014 amounted to ¥3,548 million (\$29,534 thousand) and ¥3,548 million, respectively.

The Law further provides that, in general, an amount equal to the entire amount of the paid-in capital for new share issuances be transferred to the common stock account; however, an amount equal to or less than 50% of the entire amount may be transferred to the capital surplus account.

Treasury stock

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

	Number of shares			
	March 31, 2014	2015		March 31, 2015
		Increase	Decrease	
Treasury stock:				
Common stock.....	12,771,301	2,377	60	12,775,618
Number of shares				
	March 31, 2013	2014		March 31, 2014
		Increase	Decrease	
Treasury stock:				
Common stock.....	12,771,104	2,222	25	12,773,301

Stock-based compensation plan

The 2011 stock option plan (the 2011 plan) was approved by shareholders of the Company on June 22, 2010. The 2011 plan provides for the granting of options to purchase 566,000 shares of common stock to directors, advisors

and certain key employees of the Company and directors of certain consolidated subsidiaries. The exercise price was ¥2,567 (\$24) per share at March 31, 2014. The 2011 plan expired on July 31, 2014, and the Company had no outstanding stock option plan at March 31, 2015.

Information regarding the 2011 plan was as follows:

	The 2011 plan	
Number of options:		
Outstanding at April 1, 2013.....	525,500	
Granted.....	—	
Expired.....	50,000	
Exercised.....	—	
Outstanding at March 31, 2014.....	475,500	
Granted.....	—	
Expired.....	475,500	
Exercised.....	—	
Outstanding at March 31, 2015.....	—	
	(Yen)	(U.S. dollars)
Fair value of options as of the grant date	¥743	\$6

13. Loss on Impairment of Fixed Assets

Fixed assets are grouped based on business segments. The carrying values of the idle assets which are not anticipated to be utilized in the future and whose

market values decreased from their carrying values have been reduced to their respective recoverable amounts.

Losses on impairment of fixed assets for the years ended March 31, 2015 and 2014 are summarized as follows:

2015				
Location	Classification	Description	Millions of yen	Thousands of U.S. dollars
Godō Town, Gifu Prefecture	Buildings and structures	Idle	¥ 594	\$ 4,947
Godō Town, Gifu Prefecture	Machinery and equipment	Idle	¥ 199	\$ 1,656
Godō Town, Gifu Prefecture	Others	Idle	¥ 0	\$ 0
Beijing, People's Republic of China	Machinery and equipment	Idle	¥ 13	\$ 108
Thessaloniki, Hellenic Republic	Land	Idle	¥ 26	\$ 219

2014				
Location	Classification	Description	Millions of yen	
Ogaki City, Gifu Prefecture	Buildings and structures	Idle	¥ 6	
Ogaki City, Gifu Prefecture	Machinery and equipment	Idle	¥ 19	
Ogaki City, Gifu Prefecture	Construction in progress	Idle	¥ 49	
Batangas, Philippines	Machinery and equipment	Idle	¥1,596	
Batangas, Philippines	Construction in progress	Idle	¥ 116	
Penang, Malaysia	Construction in progress	Idle	¥ 37	

The recoverable amounts were measured at estimated net selling value. The carrying values of idle assets have been reduced to ¥1 (\$0.01) for the years ended March 31, 2015 and 2014, respectively.

Notes to Consolidated Financial Statements (continued)

14. Temporarily Unutilized Property and Equipment

The following property and equipment included in property, plant and equipment in the accompanying consolidated balance sheet are temporarily unutilized at March 31, 2015 and 2014.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Buildings and structures	¥5,012	¥9,176	\$41,720
Machinery and equipment	6,095	1,693	50,734
Other	154	12	1,285

15. Land Revaluation

A consolidated subsidiary revalued its land held for business use in accordance with the "Land Revaluation Law" and the amended "Land Revaluation Law" at March 31, 2002. As a result, the consolidated subsidiary recognized a gain on land revaluation and recorded a deferred tax liability related to this gain. The resulting gain, net of the relevant tax effect, has been accounted for under accumulated other comprehensive income (loss) as surplus arising from

land revaluation. The method followed for this land revaluation was determined in accordance with the "Land Valuation Tax Law" as stipulated in the "Enforcement Act Concerning Land Revaluation" and other regulations.

As of March 31, 2015, the fair value of this land was ¥316 million (\$2,632 thousand) less than its carrying value after revaluation.

16. Selling, General and Administrative Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Salaries	¥12,344	¥11,820	\$102,738
Provision for employees' bonuses	929	1,033	7,731
Provision for directors' and audit & supervisory board members' bonuses	167	153	1,389
Provision for employees' retirement benefit expenses	303	212	2,521
Provision for directors' and audit & supervisory board members' retirement benefits	—	22	—
Research and development costs	15,512	15,031	129,105
Other	25,536	21,628	212,541
Total	¥54,791	¥49,899	\$456,025

17. Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Gain on sales of investment securities	¥ —	¥ 188	\$ —
Loss on devaluation of investment securities	(1)	(2)	(9)
Net loss on sales and disposal of property, plant and equipment	(982)	(891)	(8,173)
Loss on impairment of fixed assets	(832)	(1,823)	(6,930)
Foreign exchange gain, net	5,769	5,167	48,016
Depreciation of inactive fixed assets	(1,241)	(1,195)	(10,332)
Loss on liquidation of subsidiaries and affiliates	(25)	(562)	(206)
Gain on reversal of stock acquisition rights	353	567	2,940
Other, net	(296)	(50)	(2,462)
Total	¥ 2,745	¥ 1,399	\$ 22,844

18. Amounts per Share

	Yen		U.S. dollars
	2015	2014	2015
Net income			
Basic.....	¥ 138.37	¥ 126.58	\$ 1.15
Diluted	—	126.15	—
Net assets	2,578.85	2,305.93	21.46
Cash dividends applicable to the year.....	30.00	30.00	0.29

Basic net income per share for the years ended March 31, 2015 and 2014 has been computed based on the net income attributable to the shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share has been computed based on the net income attributable to the shareholders and the weighted-average number of shares of common stock outstanding during the year after giving effect to the dilutive potential of shares of common stock to be issued

upon the exercise of stock options. Amounts per share of net assets have been computed based on the number of shares of common stock outstanding at the year end.

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

Financial data for the computation of basic net income per share and diluted net income per share for the years ended March 31, 2015 and 2014 in the table above is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Information on basic net income per share:			
Net income	¥19,107	¥17,479	\$159,026
Adjusted income attributable to shareholders of common stock.....	¥19,107	¥17,479	\$159,026

	Thousands of shares	
	2015	2014
Weighted-average number of shares of common stock outstanding during the year.....	138,086	138,088
Effect to the dilutive potential of shares of common stock.....	—	476

Financial data for the computation of net assets per share at March 31, 2015 and 2014 in the above table is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Total net assets	¥360,092	¥322,562	\$2,997,014
Deductions from total net assets:			
Stock acquisition rights	—	(353)	—
Minority interests	(3,991)	(3,790)	(33,219)
Total net assets attributable to common stockholders	¥356,101	¥318,419	\$2,963,795

	Thousands of shares	
	2015	2014
Number of shares of common stock used in the calculation of net assets per share.....	138,084	138,087

Notes to Consolidated Financial Statements (continued)

19. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects for other comprehensive income for the years ended March 31, 2015 and 2014:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net unrealized holding gain on securities:			
Amount arising during the year	¥12,274	¥ 7,408	\$ 102,159
Reclassification adjustments for gain realized in the statement of income	—	(188)	—
Before tax effect	12,274	7,220	102,159
Tax effect	(2,648)	(2,514)	(22,039)
Net unrealized holding gain on securities	9,626	4,706	80,120
Deferred (loss) gain on hedges:			
Amount arising during the year	(1)	—	(15)
Reclassification adjustments for loss (gain) realized in the statement of income	—	20	—
Before tax effect	(1)	20	(15)
Tax effect	0	(8)	5
Deferred (loss) gain on hedges	(1)	12	(10)
Surplus arising from land revaluation:			
Tax effect	85	—	709
Surplus arising from land revaluation	85	—	709
Translation adjustments:			
Amount arising during the year	13,028	18,365	108,432
Reclassification adjustments for gain realized in the statement of income	39	(4)	321
Translation adjustments	13,067	18,361	108,753
Total	¥22,777	¥23,079	\$189,572

20. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the accompanying consolidated statement of cash flows and cash and deposits in the accompanying consolidated balance sheet is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash and deposits	¥106,646	¥77,171	\$887,607
Short-term investments	5,197	15,191	43,259
Time deposits with maturities in excess of three months	(1,364)	(683)	(11,355)
Cash and cash equivalents	¥110,479	¥91,679	\$919,511

21. Derivatives

Derivative financial instruments such as forward foreign exchange contracts are utilized by the Company principally in order to manage the risk arising from adverse fluctuation in foreign currency exchange rates. The Company has established a control environment which includes policies and procedures for risk assessment, including an assessment of the effectiveness of hedging, and for the approval, reporting and monitoring of transactions involving derivatives. The Company does not hold or issue derivatives for speculative purposes.

The Company is exposed to certain market risk arising from forward foreign exchange contracts. The Company is also exposed to the risk of credit

loss in the event of non-performance by any of the counterparties to forward foreign exchange contracts; however, the Company does not anticipate non-performance by any of these counterparties, all of whom are financial institutions with high credit ratings.

Summarized below are the notional amounts and estimated fair value of the derivatives positions outstanding at March 31, 2015 and 2014, for which hedge accounting has not been applied. There were no derivatives with maturities over one year at March 31, 2015 and 2014.

	2015		
	Notional amount	Estimated fair value	Unrealized gain
	(Millions of yen)		
Forward foreign exchange contracts:			
Sell:			
U.S. dollars	¥1,815	¥ 13	¥ 13
Euros	1,405	103	103
Total	¥3,220	¥116	¥116
	2014		
	Notional amount	Estimated fair value	Unrealized gain
	(Millions of yen)		
Forward foreign exchange contracts:			
Sell:			
U.S. dollars	¥ —	¥ —	¥ —
Euros	2,269	5	5
Total	¥2,269	¥ 5	¥ 5

	Notional amount	2015	
		Estimated fair value	Unrealized gain
(Thousands of U.S. dollars)			
Forward foreign exchange contracts:			
Sell:			
U.S. dollars.....	\$15,103	\$106	\$106
Euros.....	11,698	861	861
Total	\$26,801	\$967	\$967

Summarized below are the notional amounts and estimated fair value of the derivatives positions outstanding at March 31, 2015 for which hedge accounting has been applied.

Method of hedge accounting	Transaction	Hedged item	2015	
			Notional amount	Estimated fair value
(Millions of yen)				
Deferral hedge accounting	Forward foreign exchange contracts:			
	Buy:	Accounts payable, other		
	U.S. dollars.....		¥162	¥ (1)

There were no derivatives with maturities over one year at March 31, 2015.

Method of hedge accounting	Transaction	Hedged item	2015	
			Notional amount	Estimated fair value
(Thousands of U.S. dollars)				
Deferral hedge accounting	Forward foreign exchange contracts:			
	Buy:	Accounts payable, other		
	U.S. dollars.....		\$1,352	\$ (15)

Fair value is based on the prices obtained from financial institutions.

There are no derivatives positions outstanding at March 31, 2014.

Notes to Consolidated Financial Statements (continued)

22. Segment Information

Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors to make decisions about resource allocation and to assess the business performances of those segments.

The Group classifies the Company and its subsidiaries identified by the respective products and services they provide. Each company plans comprehensive domestic and overseas strategies for its products and conducts related business activities.

Based on the Group's primary business activities, the reportable segments include "Electronics," "Ceramics," "Housing materials," and "Construction."

The main products or services of those segments are as follows:

Electronics	Printed wiring boards, package substrates, pattern design for printed wiring boards
Ceramics	Environment-related ceramics products, graphite specialty products, ceramics fiber, fine ceramics products
Housing materials	Services equipment for housing, melamine decorative laminates
Construction	Slope protection construction, landscape gardening, environmental facility

Method of calculating sales, income (loss), assets and other items for the reportable segments

The method of accounting for reportable segments is the same as described in Note 2. "Summary of Significant Accounting Policies." The income of reportable segments is calculated on the basis of operating income in the consolidated statement of income. Intersegment sales are basically recorded at same prices used in transactions with third parties.

A summary of net sales, income, assets and other items by reportable segment for the years ended March 31, 2015 and 2014 is as follows:

Millions of yen							
2015							
Reportable Segments							
	Electronics	Ceramics	Housing materials	Construction	Total	Other	Total
Sales to third parties	¥159,850	¥ 99,191	¥22,518	¥14,226	¥295,785	¥22,287	¥318,072
Inter-segment sales and transfers	2	144	10	4,863	5,019	2,114	7,133
Net sales	¥159,852	¥ 99,335	¥22,528	¥19,089	¥300,804	¥24,401	¥325,205
Segment income	¥ 14,168	¥ 6,348	¥ 173	¥ 1,317	¥ 22,006	¥ 1,078	¥ 23,084
Segment assets.....	140,312	100,990	11,461	12,905	265,668	27,242	292,910
Depreciation and amortization	27,350	8,648	133	149	36,280	593	36,873
Increase in property, plant and equipment and intangible assets	48,256	8,237	71	976	57,540	287	57,827

Millions of yen							
2014							
Reportable Segments							
	Electronics	Ceramics	Housing materials	Construction	Total	Other	Total
Sales to third parties	¥150,561	¥98,702	¥25,179	¥13,868	¥288,310	¥21,958	¥310,268
Inter-segment sales and transfers	21	134	8	6,816	6,979	2,286	9,265
Net sales	¥150,582	¥98,836	¥25,187	¥20,684	¥295,289	¥24,244	¥319,533
Segment income	¥ 10,668	¥ 8,418	¥ 215	¥ 1,045	¥ 20,346	¥ 874	¥ 21,220
Segment assets.....	111,049	98,903	14,517	13,227	237,696	20,433	258,129
Depreciation and amortization	24,988	6,912	302	140	32,342	645	32,987
Increase in property, plant and equipment and intangible assets	25,693	9,587	68	288	35,636	765	36,401

Thousands of U.S. dollars							
2015							
Reportable Segments							
	Electronics	Ceramics	Housing materials	Construction	Total	Other	Total
Sales to third parties	\$1,330,417	\$825,559	\$187,418	\$118,405	\$2,461,799	\$185,496	\$2,647,295
Inter-segment sales and transfers	15	1,199	84	40,475	41,773	17,596	59,369
Net sales	\$1,330,432	\$826,758	\$187,502	\$158,880	\$2,503,572	\$203,092	\$2,706,664
Segment income	\$ 117,923	\$ 57,830	\$ 1,437	\$ 10,965	\$ 183,155	\$ 8,976	\$ 192,131
Segment assets.....	1,167,809	840,537	95,386	107,407	2,211,139	226,735	2,437,874
Depreciation and amortization	227,635	71,974	1,107	1,240	301,956	4,939	306,895
Increase in property, plant and equipment and intangible assets	401,637	68,555	588	8,123	478,903	2,392	481,295

Other in the above table refers to the manufacturing of foamed-resin products, processing of agricultural and marine products, operations of gas stations and software development, network design and construction that are not included in a reportable segment.

Reconciliation information

Net sales, segment income, segment assets and other items in the reportable segments and those in the consolidated financial statements as of and for the years ended March 31, 2015 and 2014 are reconciled as follows:

Net sales	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Total of net sales in the reportable segments	¥300,804	¥295,289	\$2,503,572
Sales of "Other"	24,401	24,244	203,092
Elimination of inter-segment transactions	(7,133)	(9,265)	(59,369)
Net sales in consolidated financial statements	¥318,072	¥310,268	\$2,647,295

Segment income	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Total of segment income in the reportable segments	¥22,006	¥20,346	\$183,155
Income of "Other"	1,078	874	8,976
Elimination of inter-segment transactions	130	142	1,079
Corporate expenses and income	2,085	2,080	23,515
Operating income in consolidated financial statements	¥26,039	¥23,422	\$216,725

Corporate expenses and income in the above table mainly include general and administrative expenses and income from the generation of electricity, which are not included in the reportable segments.

Segment assets	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Total of segment assets in the reportable segments	¥265,668	¥237,696	\$2,211,139
Assets of "Other"	27,242	20,433	226,735
Corporate assets	226,937	203,984	1,888,778
Total assets in consolidated financial statements	¥519,847	¥462,113	\$4,326,652

Corporate assets in the above table mainly include the Company's capital surplus, long-term investment capital, and assets of general administration division, which are not included in the reportable segments.

Other items	Millions of yen			Consolidated financial statements
	2015			
	Reportable segment total	Other	Adjustments	
Depreciation and amortization	¥36,280	¥593	¥2,555	¥39,428
Increase in property, plant and equipment and intangible assets	57,540	287	1,303	59,130

	Millions of yen			Consolidated financial statements
	2014			
	Reportable segment total	Other	Adjustments	
Depreciation and amortization	¥32,342	¥645	¥2,715	¥35,702
Increase in property, plant and equipment and intangible assets	35,636	765	2,622	39,023

	Thousands of U.S. dollars			Consolidated financial statements
	2015			
	Reportable segment total	Other	Adjustments	
Depreciation and amortization	\$301,956	\$4,939	\$21,269	\$328,164
Increase in property, plant and equipment and intangible assets	478,903	2,392	10,845	492,140

Adjustments of increase in property, plant and equipment and intangible assets in the above table include amounts for investments in R&D related facilities, which are not included in the reportable segments.

Notes to Consolidated Financial Statements (continued)

Related information

Geographical information

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Japan	¥ 75,186	¥ 79,608	\$ 625,768
Asia (excluding Japan)	174,369	133,462	1,451,258
North America	369	13,872	3,075
Europe	61,266	59,506	509,912
Other	6,882	23,820	57,282
Consolidated	¥318,072	¥310,268	\$2,647,295

Property, plant and equipment by countries or geographical areas at March 31, 2015 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Japan	¥ 72,879	¥ 78,946	\$ 606,568
Asia (excluding Japan)	123,320	92,409	1,026,380
North America	7,744	850	64,448
Europe	32,211	35,497	268,093
Consolidated	¥236,154	¥207,702	\$1,965,489

Major customer information

Sales to a major customer for the years ended March 31, 2015 and 2014 are as follows:

Customer Name	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Intel Corp.	¥73,985	¥73,762	\$615,772

Loss on impairment of fixed assets

Loss on impairment of fixed assets by reportable segment for the years ended March 31, 2015 and 2014 are summarized as follows:

	Millions of yen							
	2015							
	Reportable Segments					Other	Corporate and elimination	Consolidated
Electronics	Ceramics	Housing materials	Construction	Total				
Loss on impairment of fixed assets.....	¥—	¥—	¥—	¥—	¥—	¥—	¥832	¥832

	Millions of yen							
	2014							
	Reportable Segments					Other	Corporate and elimination	Consolidated
Electronics	Ceramics	Housing materials	Construction	Total				
Loss on impairment of fixed assets.....	¥—	¥—	¥—	¥—	¥—	¥—	¥1,823	¥1,823

	Thousands of U.S. dollars							
	2015							
	Reportable Segments					Other	Corporate and elimination	Consolidated
Electronics	Ceramics	Housing materials	Construction	Total				
Loss on impairment of fixed assets.....	\$—	\$—	\$—	\$—	\$—	\$—	\$6,930	\$6,930

Amortization amount and remaining balance of goodwill and negative goodwill

Amortization amount and remaining balances of goodwill and negative goodwill by reportable segment for the years ended and as of March 31, 2015 and 2014 are summarized as follows:

	Millions of yen							
	2015							
	Reportable Segments					Other	Corporate and elimination	Consolidated
Electronics	Ceramics	Housing materials	Construction	Total				
Goodwill:								
Amortization amount	¥—	¥1,056	¥—	¥—	¥1,056	¥—	¥—	¥1,056
Remaining balance.....	—	2,237	—	—	2,237	—	—	2,237

	Millions of yen							
	2014							
	Reportable Segments					Other	Corporate and elimination	Consolidated
Electronics	Ceramics	Housing materials	Construction	Total				
Goodwill:								
Amortization amount	¥—	¥1,031	¥—	¥—	¥1,031	¥—	¥—	¥1,031
Remaining balance.....	—	3,511	—	—	3,511	—	—	3,511

	Thousands of U.S. dollars							
	2015							
	Reportable Segments					Other	Corporate and elimination	Consolidated
Electronics	Ceramics	Housing materials	Construction	Total				
Goodwill:								
Amortization amount	\$—	\$ 8,791	\$—	\$—	\$ 8,791	\$—	\$—	\$ 8,791
Remaining balance.....	—	18,619	—	—	18,619	—	—	18,619

23. Subsequent Event**Cash dividends**

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2015, was approved at a meeting of the Board of Directors held on May 18, 2015:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends		
(¥20 = (\$0.16) per share)	¥2,761	\$22,985



Ernst & Young ShinNihon LLC

Independent Auditor's Report

The Board of Directors
IBIDEN Co., Ltd.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 4.

June 17, 2015
Nagoya, Japan

Ernst & Young ShinNihon LLC

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Tel: +886-7-535-7711

IBIDEN Graphite Korea Co., Ltd.

Jukcheon-ri, Heunghae-eup, Buk-gu, Pohang-si,
Gyeongbuk, Korea

IBIDEN Korea Co., Ltd.

#1314, Hi Brand Bldg, 13F, 215, Yangjae-Dong,
Seocho-gu, Seoul, 137-924, Korea
Tel: +82-2-2155-3400

IBIDEN Philippines, Inc.

First Philippine Industrial Park Brgy.
Sta. Anastacia, Sto. Tomas, Batangas, Philippines
Tel: +63-43-405-5250

IBIDEN Electronics Malaysia Sdn. Bhd.

No. 1049, Jalan Perindustrian Bukit Minyak 8,
Kawasan Perindustrian Bukit Minyak
14100 Simpang Ampat, Penang, Malaysia
Tel: +60-4-504-9999

Corporate Data

Trade name	IBIDEN CO., LTD.
Established	November 25, 1912
Capital	¥64,152 million
Number of employees	Consolidated: 14,306 Non-consolidated: 3,549
Plants	
Head office	2-1, Kanda-cho, Ogaki City, Gifu 503-8604, Japan
Tokyo branch	Marunouchi Bldg. 29F, 2-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-6329, Japan
Plants	Gifu Prefecture: Ogaki, Ogaki Central, Aoyanagi, Gama, Ogaki-Kita, Godo Aichi Prefecture: Kinuura
Number of subsidiaries	Consolidated subsidiaries: 39 (16 in Japan, 23 overseas)

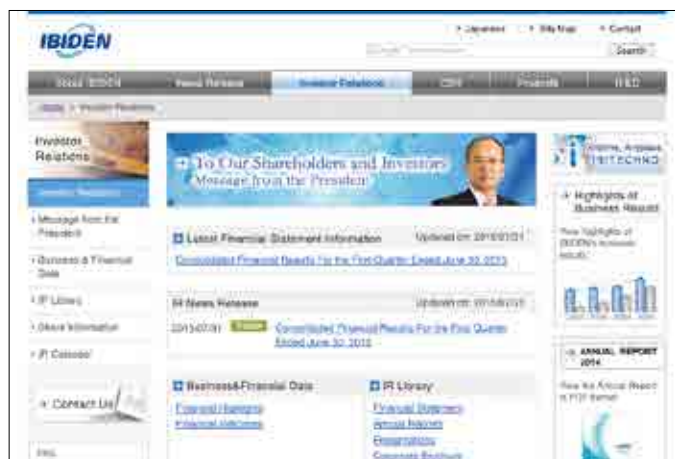
Stock Information

Fiscal year-end	March 31
Annual meeting of shareholders	June
Independent Auditors	Ernst & Young ShinNihon LLC
Domestic stock exchange listings	Tokyo, Nagoya
Date of record for dividend payout	Interim dividend: September 30 Year-end dividend: March 31
Authorized shares	230,000,000
Shares issued and outstanding	150,860,557 (including 12,775,618 shares of treasury stock)
Number of shareholders	33,726

Disclosure of Financial Information

IBIDEN takes steps to disclose information at appropriate times to shareholders and investors in a fair, accurate, and easy-to-understand manner. Pursuant to the Timely Disclosure Rule of the Tokyo Stock Exchange, our information disclosure standards require the disclosure of information relevant to our operations, scope of business, and assets that could significantly affect investment judgments, as well as any changes or suspension of important corporate information that has already been published. Our policy is to disclose such information proactively and fairly. We will also disclose corporate information that could significantly influence investment judgments even if the Timely Disclosure Rule does not apply, as accurately, promptly and appropriately as possible.

Website for shareholders and investors
<http://www.ibiden.com/ir/index.html>



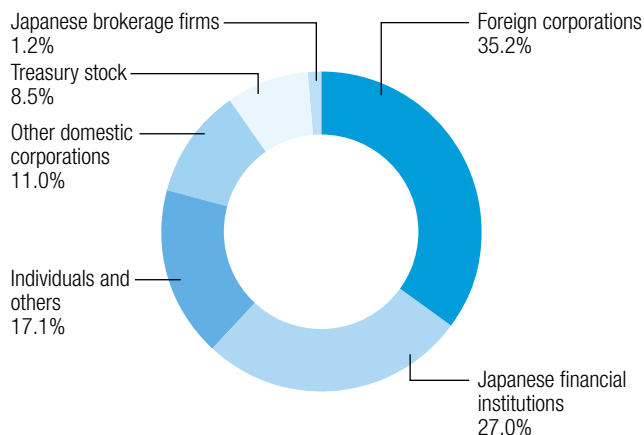
Top page of IR website

Principal Shareholders

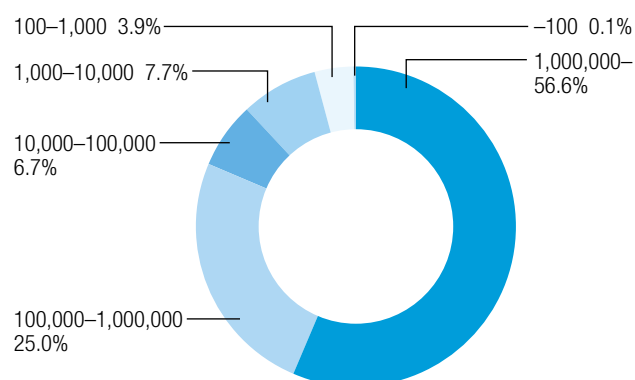
Name of Shareholder	Number of Shares (thousands)	Percentage
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,361	4.61
Toyota Industries Corporation	6,221	4.51
Japan Trustee Services Bank, Ltd. (Trust Account)	5,712	4.14
OM 04 SSB Client Omnibus	5,137	3.72
The Juroku Bank, Ltd.	4,130	2.99
The Ogaki Kyoritsu Bank, Ltd.	4,120	2.98
IBIDEN Business Partners' Shareholding Association	3,051	2.21
Mitsui Life Insurance Co., Ltd.	2,541	1.84
IBIDEN Employees' Shareholding Association	2,478	1.79
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	2,340	1.69

Note: The Company holds 12,775,618 shares of treasury stock, which is excluded from the major shareholders listed above.

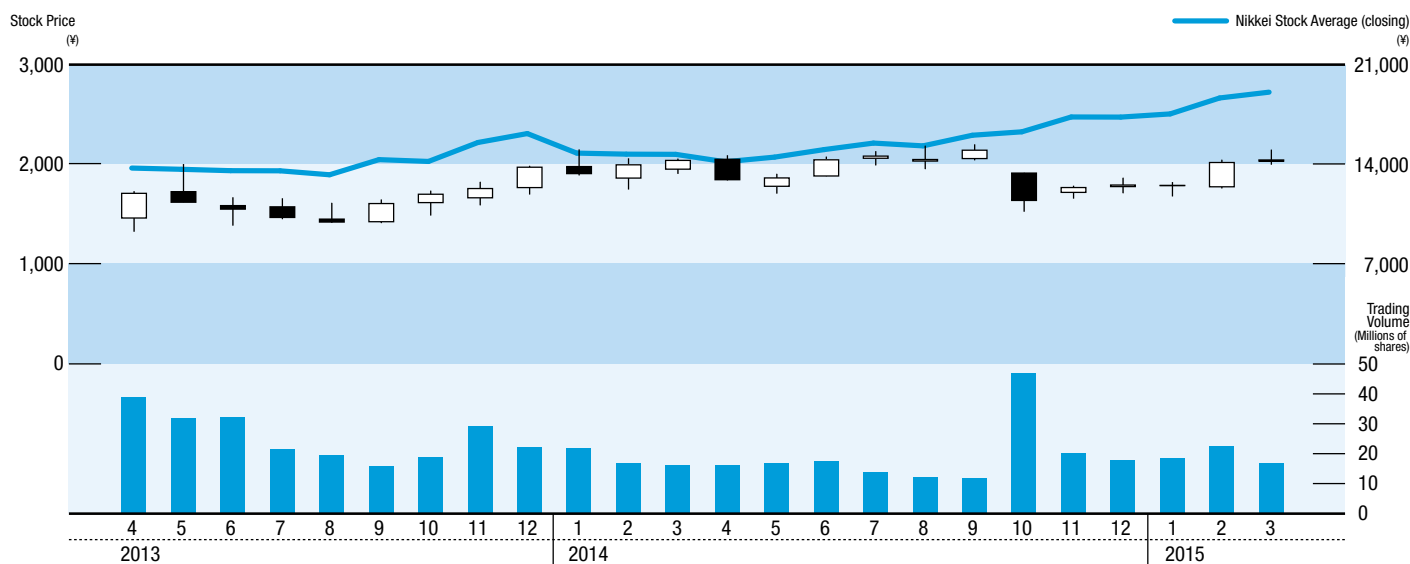
Breakdown by Type of Shareholder



Breakdown by Size of Holding



Stock Price Range and Trading Volume (Common Stock)



IBIDEN Co.,Ltd.

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