



**Toyo Seikan Group Holdings, Ltd.**

**Investor's Guide**

**2013**

For the year ended March 31, 2013

## Profile

The Toyo Seikan Group is a comprehensive manufacturer of packaging containers, which comprises Toyo Seikan Group Holdings, Ltd. (the “Company”), 78 subsidiaries (68 consolidated and 10 non-consolidated) and 9 affiliated companies. Its major business operations consist of “Packaging business” which involves the manufacturing and sales of containers using metals, plastics, glass and paper as the main raw materials and the contract manufacturing and sales of aerosol and general filling products; “Steel plate related business” which involves the manufacturing and sales of steel plates and related steel-plate-processed products; and “Functional materials related business” which involves the manufacturing and sales of functional materials such as aluminum substrates for magnetic disks, functional films for optics, glazes, micro-element fertilizers, pigments and gel coats. The Group also engages in the manufacturing and sales of hard alloys, machinery and appliances, and raw material products for agriculture, sales of petroleum products, non-life insurance agency business and real estate management.

## History

Month / Year	Major Events
Jun. 1917	Toyo Seikan founded and its head office and Osaka Plant established
Mar. 1919	Automatic can making machine was installed and started operations
Sep. 1920	Tokyo Plant established
Sep. 1933	Tobata Plant established
Apr. 1934	Toyo Kohan Co., Ltd. founded for manufacturing steel sheets
Jul. 1935	Toyo Seikan was listed on the Osaka Securities Exchange
Feb. 1937	Shimizu Plant established
Jul. 1941	7 can manufacturers merged at the government’s request to form Toyo Seikan Kaisha, Ltd. (the current Toyo Seikan Group Holdings, Ltd.)
Feb. 1943	Tokan Chemical Industry Co., Ltd. (current Tokan Kogyo Co., Ltd.) founded
Jun. 1944	Head office was relocated to Chiyoda-ku, Tokyo
May 1949	Toyo Seikan was listed on the Tokyo Stock Exchange Toyo Kohan Co., Ltd. was listed on the Tokyo Stock Exchange and the Osaka Securities Exchange
Apr. 1950	Tokan Chemical Industry Co., Ltd. changed its name to Tokan Kogyo Co., Ltd.
Jan. 1953	Shimada Glass Co., Ltd. (current Toyo Glass Co., Ltd.) joined the Toyo Seikan Group
Oct. 1954	Shimada Glass Co., Ltd. changed its name to Toyo Glass Co., Ltd.
Jun. 1958	Sendai Plant established
Apr. 1960	Ibaraki Plant established
Aug. 1961	Yokohama Plant established
Apr. 1967	Kawasaki Plant established
Jul. 1967	Toyo Glass Co., Ltd. changed its Japanese name (the word “Glass” was spelled in katakana but English name unchanged)
Apr. 1971	Saitama Plant and Takatsuki Plant established
Oct. 1972	Chitose Plant established
Apr. 1973	Hiroshima Plant established
May 1974	Osaka Plant relocated to Izumisano City
Sep. 1974	Kiyama Plant established
Apr. 1977	Ishioka Plant established
Apr. 1979	Kuki Plant established
Oct. 1980	New head office building (Saiwai Building) completed
Jan. 1983	Sendai Plant relocated from Saiwai-cho, Miyagino-ku, Sendai City to Minato, Miyagino-ku, Sendai City
Apr. 1993	Toyohashi Plant established
Jan. 2000	Shizuoka Plant established
Mar. 2000	Tokyo Plant closed and integrated into Yokohama Plant
Apr. 2003	Tobata Plant integrated into Kiyama Plant
Oct. 2009	Shiga Plant established
Aug. 2010	Takatsuki Plant integrated into Shiga Plant
Oct. 2010	Shimizu Plant integrated into Shizuoka Plant
Dec. 2011	New head office building (Osaki Forest Building) completed
Jan. 2012	Head office was relocated to Shinagawa-ku, Tokyo
Apr. 2013	Transferred to a holding company structure and company name changed to Toyo Seikan Group Holdings, Ltd.

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***Forward-Looking Statements:***

Statements made in this Investor's Guide with respect to the Company's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of the Company. Forward-looking statements include, but are not limited to, those statements using such words as "believe", "expect", "plans", "strategy", "prospects", "forecast", "estimate", "project", "anticipate", "aim", "may" or "might" and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. The Company cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore the reader should not place undue reliance on them. The reader also should not oblige the Company to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Company disclaims any such obligation. Risks and uncertainties that might affect the Company include, but are not limited to, (1) Fluctuations in economic conditions, (2) Change in prices of raw materials and energy, (3) Intensification of price competition, (4) Weather and natural disasters, (5) Research and development, (6) Merger and acquisitions, (7) Investment in plant and equipment, (8) Customer complaints about quality, (9) Environmental issues, (10) Compliance, (11) Country risk, (12) Customer credit risk, (13) Information security, (14) Training and development of human resources, (15) Retirement benefits liability, (16) Deferred tax assets, (17) Accounting for asset impairment, (18) Change in accounting standard and tax system, etc., (19) Hostile takeover, (20) Fluctuation in the value of assets, (21) Risk of litigation. Risks and uncertainties also include the impact of any future events with materially adverse impacts.

# Consolidated Financial Highlights

(For the years ended March 31, 2012 and 2013)

## 1. Consolidated Performance

	2012	2013	2013 / 2012	2013
	(millions of yen)		(percentage change)	(thousands of U.S. dollars)
<b>(1) Consolidated financial results:</b>				
Net sales	¥702,840	¥728,667	3.7%	\$7,747,656
Operating income	15,083	15,499	2.8%	164,795
Ordinary income	18,612	22,872	22.9%	243,190
Net income	(3,213)	11,232	—	119,426
Net income per share (yen)	(15.93)	55.54		
Net income per share (diluted) (yen)	—	—		
Return on equity (ROE)	-0.6%	2.0%		
Return on assets (ROA)	2.0%	2.3%		
Operating income to net sales	2.1%	2.1%		
<b>(2) Consolidated financial condition:</b>				
Total assets	962,108	991,071		10,537,703
Net assets	609,804	634,941		6,751,100
Equity ratio	56.9%	57.7%		
Net assets per share (yen)	2,715.83	2,816.83		
<b>(3) Consolidated cash flows:</b>				
Cash flows from operating activities	23,503	60,454		642,786
Cash flows from investing activities	(117,773)	(63,441)		(674,545)
Cash flows from financing activities	71,939	(3,717)		(39,522)
Cash and cash equivalents at end of the year	¥126,277	¥121,063		\$1,287,220

## 2. Dividends

	Dividends per share					Total dividends	Payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	Q1	Q2	Q3	Q4	Year			
	(yen)					(millions of yen)	(%)	(%)
2012	—	¥5.00	—	¥5.00	¥10.00	¥2,016	—	0.4%
2013	—	5.00	—	7.00	12.00	2,428	21.6%	0.4%
2014 (Forecast)	—	7.00	—	7.00	14.00		20.3%	

Notes:

1. U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 94.05 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on March 29, 2013.
2. Return on equity (ROE) = Net income / Average shareholders' equity
3. Return on assets (ROA) = Ordinary income / Average total assets

## Non-consolidated Financial Highlights

(For the years ended March 31, 2012 and 2013)

### Non-consolidated Performance

	2012	2013	2013 / 2012	2013
	(millions of yen)		(percentage change)	(thousands of U.S. dollars)
<b>(1) Non-consolidated business results:</b>				
Net sales	¥325,137	¥314,186	-3.4%	\$3,340,627
Operating income	989	3,724	276.3%	39,596
Ordinary income	6,240	15,980	156.1%	169,910
Net income	(6,240)	7,996	—	85,019
Net income per share (yen)	(30.94)	39.54		
Net income per share (diluted) (yen)	—	—		
<b>(2) Non-consolidated financial condition:</b>				
Total assets	541,469	572,303		6,085,093
Net assets	360,881	381,687		\$4,058,341
Equity ratio	66.6	66.7		
Net assets per share (yen)	¥1,789.32	¥1,881.46		

Note:

U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 94.05 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on March 29, 2013.

## Message from the President



**Shunji Kaneko**  
President

### **Career Summary**

- Apr. 1971 Joined the Company
- Jun. 1995 General Manager, Operations Engineering Department,  
Technical Headquarters
- Feb. 1999 Plant Manager, Chitose Plant
- Jun. 2000 Director
- Jun. 2002 Head of Technical Headquarters
- Jun. 2003 Executive Director  
Head of Production & Operations Division
- Jun. 2005 Executive Vice President and Director  
In charge of Corporate Planning/Corporate  
Administration/Production & Operations/Technology &  
Packaging Development Division
- Jun. 2006 Executive Vice President and Representative Director
- Jun. 2007 Chairman of Integrated Risk Management Committee
- Jun. 2009 President and Representative Director (to present)
- Apr. 2013 Chairman of CSR Promotion Committee (to present)

Since the establishment of the company in 1917, the Toyo Seikan Group has been striving to offer high quality and highly functional products in a “safe, affordable and speedy” manner by leveraging the properties of materials such as metals, plastics, paper and glass.

The Company has transitioned to a holding company system as of April 1, 2013 to flexibly respond to the changing business environment surrounding the Group and to strengthen its competitiveness aimed at sustainable growth. Its trade name has been changed to Toyo Seikan Group Holdings, Ltd.

As the holding company, the Company intends to promote flexible and efficient business operations by clearly defining the Group’s overall management strategy and goals as well as utilizing and optimally allocating the Group’s management resources.

The Group has a significant social mission and responsibility of “contributing to the happiness and prosperity of mankind through packaging technology”.

With “people” and “technology” as our core management values, we will achieve our mission through group synergies by facilitating Group-wide collaboration. Furthermore, we will maximize corporate value by promoting the “profitability of existing businesses”, “overseas operations” and “new businesses”.

We look forward to the continued support and encouragement of all our stakeholders.

June 2013  
Shunji Kaneko  
President

# Management's Discussion and Analysis of Financial Condition and Results of Operations

## 1. Business Overview of the Group

### (1) Progress and Results of Operations

In the consolidated fiscal year ended March 31, 2013, Japan's economy continued to face uncertainty with an employment and income environment that remained severe, the debt issue in Europe and lingering yen appreciation. However, around the end of the fiscal year, several signs of an economic upturn were seen including a shift to yen depreciation and a recovery of stock prices, reflecting people's expectations of economic and financial policies resulting from the change of the Japanese government. Given such circumstances, the Toyo Seikan Group's operating performance for the fiscal year under review was as described below. Net sales increased to 728,667 million yen (a year-on-year increase of 3.7%), partly due to growth in sales at Stolle Machinery Company, LLC, which the Group acquired in November 2011, supported by globally firm demand for 2-piece can manufacturing equipment despite a decline in sales of beverage containers, for which demand fell following an unusual uptick in the previous fiscal year in the aftermath of the earthquake disaster. On the profit front, operating income increased to 15,499 million yen (a year-on-year increase of 2.8%) and ordinary income improved to 22,872 million yen (a year-on-year increase of 22.9%) mainly due to the reporting of foreign exchange gains related to foreign-currency-denominated loans receivable to foreign subsidiaries in the fourth quarter. Consequently, the Group's net income amounted to 11,232 million yen for the fiscal year under review (compared with a net loss of 3,213 million yen for the previous fiscal year) despite the reporting of an impairment loss. This turnaround was mainly attributable to the posting of insurance income, which was paid to compensate for damages from the flooding in Thailand that had occurred in October 2011, and decreases in extraordinary loss including the loss on disaster and tax expenses, both of which were lower than the corresponding account items in the previous fiscal year, in addition to the increase in ordinary income.

The overall business situation for each segment was as follows:

#### [Packaging business]

Segment net sales increased 4.3% from last year to 636,063 million yen, and operating income was 11,235 million yen, a 13.5% increase compared with the previous fiscal year.

#### 1) Manufacture and sales of cans for food and beverages and other metal packaging

Sales of beverage cans decreased year on year.

Sales of containers for soft drinks decreased. In this category, sales of cans for non-alcoholic beer increased and new orders were obtained for carbonated beverages. However, cans for coffee, the main product in this category, performed weak domestically and sales at Next Can Innovation Co., Ltd. in Thailand decreased as its customers were still recovering from the flooding two years ago.

Sales of alcohol beverage containers advanced, supported by factors such as favorable sales of containers for beer at Bangkok Can Manufacturing Co., Ltd., in Thailand, the yen depreciation and the restored production system at the Sendai Plant of the Company, which had suffered damage from the tsunami caused by the earthquake.

Sales of containers for foods and livingware decreased from the previous fiscal year. This decline was attributable to significant drops in sales of cans for in-car secondary battery materials and pesticides, which were partly offset by a considerable sales increase of containers for marine foods due to the restored production system at the Company's Sendai Plant.

Sales of metal closures increased from the previous fiscal year, supported by an increase in sales of products for whisky at Crown Seal Public Co., Ltd., in Thailand and the yen depreciation, as well as exports of "Maxi caps" for beer and favorable sales of products for soft drinks in Japan.

## **2) Manufacture and sales of plastic packaging**

Sales of PET beverage bottles decreased from the previous fiscal year.

Sales of large-volume bottles (more than 500 ml) decreased considerably mainly due to a drop in demand for bottles for health drinks, for which demand increased in the previous fiscal year in the aftermath of the earthquake disaster. Sales of small-volume bottles (less than 500 ml) decreased because sales of bottles for teas were affected by the fall in demand following an unusual uptick in the previous fiscal year in the aftermath of the earthquake disaster and Toyo Pack International Co., Ltd.'s plant in Thailand was damaged from the flooding two years ago, although sales of bottles for carbonated beverages were favorable due to new orders for bottles for soft drinks in the specified health food application.

Sales of plastic non-beverage bottles increased from the previous fiscal year. The increase was attributable primarily to a temporary increase in the domestic production of special containers for a colon cancer test agent to replace the decline in inventory that was caused by damage at Well Pack Innovation Co., Ltd.'s plant in Thailand due to the flooding and the sales increase of bottle products for sauces despite sales decline of products for edible oils and laundry detergent.

Sales in the plastic film category remained flat year on year with favorable sales of refill containers for laundry detergent and growth in sales for sanitary goods at Malaysia Packaging Industry Berhad in Malaysia, which were offset by a decrease in sales of containers for cooked rice and medical foods, for which demand in the previous fiscal year increased in the aftermath of the earthquake disaster.

Sales in the plastic cap category increased from the previous fiscal year mainly due to new orders for products for soft drinks in the specified health food application and favorable sales of products for yogurt.

In addition, sales of plastic cups for beverages in the fast food application increased.

## **3) Manufacture and sales of glass packaging**

Sales of glass bottle products increased from the previous fiscal year, reflecting increased sales of bottles for refined sake (seishu) and whisky and new orders for bottles for medicinal drinks, which were partly offset by decreased sales of glass bottle products for soft drinks.

Sales in the housewares category decreased considerably from the previous fiscal year due to a decline in exports of platewares to the Middle East and sluggish demand for sales promotion items such as whisky and soda (highball) mugs.

## **4) Manufacture and sales of paper products**

Sales of paper cups increased from the previous fiscal year due to the growth in sales of paper cups for beverages mainly used at convenience stores and for products for yogurt and frozen desserts.

Sales of printed paper container products decreased from the previous fiscal year, reflecting decreases in sales of JAK-ET-PAK for medicinal drinks and beer.

Sales of corrugated paper products decreased from the previous fiscal year, mainly due to sluggish sales of paper packaging for sheets and beer, which were partly offset by the growth in sales of paper products for yogurt.

## **5) Contract manufacture and sales of aerosol products and general filling products**

Sales of aerosol products increased from the previous fiscal year, reflecting new orders at Toyo Filling International Co., Ltd., in Thailand and an increase in sales in Japan for deodorants, as well as new orders for hair growth agents despite a decline in sales of hair care products.

Sales in the field of general filling product increased from the previous fiscal year due to new orders for hair care products and cosmetics, as well as favorable sales of bath agents, despite a decline in sales of deodorants.

**[Steel plate related business]**

Segment net sales decreased 1.8% from the previous fiscal year to 49,033 million yen with operating income of 928 million yen (a year-on-year decrease of 43.4%).

Sales of materials for electrical and electronic components decreased from the previous fiscal year, mainly due to a decrease in sales for alkali dry-cell batteries, which was partly offset by an increase in sales of battery materials due to an increase in demand for nickel-hydrogen batteries used in hybrid cars.

Sales of material for automobile and industrial machinery parts decreased from the previous fiscal year mainly due to sluggish demand for bearing materials despite an increase in sales for automobile parts materials.

Sales of construction materials and household electronic appliances remained flat year on year, reflecting increases in sales of interior materials for unit baths and exterior materials for architectural structures such as residences and buildings despite a decline in sales of materials for refrigerator doors.

**[Functional materials related business]**

Segment net sales increased 1.1% from the previous fiscal year to 28,650 million yen with operating income of 2,170 million yen (a year-on-year decrease of 12.9%).

Sales of aluminum substrates for magnetic disks were flat year on year.

Sales of functional films for optics increased from the previous fiscal year due to steady sales of films for flat panel displays.

Meanwhile, exports of pigments increased while demand for frits such as glost was sluggish.

**[Other businesses]**

This segment includes 1) the manufacturing and sales of hard alloys, machinery and appliances, and raw material products for agriculture; 2) sales of petroleum products; 3) the non-life insurance agency business; and 4) real estate management. Net sales increased 0.3% from the previous fiscal year to 14,920 million yen with a 4.6% decline in operating income to 881 million yen over the same period.

## **2. Analysis of Financial Position and Operating Results**

### **(1) Analysis of financial position**

Total assets at the end of the consolidated fiscal year under review (hereinafter “current fiscal year”) increased 28,962 million yen to 991,071 million yen from the end of the previous consolidated fiscal year (hereinafter “previous fiscal year”). The increase was mainly attributable to an increase in investment securities following a rise in the fair market values of listed securities held by the Group and an increase in the currency translation from foreign exchange fluctuations.

Net assets increased to 634,941 million yen, up 25,136 million yen, reflecting such factors as an increase in retained earnings following the posting of net income for the current fiscal year and an increase in valuation difference on available-for-sale securities due to a rise in the fair market values in the stock market.

### **(2) Analysis of operating results**

Although sales of beverage containers decreased as a reaction to rising demand during the previous fiscal year due to the impact of the Great East Japan Earthquake, the Toyo Seikan Group’s net sales increased 25,826 million yen to 728,667 million yen, reflecting steady performance of overseas subsidiaries including Stolle Machinery Company, LLC, which was acquired in the previous fiscal year.

While a year-on-year increase in cost of sales was held to 18,974 million yen, gross profit increased 6,851 million yen to 95,657 million yen, which was primarily attributable to the growth in sales at overseas subsidiaries and the Group’s efforts to reduce cost of sales such as enhancing productivity and reducing costs.

Operating income increased 416 million yen to 15,499 million yen, which was mainly due to an increase in selling, general and administrative expenses of 6,435 million yen, including the amortization of goodwill associated with the acquisition of Stolle Machinery Company, LLC, in the previous fiscal year. As a result, the operating margin was 2.1%.

The net amount derived by deducting non-operating expenses from non-operating income increased 3,842 million yen from the previous fiscal year to 7,372 million yen. Non-operating income for the current fiscal year improved considerably due to the posting of substantial foreign exchange gains related to foreign currency denominated monetary assets and liabilities and increased profit from rental office buildings.

As a result, ordinary income totaled 22,872 million yen, up 4,259 million yen from the previous fiscal year, with an ordinary margin of 3.1%.

The following items were mainly posted as extraordinary income in the current fiscal year: a gain on transfer of benefit obligation relating to the employees’ pension fund of 1,733 million yen at one domestic consolidated subsidiary, insurance income of 2,714 million yen in association with the flooding in Thailand and a gain on bargain purchase of 1,351 million yen in association with purchase of investment in subsidiaries. Meanwhile, the Group also posted extraordinary losses consisting primarily of a loss on disaster of 2,285 million yen following the Great East Japan Earthquake and flooding in Thailand, an impairment loss of 4,898 million yen and a loss on revision of retirement benefit plan of 912 million yen at one domestic consolidated subsidiary.

Income before income taxes increased 7,905 million yen from the previous fiscal year to 19,954 million yen, mainly due to a decrease in loss on disaster from the previous fiscal year, the posting of extraordinary income of 6,867 million yen including insurance income and the improvement of ordinary income partly due to the posting of foreign exchange gains despite the posting of extraordinary loss of 9,785 million yen including an impairment loss.

Tax expenses, which are the total amount of income taxes—current and income taxes—deferred, amounted to 7,519 million yen, down 5,429 million yen from the previous fiscal year. The primary factors were a reversal of deferred tax assets following a change in income tax rates in the previous fiscal year and a decrease in income taxes—deferred (loss) following the resolution of deductible temporary differences.

As a consequence, income before minority interests was 12,435 million yen, and the Group’s net income less minority interests in income was 11,232 million yen (compared with a net loss of 3,213 million yen for the previous fiscal year) in the current fiscal year, resulting in the net income margin of 1.5%.

### **(3) Cash flow**

Cash and cash equivalents (hereinafter “cash”) on a consolidated basis decreased 5,213 million yen (a year-on-year decrease of 4.1%) to 121,063 million yen at the end of the consolidated fiscal year under review.

#### **1) Cash flows from operating activities**

Net cash provided by operating activities for the current fiscal year was 60,454 million yen (a year-on-year increase of 157.2%). This increase was attributable to such factors as income before income taxes and minority interests of 19,954 million yen, depreciation of 50,617 million yen, a decrease in cash of 3,451 million yen due to an increase in inventories and income taxes paid of 6,742 million yen.

#### **2) Cash flows from investing activities**

Net cash used in investing activities was 63,441 million yen (a year-on-year decrease of 46.1%). This decrease was mainly attributable to purchases of property, plant and equipment of 64,055 million yen for the purpose of capital investment in the Packaging business.

#### **3) Cash flows from financing activities**

Net cash used in financing activities was 3,717 million yen (compared with the net cash provided of 71,939 million yen for the previous fiscal year). This decrease was primarily attributable to dividend payments of 2,016 million yen.

### **(4) Information concerning capital resources and liquidity of funds**

#### **1) Major financing needs**

The Toyo Seikan Group has financing needs mainly for raw material costs for manufacturing activities, labor costs, overhead expenses, operating expenses including selling, general and administrative expenses, as well as for investments related to the installation of new equipment, repairs, and development of overseas businesses for the Group.

#### **2) Financial policy**

To improve our corporate value in a challenging business environment, the Toyo Seikan Group expects financing needs for investments in new facilities and business, and development of overseas business aimed at achieving further growth.

The Group uses cash flows from operating activities, other funds on hand, and procurement of external funds including loans and bonds to cover such needs. To address any unexpected demand for funds that may cause liquidity risk, we have established a line of credit to provide for the prompt and reliable procurement of funds as needed.

Although it is our policy to keep the amount of capital investment for the Group’s existing businesses within amortization and depreciation costs, we may consider additional investments if we judge necessary to improve our cost competitiveness relative to peers and enhance the corporate value through differentiation. To find and develop new sources of revenue and improve the Group’s corporate value, we will positively consider investing in new businesses and developing businesses overseas, through M&A, with due consideration given to risk.

In general, working capital on hand is deposited in banks and part of non-working capital is diversified into bonds and long-term deposits to achieve higher returns within a permissible range of risk, but with security of funds always at the forefront.

Please refer to “Dividend Policy” for details of the Group’s dividend policy.

## Mid-Term Business Plan

The business environment surrounding the Toyo Seikan Group continues to be challenging, with the shrinking domestic market due to the dwindling birthrate and aging population, intensifying competition with other container manufacturers, expansion for self-produced PET bottles by customers and concerns over surging raw material and energy prices.

Under such a business environment, the Group made a transition to a holding company structure as of April 1, 2013, to flexibly respond to changes in the business environment and strengthen its competitiveness to ensure sustainable growth. In May 2013 the “Toyo Seikan Third Mid-Term Business Plan” was launched covering the three-year period from FY2014 through FY2016. With the implementation of this new business plan, the Group aims to pursue higher corporate value by accelerating further collaboration within the Group to improve the profitability of existing businesses and to proactively promote strategic investments in overseas and new businesses with high growth potential.

“Toyo Seikan Third Mid-Term Business Plan” is the basic policy for the group based on the following three aims under the Group’s vision of CSR management: “To contribute to bringing happiness and prosperity to mankind through our sincere and fair business activities”.

First, we will promote sustainable profit growth through restructuring the existing business. While the domestic market for overall packaging containers is not expected to grow, we will work to propose high-value-added products to increase the sales of our core Packaging business. We will reasonably pass on any rise in raw material costs to customers through product price increases. We will also strive to reduce costs by reorganizing our production system and promoting overseas/intra-group joint procurement of raw materials and other items, as part of structural reforms. In addition, we will continue to enhance the cohesion of the Group in terms of production and profitability by streamlining and integrating overlapping operations within the Group.

Second, we will maintain the stable profitability of existing overseas subsidiaries through their growth and expansion, and develop business models with competitive advantages. The Group has developed ongoing overseas businesses from medium-and-long term perspectives. In particular, we will build a supply system for high-quality containers by establishing several production bases in the ASEAN countries and China, where demand is expected to grow, in order to respond to the various needs of domestic and overseas corporate customers. Well Pack Innovation Co., Ltd., Toyo Pack International Co., Ltd., and Toyo Seikan Technical & Administration Service Center (Asia) Co., Ltd., all of which were damaged by the flooding in Thailand that occurred in October 2011, continued to restore from the disaster with early reconstruction toward business continuity in the Rojana Industrial Park while resuming production sequentially. These three companies were merged in May 2013 for the purpose of consolidating common functions and efficiently utilizing management resources, and Toyo Seikan (Thailand) Co., Ltd., was established as a new subsidiary.

Third, we will create new, next-generation core businesses under the Group’s new development structure.

More specifically, we will expand into new business fields such as “life science & medical care” and “electricity/electronics, information and communication and energy”, in addition to our conventional business areas such as the Packaging business. The Group will achieve this goal by actively promoting new product development and collaboration among various development divisions at each Group company.

Although the operating environment surrounding the Group is expected to become harsher, we aim to achieve further growth by steadily implementing various measures under the “Toyo Seikan Third Mid-Term Business Plan”.

## Dividend Policy

By improving business performance of the Toyo Seikan Group, the Company has been continuing its efforts to steadily increase returns to shareholders and share profits.

The Company's policy on returns to shareholders, or distribution of earnings to shareholders is as follows:

- a. The Company basically pays dividends to its shareholders in a stable and sustainable manner, based on a consolidated payout ratio of 20% or higher.
- b. The Company shall apply retained earnings, in a positive and flexible manner to growing areas such as overseas business and new business from the long- and medium-term perspectives.
- c. The Company will flexibly purchase treasury stock in response to stock market conditions and financial circumstances.

The Company paid a year-end dividend of 7 yen for the current fiscal year. As a result, the Company's total annual dividend for the fiscal year is 12 yen per share, including the interim dividend already paid out.

The Company intends to pay out an annual dividend of 14 yen per share for the fiscal year ending March 31, 2014.

Resolution date	Total dividend amount (millions of yen)	Dividend per share (yen)
Board of Directors Meeting on October 31, 2012	1,008	5.00
Ordinary General Meeting of Shareholders on June 26, 2013	1,420	7.00

## Risk Factors

The following are risk factors that may adversely affect the business performance, financial position and management of the Toyo Seikan Group.

There are also other risks that are inherent in the operations of the Toyo Seikan Group. Those risks mentioned in this document are risks in the future that have been identified by the Group as of the end of the current consolidated fiscal year under review.

### **(1) Fluctuations in economic conditions**

There is concern that the global and domestic economies could contract or stagnate, leading to sluggish consumer spending and exchange fluctuations, which may adversely affect sales and profit.

### **(2) Change in prices of raw materials and energy**

Fluctuations in the prices of raw materials such as steel, aluminum, plastics, paper and glass, primarily used in products manufactured and sold by the Toyo Seikan Group, and in energy costs could impact the business performance and profitability of the Toyo Seikan Group.

Although the Toyo Seikan Group will pass on higher raw material costs, when applicable, to customers in the form of higher product prices, the profitability of the Group may be adversely affected depending on the extent of price increases as well as the Group's ability to share costs.

### **(3) Intense price competition**

With continued price competition with competitors in the packaging container market where the Toyo Seikan Group operates, and with an increasing number of corporate customers internally manufacturing their containers, pressure on prices may not only weaken our bargaining power but also increase downward pressure.

### **(4) Weather and natural disasters**

Weather during the critical demand period can have a significant effect on the business performance given the nature of the Group's mainstay beverage containers operations. For example, unpredictable weather conditions such as a cool summer or an extended rainy season during a peak demand period in the first half of the year, or unforeseen natural disasters can dampen demand, and may have a significant impact on the business performance and financial position of the Group.

A large-scale natural disaster, such as an earthquake or typhoon, causing serious damage to the production facilities of the Toyo Seikan Group, would unfavorably affect the Group's business performance and financial position.

### **(5) Research and development**

To remain at the forefront of technology, it is essential for the Toyo Seikan Group to make continuous and effective investments in R&D activities. However, such outcome is uncertain and higher R&D investments will not guarantee desired results. Specifically, the Group's future growth and profitability may be affected unless a projected return is generated from the investments in new products or technologies.

### **(6) Merger and acquisitions/capital participation**

The Toyo Seikan Group proactively seeks opportunities for merger and acquisitions and capital participation with an eye to strengthening its operating base and expanding business. However, the Group's business performance and profitability may be adversely affected unless expected results could be achieved.

**(7) Investment in plant and equipment**

The Toyo Seikan Group continues to make proactive and effective capital investments in manufacturing, sales and R&D to further improve its corporate value. In the event such investments may not yield the anticipated results, it may become difficult to formulate the Group's future strategy and may lead to lower profitability.

**(8) Customer complaints about quality**

Although the Toyo Seikan Group manufactures and sells a diversity of products based on strict quality controls, there is no guarantee that all products will be totally free of defects, not cause customer complaints, or not give rise to the possibility of product liability. Such an unexpected large-scale quality or product liability issue could result in excessive expenditures, in addition to damaging the credit or reputation of the Toyo Seikan Group.

**(9) Environmental issues**

The Toyo Seikan Group has taken initiatives to reduce the impact that manufacturing processes have on the environment at an increase in costs; yet there is a possibility that Toyo Seikan Group's business activities could cause an unexpected environmental issue at immense cost as well as damage to the credit and reputation of the Group.

**(10) Compliance**

With growing emphasis on corporate social responsibility in recent years, companies are required to ensure that all business activities are undertaken in full compliance with rules and regulations and improve business performance through an effective and appropriate use of management resources while avoiding management risks.

To achieve this goal, the Toyo Seikan Group recognizes the enhancement of compliance system as a key management issue, and has focused the Group's efforts toward this. Despite these efforts, it is possible that management may not completely address all possible risks in which case, corporate social responsibility could be brought into question with subsequent damage to the credit and reputation of the Group.

**(11) Country risk**

As the Toyo Seikan Group continues to expand its business overseas, especially in Asia, we face risks such as terrorism, political upheaval, fluctuation in economic conditions and exchange rates or unexpected changes in laws and regulations that could affect the business performance of the Group.

**(12) Customer credit risk**

In any probable risk of default by a corporate customer due to its uncertain credibility, the Group would write off unanticipated bad debt or set aside additional reserves which may affect the business performance and financial position of the Group.

**(13) Information security**

The Toyo Seikan Group has implemented various measures to protect personal information and information obtained in the course of business, however, due to unforeseen circumstances we cannot completely guarantee that such information would not be leaked. In such event, the reputation of the Group could be impaired and its business performance, among others, could be adversely affected.

**(14) Training and development of human resources**

The future continuous growth and development of the Toyo Seikan Group hinges on the availability of capable and talented managers so it is essential that we hire and develop such personnel. Unless we can hire, retain and develop qualified personnel, the future growth of the Toyo Seikan Group may be adversely affected.

**(15) Retirement benefits liability**

Retirement benefit costs and liabilities of the Group employees are calculated based on actuarial assumptions such as discount rates, and expected return on pension assets. In the event the actual results differ from these assumptions or the assumptions could change, the future costs or liabilities may be affected. If long-term interest rates are lower than expected or pension assets do not yield the expected return, the business performance and profitability of the Toyo Seikan Group may be adversely affected.

**(16) Deferred tax assets**

The Toyo Seikan Group records deferred tax assets for deductible temporary differences. Deferred tax assets are recorded in consideration of collectability based on projected future taxable income, etc. However, in the event the actual taxable income differs from the projection and deferred tax assets should be amended, the business performance and financial position of the Group may be adversely affected.

**(17) Impairment accounting**

In case of recognizing loss on the Group's non-current assets due to lower operating capacity or profitability, a corresponding impairment loss would be written off, and may adversely affect the business performance, financial position and management of the Toyo Seikan Group.

**(18) Change in accounting standards and tax system, etc.**

The Japanese accounting standard was amended several times to comply with international standards, and we expect this trend to continue. In addition, discussions are under way toward applying International Financial Reporting Standards (IFRS) in Japan. Given such circumstances, future changes in accounting standards could affect the operating results, financial position and business conduct of the Toyo Seikan Group. Any amendment of tax systems and other similar standards could also affect the Group in a similar way.

**(19) Hostile takeover**

Since the Company is publicly listed, there is a possibility that a bidder could attempt a takeover bid or acquire a large quantity of shares on the market. In the event of a hostile takeover that may impair the corporate value and common interest of shareholders, the business performance, financial position and management of the Toyo Seikan Group may be adversely affected.

**(20) Fluctuation in the value of assets**

The value of assets such as land and marketable securities could change, which may adversely affect the business performance and financial position of the Toyo Seikan Group.

**(21) Litigation risk**

The Group faces a risk of being sued in the course of doing business in Japan and overseas. In case of becoming the target of major litigation, the business performance and financial position of the Toyo Seikan Group may be adversely affected.

## Corporate Governance

### (1) Corporate Governance

Our fundamental philosophy since establishment has been to make positive contributions to the community through our business activities, and to continue our development and progress toward increasing our corporate value. It is therefore a management priority to enhance the corporate governance.

#### 1) Corporate Governance System

##### (a) Overview of corporate governance system

The Company has adopted a Board of Corporate Auditors system, and each Corporate Auditor supervises the business duties executed by the Directors and oversees the Company's management.

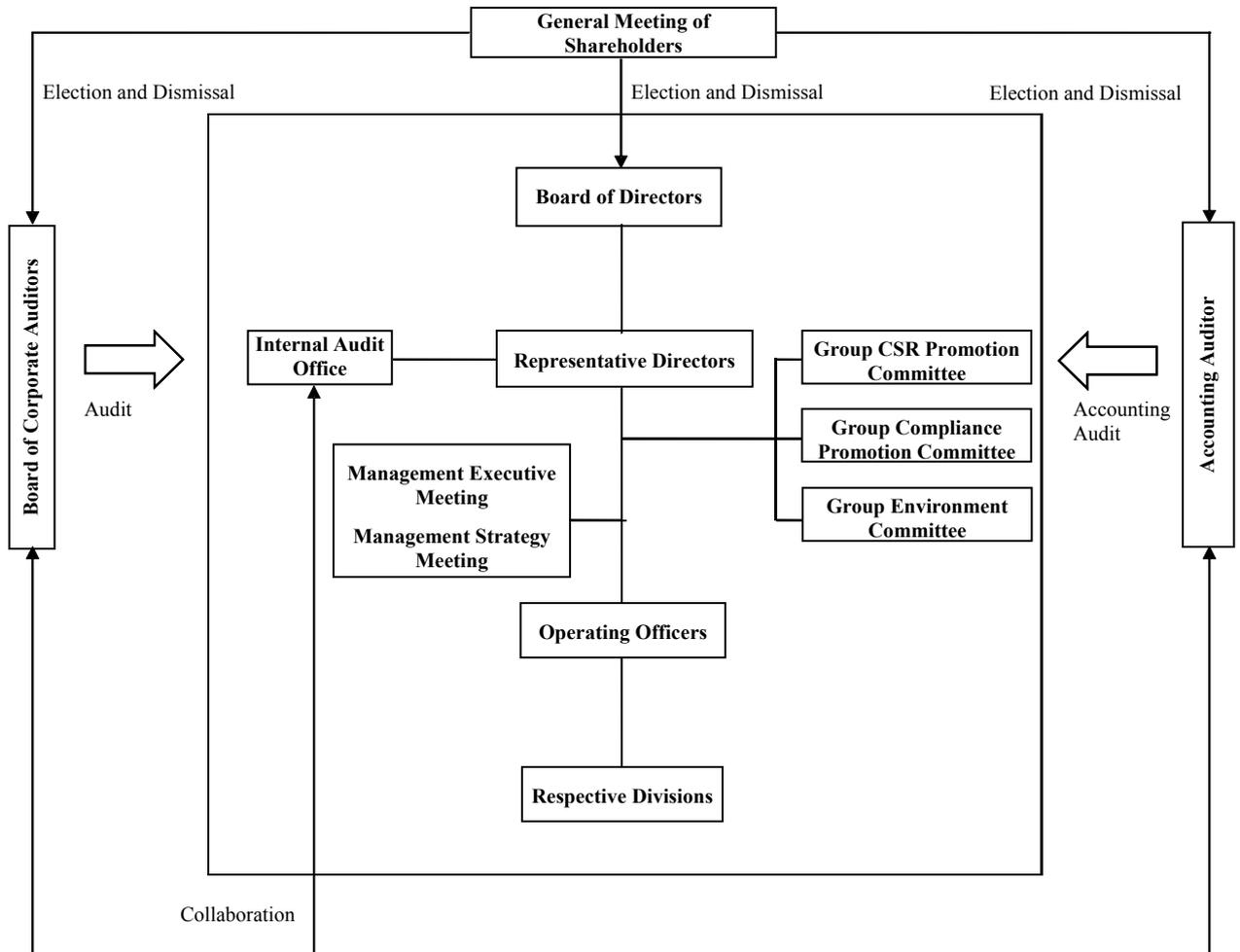
As of June 26, 2013, the date of submission of the Annual Security Report, the Board of Directors consisted of 11 Board members, including four Outside Directors. The term of office for Directors is fixed at one year to allow for definite management roles of Directors, and for a flexible structure that can respond quickly to changes in the business environment. The Company may have no more than 15 Directors as determined by the Articles of Incorporation.

The Board of Corporate Auditors is composed of five Corporate Auditors, including three Outside Corporate Auditors.

The Company has implemented an Operating Officer system with the aim of clearly distinguishing the management's decision-making and supervisory functions from those of the business operations.

To appropriately and promptly establish basic management guidelines, determine various measures to be taken and aggressively promote management activities, "Management Strategy Meeting" is held once a month which comprises full-time Directors, CFO, CTO, Senior Executive Officers, Executive Officers, Operating Officers, the Chief of the Toyo Seikan Group Corporate R&D, the Heads of the respective centers and Standing Corporate Auditors. Furthermore "Management Executive Meeting" is, in principle, held twice a month and attended by full-time Directors, CFO, CTO, Senior Executive Officers, the Chief of the Toyo Seikan Group Corporate R&D, the Presidents of core business operating companies, the Presidents of quasi-core business operating companies and Standing Corporate Auditors. The Internal Audit Office (consisting of six members) has been established to strengthen the internal auditing system to ensure maximum management efficiency for thorough oversight of all business activities in compliance with all rules and regulations.

The Company's corporate governance system is as follows:



(b) Reason for the adoption of corporate governance system

The Company has adopted the current system, as Corporate Auditors including Outside Corporate Auditors sufficiently fulfill oversight functions on business duties executed by the Directors and the Company's business condition, and Outside Directors sufficiently fulfill supervisory functions on the Company's management.

(c) Matters concerning other corporate governance system

- Maintenance of internal control system

The Company maintains a system (hereinafter referred to as the "Internal Control System") to ensure that all corporate activity is in compliance with the Companies Act and the regulations enforceable under the Act and encompasses the following:

## **I. System to ensure that all operations executed by Directors and employees are appropriate with regard to Japanese legal regulations and the Articles of Incorporation**

1. The code of conduct charter of the Toyo Seikan Group shall be formulated, and the Toyo Seikan Group Compliance Promotion Committee (hereinafter “Compliance Promotion Committee”) and the operational secretariat shall be established to streamline the Group-wide compliance structure and control compliance-related initiatives.
2. Under the guidance of the Compliance Promotion Committee, the Company and each Group company shall formulate their respective corporate codes of conduct as behavior guidelines for Directors, Executive Officers, employees and other personnel (collectively, hereinafter “Directors and Employees”) to address in compliance with laws, the Articles of Incorporation and corporate ethics. At the same time, the Company and each Group company shall conduct training and education of the Directors and Employees to ensure that they thoroughly understand compliance issues.
3. The Company and each Group company shall establish their respective compliance consulting hot lines as a means for employees to directly provide information about questionable activity that either may be illegal or otherwise non-compliant. The Company and each Group company shall also set rules for operating the hot lines to improve the compliance consulting system.

## **II. System to retain and manage information related to execution of duties of the Directors**

In accordance with Japanese law and internal regulations, all information regarding the execution of duties of Directors, including i) General Meeting of Shareholders meeting minutes; ii) Board of Directors meeting minutes; iii) Minutes for management meetings; and iv) Circulated draft plans (inquiries, approvals), shall be recorded and maintained for a period of time set forth by regulations pertaining to such information and in an appropriate manner that it is accessible in either hard copy or electromagnetic media which can be accessed by Directors and Corporate Auditors for examination. In addition, the Company and each Group company shall respectively formulate relevant regulations regarding information management to ensure appropriate information management.

## **III. System and operating procedures regarding risk management**

1. The basic policy regarding risk management of the Toyo Seikan Group shall be formulated, and the Company and each Group company shall streamline their respective risk management systems accordingly. The Group-wide overall risk management status shall be checked at such occasions as management meetings of the Company to take necessary measures for improvement and risk prevention.
2. In case of any unforeseen event or circumstances, the Company and each Group company shall establish their respective emergency response committees. The Company shall control all the Group companies, as the need arises, to arrange an emergency response system to prevent or minimize further expansion of Group-wide damages.

## **IV. System to ensure efficient execution of duties by Directors**

1. Matters to be resolved and reported at the Board of Directors meetings shall be set forth. In addition, the Board of Directors meetings shall be held once per month, in principle, and at other times, as needs dictate, to make appropriate and swift decisions with regard to Group-wide management policies and strategies, as well as important issues in relation to the execution of business operations.
2. Matters to be discussed and reported at the management meetings shall be set forth. In addition, the management meetings shall be held three times per month, in principle, and at other times, or as appropriate, to discuss important issues relating to the execution of the business operations of the Company and each Group company to help the Board of Directors improve the efficiency and effectiveness of the deliberations.

3. Decisions regarding a course of action made by the Board of Directors shall be executed by each department in charge according to rules governing the division of duties, final decisions (kessai) and authority, and may be checked or rectified by the Directors, as necessary.

**V. System to ensure the appropriateness of operations for the corporate group including the Company and its subsidiaries**

1. As the holding company that controls the overall businesses of all the Group companies, the Company shall confirm and validate the description of business, operating performance and so forth by holding regular meetings with each Group company.
2. The Internal Auditing Division shall conduct audits of the internal control systems in place at the Company and each Group company, and report the results to the President.
3. Whenever a Group company finds a management directive issued by the Company in conflict with local law or otherwise causes a problem with compliance, the Group company may contact and notify the person responsible for internal auditing at the Company.
4. The Company shall set up and operate an appropriate internal management system to ensure appropriate financial reporting according to the Financial Instruments and Exchange Law and other applicable Japanese laws.

**VI. System for employees who assist Corporate Auditors' execution of duties and independence of such employees from Directors**

1. Based on consultations with Corporate Auditors, Directors shall appoint the required number of assistants to be engaged in carrying out the duties of the Corporate Auditors as full-time employees as necessary for the Corporate Auditors to perform their professional duties.
2. Assistants shall be evaluated by the Corporate Auditors, whereas the Directors, with the consent of the Board of Corporate Auditors, shall carry out any appointments, dismissals, reassignments and revision of wages, etc., of the Corporate Auditors' assistants.

**VII. System of reporting to Corporate Auditors by Directors and employees and other mechanisms for reporting to Corporate Auditors**

The Directors and Employees shall make appropriate reports to the Corporate Auditors regarding significant matters affecting business operations or performance.

Despite the above, the Corporate Auditors may, whenever necessary, request reports from the Directors and Employees.

**VIII. Other systems to ensure the efficiency of audits by Corporate Auditors**

1. The Corporate Auditors shall strive to continually fulfill and improve on their professional duties by mutually exchanging information and ideas with the President, the Internal Auditing Division and the Accounting Auditor.
2. When problems or issues arise in the operation or management of the Company's Internal Control System, the Corporate Auditors may discuss their opinions with the Board of Directors and request measures to address those problems.
3. A system that ensures appropriate reporting of illegal activities or issues with regard to compliance to the Corporate Auditors shall be established pursuant to the regulations regarding compliance-related consulting.

**IX. Fundamental philosophy regarding the elimination of antisocial forces**

1. The Company and each Group company shall have a resolute stance of no association with any antisocial forces that pose a threat to the order and safety of society, and if such association exists, immediate action shall be taken to eliminate any connection and all unreasonable demands refused.
2. The Company and each Group company shall establish their respective Corporate Codes of Conduct and other guidelines to deal with antisocial forces, which shall be made widely known to the Directors and Employees and other stakeholders.

The Company and each Group company shall cooperate with authorities to obtain information through the General Affairs Department as the response team that takes action against any such antisocial forces, and shall maintain close connections with law enforcement agencies and attorneys in order to act swiftly to prohibit further activity by such groups.

- Improvement of the risk management structure

The Company has stipulated the basic policy regarding risk management of the Toyo Seikan Group, and the Company and each Group company have streamlined their respective risk management systems accordingly. The Group-wide overall risk management status is checked at such occasions as management meetings of the Company to take necessary measures for improvement and risk prevention.

In case of any unforeseen event or circumstances, the Company and each Group company establish their respective emergency response committees. The Company controls all the Group companies, as the need arises, to arrange an emergency response system to prevent or minimize further expansion of Group-wide damages.

The Toyo Seikan Group has stipulated the “Basic Policy Regarding Risk Management and Crisis Management”, with the aim of preventing various risks that could have an impact on our continuous business activities to ensure the stabilization of the management foundations of the Company and its Group companies and promptly restoring normal business activities in case any risk emerges.

(d) Outline of the contract on limited liabilities

Under provisions of Paragraph 1, Article 427 of the Companies Act, the Company has concluded a contract with each Outside Director and Outside Corporate Auditor, which limits the liability stipulated in Paragraph 1, Article 423 of the Companies Act. The limit of liability amount both for Outside Directors and Outside Corporate Auditors based on the said contract shall be ¥10 million or the amount stipulated in the Act, whichever is higher.

## 2) Auditing by Corporate Auditors and Internal Audits

The Company has adopted a Corporate Auditors system, and each Corporate Auditor supervises the business duties executed by the Directors and oversees the Company’s management.

The Board of Corporate Auditors consists of five Corporate Auditors, including three Outside Corporate Auditors.

Corporate Auditors conduct audits according to the audit standards and audit plan outlined by the Board of Corporate Auditors. They also attend the Board of Directors and other important meetings, review reports from Directors and other employees, verify operations and assets of the Company, regularly meet with the Representative Directors, and otherwise monitor the duties of Directors and employees.

To ensure that the Company is in compliance with Japanese regulations and the Code of Conduct, and to improve efficiency of management, an audit office consisting of six people including one Certified Internal Auditor under the direct control of the President is established as the Internal Audit Office. It conducts regular internal audits with regard to establishment and operation of internal management systems, which are necessary and proper to ensure appropriate financial reports according to the internal audit procedures and basic plan with the goal of improving the overall function of the internal audit system.

The Internal Audit Office and Corporate Auditors hold meetings when needed as a means of sharing information and opinions with the goal of improving their function as Auditors. In addition, Accounting Auditors, Corporate Auditors, and the Internal Audit Office hold appropriate meetings to promote the sharing of information.

The Internal Audit Office receives appropriate information from the Internal Control Division through internal audits and in other ways. Similarly, each Corporate Auditor receives appropriate reports on activities from the Internal Control Division in the Board of Corporate Auditors meetings.

Standing Auditor Kunio Okawa has considerable insight in finance and accounting on the basis of his experience as a head of accounting department of the Company.

Corporate Auditor Akira Hirose is a certified tax accountant and has considerable insight in finance and accounting.

Corporate Auditor Takayuki Katayama has considerable insights into finance and accounting on the basis of his experience as a CFO (chief financial officer) of Teijin, Limited.

### **3) Accounting Audits**

The names and positions of the certified public accountants that perform the Company's accounting audits are as follows:

[Names and position of the certified public accountants]

- Hideo Yoshizawa (Sohken Audit Corporation)
- Atsushi Watanabe (Sohken Audit Corporation)

Since both accountants above have less than seven years of service, we do not mention the length of their service in this material.

There are also eleven certified public accountants and four junior accountants engaged in accounting audit duties as assistants.

Corporate Auditors and Accounting Auditors regularly hold quarterly meetings to review the auditing system and plan, and the audit status. Furthermore, in order to promote the sharing of information and views so that Auditors may better fulfill their duties, joint meetings are held as necessary. Accounting Auditors, Corporate Auditors, and the Internal Audit Office also hold joint meetings to promote the sharing of information as necessary. Further, Accounting Auditors share information with the Internal Control Division as needed through audits of internal control and others.

### **4) Outside Directors and Outside Corporate Auditors**

As of June 26, 2013, the date of submission of the Annual Security Report, the Company has four Outside Directors and three Outside Corporate Auditors.

The Company has no personal, monetary or business relationships or other special interests between the four Outside Directors and three Outside Corporate Auditors.

Each Outside Director attends the Board of Directors meetings from an independent standpoint, without having any special interests in the Company, and fulfills management oversight functions by providing advice and making proposals to ensure the validity and appropriateness of decision-making by the Board of Directors in a proper and timely manner.

Each Outside Corporate Auditor fulfills auditing functions by expressing questions and opinions necessary for discussing proposals in the Board of Directors meetings, and exchanging opinions and discussing audited matters in the Board of Corporate Auditors meetings.

Four of the eleven Directors of the Company are Outside Directors. We believe that this number is sufficient for each of them to fulfill management oversight functions. The Company has appointed one certified public accountant, one corporate manager of a company which does not have any special interests with the Company, one director of a company which does not have any special interests with the Company and one former diplomat as Outside Directors. We believe that they have the experience, knowledge and insight necessary to fulfill management oversight functions.

Three of the five Corporate Auditors of the Company are Outside Corporate Auditors. We believe that this number is sufficient for each of them to fulfill auditing functions. The Company has appointed one corporate manager of a company which does not have any special interests with the Company, one certified tax accountant, and one former corporate director of a company who does not have any special interests with the Company, as Outside Corporate Auditors. We believe that they have the experience, knowledge and insight necessary to fulfill auditing functions.

In selecting Outside Corporate Directors/Auditors, the Company has not established criteria or policy regarding independence from the Company.

Each Outside Director receives appropriate reports from the divisions of internal audits, accounting audits, audits by Corporate Auditors and Internal Control Division, and expresses appropriate opinions at Board of Directors meetings. Similarly, each Outside Corporate Auditor receives appropriate reports from the divisions of internal audits, accounting audits, other Corporate Auditors and Internal Control Division, and expresses appropriate opinions in the Board of Directors meetings and the Board of Corporate Auditors meetings. In addition, Outside Directors, Outside Corporate Auditors, and the Internal Audit Office hold appropriate meetings to promote the sharing of information.

## 5) Amount of Compensation to Directors and Corporate Auditors

(a) Total compensation amount by title, total compensation by type, and number of eligible Directors and Corporate Auditors

*(millions of yen, except No. of eligible persons)*

Title	Total compensation amount	Basic compensation		Bonuses	
		No. of eligible persons	Amount of compensation	No. of eligible persons	Amount of provision
Directors (excluding Outside Directors)	312	11	268	10	44
Corporate Auditors (excluding Outside Corporate Auditors)	40	2	33	2	7
Outside Directors and Corporate Auditors	50	8	43	7	7

Notes:

1. “No. of eligible persons” and “Amount of provision” under the “Basic compensation” for Directors above include one Director who retired due to expiry of the term of office at the close of the 99th Ordinary General Meeting of Shareholders held on June 28, 2012, and the amount paid to said Director.
2. “No. of eligible persons” and “Amount of provision” under the “Basic compensation” for Corporate Auditors above include one Corporate Auditor who retired due to expiry of the term of office at the close of the 99th Ordinary General Meeting of Shareholders held on June 28, 2012, and the amount paid to said Corporate Auditor.
3. In addition to the above, in accordance with the resolution of “Presentation of Directors’ Retirement Benefits to Retiring Directors and the Final Provision thereof due to Abolishment of the Directors’ Retirement Benefits System” at the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, the following amount was paid to the Corporate Auditor, who was eligible for the settlement payment due to the abolition of said directors’ retirement benefits system, for his tenure period until June 29, 2006.  
One Retiring Corporate Auditor: 3 million yen

(b) Total amount of consolidated compensations paid to persons who receive 100 million yen or more  
Not stated as there is no executive whose total amount of consolidated compensation is 100 million yen or more.

(c) Important employee’s salary paid to an employee-Director/Corporate Auditor  
Not applicable.

(d) Detailed policy on determination of the amount of compensations paid to Directors and Corporate Auditors and its calculation method, and the method of approving the policy

At the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that compensation paid to Directors will be no more than 430 million yen per year (in case of a Director concurrently serving as an employee, the salary for employee is not included). Compensations for Directors of the Company consist of basic compensation and bonuses. Basic compensation is determined according to Director’s titles by internal and external category. Bonuses are determined in consideration of Director’s title and performance.

At the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that compensation paid to Corporate Auditors will be no more than 80 million yen per year. Compensations for Corporate Auditors of the Company consist of basic compensation and bonuses. Both basic compensation and bonuses are determined through discussion among Corporate Auditors.



<b>Issuer</b>	<b>Number of shares</b>	<b>Amount recorded in the balance sheet (millions of yen)</b>	<b>Purpose for holding</b>
Toyo Ink SC Holdings Co., Ltd	2,222,503	757	To maintain and strengthen business relationships
Nichirei Corporation	1,632,238	633	To maintain and strengthen business relationships
KYOKUYO CO., LTD.	3,150,000	623	To maintain and strengthen business relationships
Takeda Pharmaceutical Company Limited	163,013	594	To maintain and strengthen business relationships
Kirin Holdings Company, Limited	509,967	546	To maintain and strengthen business relationships
Sapporo Holdings Limited	1,500,000	459	To maintain and strengthen business relationships
Mitsubishi Materials Corporation	1,546,125	405	To maintain and strengthen business relationships
Nippon Paper Group, Inc.	231,545	398	To maintain and strengthen business relationships
NOF Corporation	920,000	370	To maintain and strengthen business relationships
Morinaga Milk Industry Co., Ltd.	1,139,976	370	To maintain and strengthen business relationships
House Foods Corporation	249,566	353	To maintain and strengthen business relationships
Kagome Co., Ltd.	218,237	353	To maintain and strengthen business relationships
Earth Chemical Co., Ltd.	100,000	293	To maintain and strengthen business relationships
YAKULT HONSHA CO., LTD.	100,000	284	To maintain and strengthen business relationships
The Bank of Yokohama, Ltd.	678,896	281	To ensure stable financial transactions
Mitsubishi Shokuhin Co., Ltd.	130,000	275	To maintain and strengthen business relationships
Hagoromo Foods Corporation	206,371	240	To maintain and strengthen business relationships
DyDo DRINCO, INC.	71,000	234	To maintain and strengthen business relationships
Morinaga & Co., Ltd.	1,155,000	221	To maintain and strengthen business relationships
KENKO Mayonnaise Co., Ltd.	312,800	197	To maintain and strengthen business relationships
Ebara Foods Industry, Inc.	130,000	195	To maintain and strengthen business relationships
Tomoku Co., Ltd.	704,362	162	To maintain and strengthen business relationships
Meiji Holdings Co., Ltd.	42,411	153	To maintain and strengthen business relationships
Teijin Limited	511,000	142	To maintain and strengthen business relationships
Japan Carlit Co., Ltd.	275,100	114	To maintain and strengthen business relationships

Regarded as holding shares

<b>Issuer</b>	<b>Number of shares</b>	<b>Fair market value (millions of yen)</b>	<b>Exercise of voting rights</b>
Nippon Steel Corporation	10,000,000	2,270	Authority to give instructions on the exercise of voting rights
Sumitomo Mitsui Trust Holdings, Inc.	3,278,000	865	Authority to give instructions on the exercise of voting rights
Sumitomo Mitsui Financial Group, Inc.	200,000	544	Authority to give instructions on the exercise of voting rights
Daiwa Securities Group Inc.	2,500,000	817	Authority to give instructions on the exercise of voting rights

Note:

“Specified investment shares” are not combined with “Regarded as holding shares” when selecting top shares incorporated in the amount recorded in the balance sheet.

Current fiscal year  
Specified Investment Shares

<b>Issuer</b>	<b>Number of shares</b>	<b>Amount recorded in the balance sheet (millions of yen)</b>	<b>Purpose for holding</b>
Asahi Group Holdings, Ltd.	3,998,557	8,992	To maintain and strengthen business relationships
Sumitomo Mitsui Trust Holdings, Inc.	11,345,409	5,026	To ensure stable financial transactions
Mitsubishi UFJ Financial Group, Inc.	8,416,300	4,696	To ensure stable financial transactions
ITO EN, LTD.	1,955,200	4,381	To maintain and strengthen business relationships
The Gunma Bank, Ltd.	7,330,274	4,148	To ensure stable financial transactions
Sumitomo Mitsui Financial Group, Inc.	1,042,081	3,933	To ensure stable financial transactions
Kao Corporation	1,270,671	3,913	To maintain and strengthen business relationships
Mikuni Coca-Cola Bottling Co., Ltd.	3,865,089	3,725	To maintain and strengthen business relationships
Daiwa Securities Group Inc.	5,046,454	3,310	To ensure stable financial transactions
Otsuka Holdings Co., Ltd.	1,000,000	3,300	To maintain and strengthen business relationships
Coca-Cola West Company, Limited	1,748,158	2,872	To maintain and strengthen business relationships
Coca-Cola Central Japan Co., Ltd.	2,072,670	2,572	To maintain and strengthen business relationships
Taisho Pharmaceutical Holdings Co., Ltd.	255,000	1,739	To maintain and strengthen business relationships
The Shizuoka Bank, Ltd.	1,639,097	1,737	To ensure stable financial transactions
Takara Holdings Inc.	1,962,000	1,549	To maintain and strengthen business relationships
Maruha Nichiro Holdings, Inc.	8,803,500	1,540	To maintain and strengthen business relationships
Nippon Steel & Sumitomo Metal Corporation	6,552,822	1,539	To maintain and strengthen business relationships
The Hachijuni Bank, Ltd.	2,550,240	1,451	To ensure stable financial transactions
Mizuho Financial Group, Inc.	6,905,570	1,374	To ensure stable financial transactions
Lion Corporation	2,352,753	1,218	To maintain and strengthen business relationships
Ajinomoto Co., Inc.	849,108	1,201	To maintain and strengthen business relationships
Kirin Holdings Company, Limited	785,950	1,187	To maintain and strengthen business relationships
Toyo Ink SC Holdings Co., Ltd.	2,222,503	977	To maintain and strengthen business relationships
Nichirei Corporation	1,632,238	915	To maintain and strengthen business relationships
YAKULT HONSHA CO., LTD.	237,300	902	To maintain and strengthen business relationships
Takeda Pharmaceutical Company Limited	163,013	819	To maintain and strengthen business relationships

<b>Issuer</b>	<b>Number of shares</b>	<b>Amount recorded in the balance sheet (millions of yen)</b>	<b>Purpose for holding</b>
KYOKUYO CO., LTD.	3,150,000	664	To maintain and strengthen business relationships
House Foods Corporation	366,466	600	To maintain and strengthen business relationships
Sapporo Holdings Limited	1,500,000	592	To maintain and strengthen business relationships
Morinaga Milk Industry Co., Ltd.	1,930,990	554	To maintain and strengthen business relationships
Nippon Suisan Kaisha, Ltd.	2,837,091	510	To maintain and strengthen business relationships
The Bank of Yokohama, Ltd.	905,193	493	To ensure stable financial transactions
Kagome Co., Ltd.	246,622	440	To maintain and strengthen business relationships
NOF Corporation	920,000	423	To maintain and strengthen business relationships
Mitsubishi Materials Corporation	1,546,125	414	To maintain and strengthen business relationships
Nippon Paper Industries Co., Ltd.	277,877	407	To maintain and strengthen business relationships
Mitsubishi Shokuhin Co., Ltd.	130,000	383	To maintain and strengthen business relationships
Meiji Holdings Co., Ltd.	83,844	365	To maintain and strengthen business relationships
Morinaga & Co., Ltd.	1,738,991	358	To maintain and strengthen business relationships
Earth Chemical Co., Ltd.	100,000	327	To maintain and strengthen business relationships
DyDo DRINCO, INC.	71,000	309	To maintain and strengthen business relationships
KENKO Mayonnaise Co., Ltd.	312,800	281	To maintain and strengthen business relationships
ITO EN, LTD. Class-A Preferred Stock	126,560	234	To maintain and strengthen business relationships
NittoBest Corporation.	291,391	230	To maintain and strengthen business relationships
Hagoromo Foods Corporation	209,974	228	To maintain and strengthen business relationships
Tomoku Co., Ltd.	704,362	211	To maintain and strengthen business relationships
Ebara Foods Industry, Inc.	130,000	194	To maintain and strengthen business relationships
Toho Co., Ltd.	85,080	166	To maintain and strengthen business relationships
AOHATA Corporation	106,000	151	To maintain and strengthen business relationships
Japan Carlit Co., Ltd.	291,379	150	To maintain and strengthen business relationships
S&B Foods Inc.	175,498	125	To maintain and strengthen business relationships
Air Water Inc.	85,050	114	To maintain and strengthen business relationships
Teijin Limited	511,000	111	To maintain and strengthen business relationships

Regarded as holding shares

<b>Issuer</b>	<b>Number of shares</b>	<b>Fair market value (millions of yen)</b>	<b>Exercise of voting rights</b>
Nippon Steel & Sumitomo Metal Corporation	10,000,000	2,350	Authority to give instructions on the exercise of voting rights
Sumitomo Mitsui Trust Holdings, Inc.	3,278,000	1,452	Authority to give instructions on the exercise of voting rights
Sumitomo Mitsui Financial Group, Inc.	200,000	755	Authority to give instructions on the exercise of voting rights
Daiwa Securities Group Inc.	2,500,000	1,640	Authority to give instructions on the exercise of voting rights

Note:

“Specified investment shares” are not combined with “Regarded as holding shares” when selecting top shares incorporated in the amount recorded in the balance sheet.

- (c) Total amount recorded in the balance sheet of investment shares held for the purpose of pure investment for the previous and current fiscal years, and total amounts of dividends income and loss/gain on sales and valuation thereof

*(millions of yen)*

	Previous fiscal year		Current fiscal year		
	Total amount recorded in the balance sheet	Total amount recorded in the balance sheet	Total dividends income	Total loss/gain on sales	Total loss/gain on valuation
Unlisted shares	5,000	5,000	211	—	(Note)

Note:

“Total loss/gain on valuation” of unlisted shares is not stated because computing their fair value is deemed to be extremely difficult since they do not have market prices.

#### **7) Fixed number of Directors**

The Company shall have no more than 15 Directors as determined by the Articles of Incorporation.

#### **8) Selection of Directors**

Under the Articles of Incorporation, Directors shall be elected by a majority of the votes cast by the shareholders present at a general meeting of shareholders where shareholders holding more than one-third (1/3) of the voting rights of all shareholders who are entitled to exercise their voting rights are present. In addition, according to the Articles of Incorporation, no cumulative voting should be used for the election of Directors.

#### **9) Extraordinary resolutions of the General Meeting of Shareholders**

Under the Articles of Incorporation, the resolution provided for in Article 309, Paragraph 2 of the Companies Act shall be adopted by more than two-thirds (2/3) of the votes cast by the shareholders present at a general meeting of shareholders where shareholders holding more than one-third (1/3) of the voting rights of all shareholders who are entitled to exercise their voting rights are present. These guidelines allow for flexibility in the quorum required to pass resolutions, ensuring the smooth operation of the General Meeting of Shareholders.

#### **10) Treasury stock acquisition**

The Company, as set forth by the Companies Act, Paragraph 2, Article 165, and the Articles of Incorporation, can acquire treasury stock on the open market based on a resolution by the Board of Directors to implement a flexible capital policy in response to changes in the business environment.

#### **11) Interim dividends**

Under the Articles of Incorporation, the Company can, based on a resolution by the Board of Directors, make an interim dividend payment with a record date of September 30 of each year to proactively return profits to shareholders.

## (2) Audit Compensation

### 1) Amount of Compensation to Accounting Auditor

(millions of yen)

Category	Previous consolidated fiscal year		Current consolidated fiscal year	
	Amount of compensation for audit certification service	Amount of compensation for non-auditing services	Amount of compensation for audit certification service	Amount of compensation for non-auditing services
Company submitting the report	80	—	78	—
Consolidated subsidiary	113	—	111	—
Total	193	—	189	—

### 2) Other primary compensation

(Previous consolidated fiscal year)

Not applicable.

(Current consolidated fiscal year)

Not applicable.

### 3) Non-auditing services conducted by Accounting Auditor in the Company submitting the report

(Previous consolidated fiscal year)

Not applicable.

(Current consolidated fiscal year)

Not applicable.

### 4) Policy to decide amount of audit compensation

The Company decides the amount of audit compensation with the consent of the Board of Corporate Auditors in full consideration of audit plans and the period proposed by the Accounting Auditor, and the business size of the Toyo Seikan Group.

## Principal Shareholders

(As of March 31, 2013)

Name or trade name	Number of shares held (in thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	17,452	8.01
Toyo College of Food Technology	16,192	7.44
Japan Trustee Services Bank, Ltd. (trust account)	13,597	6.24
Toyo Institute of Food Technology	12,390	5.69
Sumitomo Mitsui Banking Corporation	6,500	2.98
Fukoku Mutual Life Insurance Company	5,600	2.57
Sumitomo Mitsui Trust Bank, Limited	5,492	2.52
Toyo Ink SC Holdings Co., Ltd.	3,798	1.74
The Gunma Bank, Ltd.	3,619	1.66
Mitsui Sumitomo Insurance Company, Limited	3,441	1.58
Total	88,085	40.45

Notes:

1. In addition to the above-mentioned shares, 14,907,000 shares are held by the Company as treasury stock.
2. The Company received a copy of the Report of Possession of Large Volume dated September 20, 2011 from Marathon Asset Management LLP. This report states that as of September 15, 2011 it holds shares as follows. As we could not confirm the number of shares beneficially held as of the end of the fiscal year under review, it was excluded from the number of shares listed above.

Name or trade name	Number of shares held (in thousands)	Shareholding ratio (%)
Marathon Asset Management LLP	10,853	5.01

3. We have received a copy of the Report of Possession of Large Volume (Change Report) dated April 18, 2012 from Sumitomo Mitsui Trust Holdings, Inc. This report states that as of April 13, 2012 it holds shares as follows. As we could not confirm the number of shares beneficially held as of the end of the fiscal year under review, it was excluded from the number of shares listed above.

Name or trade name	Number of shares held (in thousands)	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	10,482	4.84
Sumitomo Mitsui Trust Asset Management Co., Ltd.	430	0.20
Nikko Asset Management Co., Ltd.	3,547	1.64
Total	14,460	6.68

## Board of Directors, Corporate Auditors, Executive/Operating Officers

(As of June 26, 2013)

### Board of Directors

Position	Name	Area of responsibility and significant concurrent positions
Chairman and Director	Hirofumi Miki	<ul style="list-style-type: none"> <li>- Chairman of Compliance Promotion Committee</li> <li>- Chairman and Representative Director, Tokan Kogyo Co., Ltd.</li> <li>- Chairman and Representative Director, Toyo Glass Co., Ltd.</li> <li>- President, Toyo College of Food Technology</li> <li>- Chairman of the Board of Trustees of Toyo Institute of Food Technology</li> <li>- Chairman and Director (Outside Director), Toyo Kohan Co., Ltd.</li> <li>- Director, Bangkok Can Manufacturing Co., Ltd.</li> <li>- Director, Crown Seal Public Co., Ltd.</li> <li>- Outside Director, Toyo Ink SC Holdings. Co., Ltd.</li> <li>- Outside Director, Japan Finance Corporation</li> </ul>
President and Representative Director	Shunji Kaneko	<ul style="list-style-type: none"> <li>- Chairman of CSR Promotion Committee</li> <li>- Director, Bangkok Can Manufacturing Co., Ltd.</li> </ul>
Executive Vice President and Representative Director	Haruo Yamamoto	
Executive Vice President and Director	Takao Nakai	<ul style="list-style-type: none"> <li>- Assistant to President</li> <li>- Director, Bangkok Can Manufacturing Co., Ltd.</li> </ul>
Director	Fujio Yamagata	<ul style="list-style-type: none"> <li>- Senior Executive Officer</li> <li>- In charge of Corporate Strategy and IR</li> <li>- Director, Toyo Glass Co., Ltd.</li> </ul>
Director	Yoshitsugu Maruhashi	<ul style="list-style-type: none"> <li>- Senior Executive Officer</li> <li>- In charge of R&amp;D Function</li> </ul>
Director	Atsuo Fujii	<ul style="list-style-type: none"> <li>- Senior Executive Officer</li> <li>- In charge of Corporate Administration</li> <li>- Chief Financial Officer</li> </ul>
Director	Mitsuo Arai	<ul style="list-style-type: none"> <li>- Certified Public Accountant</li> </ul>
Director	Takahiko Mio	<ul style="list-style-type: none"> <li>- President and Representative Director, Awaji Materia Co., Ltd.</li> <li>- Chief Executive Officer, Awaji Materia (Thailand) Co., Ltd.</li> </ul>
Director	Koichi Kobayashi	<ul style="list-style-type: none"> <li>- Director, Hankyu Corporation</li> </ul>
Director	Hideaki Kobayashi	<ul style="list-style-type: none"> <li>- Outside Director, Densan Co., Ltd.</li> </ul>

## Corporate Auditors

Position	Name	Area of responsibility and significant concurrent positions
Standing Corporate Auditor	Kunio Okawa	- Outside Corporate Auditor, Toyo Kohan Co., Ltd. - Outside Corporate Auditor, Tokan Kogyo Co., Ltd. - Outside Corporate Auditor, Toyo Glass Co., Ltd. - Corporate Auditor, Toyo Aerosol Industry Co., Ltd. - Corporate Auditor, Tokan Material Technology Co., Ltd. - Auditor, Toyo Institute of Food Technology
Standing Corporate Auditor	Hiroshi Ito	- Outside Corporate Auditor, Tokan Kogyo Co., Ltd. - Outside Corporate Auditor, Toyo Glass Co., Ltd. - Outside Corporate Auditor, Nippon Tokan Package Co., Ltd. - Outside Corporate Auditor, Nippon Closures Co., Ltd.
Corporate Auditor	Ryusaku Konishi	- President and Representative Director, Nippon Zoki Pharmaceutical Co., Ltd.
Corporate Auditor	Akira Hirose	- Certified Tax Accountant
Corporate Auditor	Takayuki Katayama	- Advisor, Teijin Limited - Outside Director, Santen Pharmaceutical Co., Ltd.

### Notes:

1. Directors Mitsuo Arai, Takahiko Mio, Koichi Kobayashi and Hideaki Kobayashi are Outside Directors.
2. Corporate Auditors Ryusaku Konishi, Akira Hirose and Takayuki Katayama are Outside Corporate Auditors.
3. Directors Mitsuo Arai, Takahiko Mio, Koichi Kobayashi and Hideaki Kobayashi were reported to the Tokyo Stock Exchange and the Osaka Securities Exchange as Independent Directors of the Company.

## Executive/Operating Officers

Position	Name	Area of responsibility and significant concurrent positions
Senior Executive Officer	Tsuneo Arita	- Special Project Management
Executive Officer	Norimasa Maida	- In charge of Technology and Business Development
Operating Officer	Toshiyasu Gomi	- In charge of Secretariat, General Affairs, Legal, HR and Compliance
Operating Officer	Masashi Gobun	- In charge of Accounting, Finance and IT
Operating Officer	Kazumi Sato	- In charge of Business Planning & CSR Head of Corporate Planning Dept. and Head of International Business Planning Dept.
Operating Officer	Yoshiki Miyatani	- In charge of Procurement, Head of Procurement Center
Operating Officer	Ichiro Nakayama	- President and Representative Director, Toyo Seikan Co., Ltd.
Operating Officer	Atsuo Tanaka	- President and Representative Director, Toyo Kohan Co., Ltd.
Operating Officer	Yasuyuki Shimizu	- President and Representative Director, Toyo Glass Co., Ltd.
Operating Officer	Eiji Tsutsui	- President and Representative Director, Tokan Kogyo Co., Ltd.
Operating Officer	Yasuo Tsujihiro	- President and Representative Director, Nippon Closures Co., Ltd.

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## Consolidated Financial Summary

(As of and for the years ended March 31, 2009, 2010, 2011, 2012 and 2013)

	2009	2010	2011	2012	2013
	<i>(millions of yen, except per share amounts)</i>				
Consolidated financial indicators:					
Net sales	¥733,746	¥690,353	¥706,502	¥702,840	¥728,667
Ordinary income	7,070	19,054	27,520	18,612	22,872
Net income	(8,895)	8,318	(4,383)	(3,213)	11,232
Net assets	614,532	627,969	613,619	609,804	634,941
Total assets	839,043	856,793	863,957	962,108	991,071
Net assets per share ( <i>yen</i> )	2,714.07	2,769.55	2,739.70	2,715.83	2,816.83
Net income per share ( <i>yen</i> )	(43.20)	40.40	(21.46)	(15.93)	55.54
Net income per share (diluted) ( <i>yen</i> )	—	—	—	—	—
Capital adequacy ratio	66.6%	66.6%	64.0%	56.9%	57.7%
Return on equity (ROE)	-1.54%	1.47%	-0.78%	-0.58%	2.01%
Price earnings ratio (PER)	—	40.99	—	—	23.84
Cash flows from operating activities	47,647	66,136	61,684	23,503	60,454
Cash flows from investing activities	(48,412)	(56,120)	(54,672)	(117,773)	(63,441)
Cash flows from financing activities	(1,775)	(4,183)	7,692	71,939	(3,717)
Cash and cash equivalents at the end of the period	¥129,736	¥134,964	¥150,492	¥126,277	¥121,063
Number of employees	16,939	16,935	17,313	17,792	18,009
(Average number of temporary staff)	(2,880)	(3,043)	(3,323)	(3,576)	(3,663)

## Consolidated Balance Sheets

(As of March 31, 2012 and 2013)

	2012	2013
	<i>(millions of yen)</i>	
(Assets)		
Current assets		
Cash and deposits	¥131,695	¥123,674
Notes and accounts receivable - trade	224,836	228,328
Merchandise and finished goods	64,386	67,425
Work in process	11,587	11,197
Raw materials and supplies	27,430	29,945
Deferred tax assets	9,530	9,272
Other	15,027	15,657
Allowance for doubtful accounts	(3,468)	(2,881)
<b>Total current assets</b>	<b>481,027</b>	<b>482,619</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	109,297	114,759
Machinery, equipment and vehicles, net	86,329	86,621
Land	78,885	79,827
Lease assets, net	922	839
Construction in progress	15,696	21,924
Other, net	9,274	8,344
<b>Total property, plant and equipment</b>	<b>300,406</b>	<b>312,317</b>
Intangible assets		
Goodwill	32,468	36,578
Other	38,455	38,941
<b>Total Intangible assets</b>	<b>70,923</b>	<b>75,520</b>
Investments and other assets		
Investment securities	82,201	102,873
Long-term loans receivable	218	221
Deferred tax assets	16,322	8,574
Other	12,233	9,962
Allowance for doubtful accounts	(1,224)	(1,017)
<b>Total investments and other assets</b>	<b>109,751</b>	<b>120,614</b>
<b>Total non-current assets</b>	<b>481,081</b>	<b>508,451</b>
<b>Total assets</b>	<b>¥962,108</b>	<b>¥991,071</b>

	2012	2013
	<i>(millions of yen)</i>	
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	¥80,753	¥81,658
Short-term loans payable	83,077	27,956
Lease obligations	402	340
Income taxes payable	2,538	3,334
Provision for directors' bonuses	390	421
Provision for loss on disaster	1,811	215
Provision for business structure improvement	1,184	448
Asset retirement obligations	—	460
Other	66,588	67,170
Total current liabilities	236,747	182,005
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	27,909	88,244
Lease obligations	522	411
Deferred tax liabilities	15,619	16,253
Provision for retirement benefits	51,711	49,524
Provision for directors' retirement benefits	1,029	1,032
Provision for special repairs	4,365	4,346
Provision for PCB	892	724
Provision for business structure improvement	881	703
Provision for asbestos	155	155
Asset retirement obligations	1,809	1,376
Other	5,659	6,350
Total non-current liabilities	115,555	174,124
Total liabilities	352,303	356,129
(Net assets)		
Shareholders' equity		
Capital stock	11,094	11,094
Capital surplus	349	1,361
Retained earnings	548,488	557,704
Treasury stock	(24,767)	(24,769)
Total shareholders' equity	535,165	545,390
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,318	32,400
Deferred gains or losses on hedges	(112)	77
Foreign currency translation adjustment	(7,625)	(6,423)
Total accumulated other comprehensive income	12,579	26,053
Minority interests	62,059	63,496
Total net assets	609,804	634,941
Total liabilities and net assets	¥962,108	¥991,071

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(For the years ended March 31, 2012 and 2013)

### *Consolidated Statements of Income*

	2012	2013
	<i>(millions of yen)</i>	
Net sales	¥702,840	¥728,667
Cost of sales	614,035	633,010
Gross profit	88,805	95,657
Selling, general and administrative expenses	73,722	80,157
Operating income	15,083	15,499
Non-operating income		
Interest income	520	393
Dividends income	2,015	2,165
Rent income	2,399	4,847
Foreign exchange gains	—	4,876
Amortization of bargain purchase	388	—
Equity in earnings of affiliates	95	—
Other	4,928	4,466
Total non-operating income	10,348	16,748
Non-operating expenses		
Interest expenses	581	881
Rent expenses on non-current assets	2,414	3,994
Loss on retirement of non-current assets	1,245	1,167
Equity in losses of affiliates	—	392
Other	2,577	2,939
Total non-operating expenses	6,818	9,375
Ordinary income	18,612	22,872
Extraordinary income		
Gain on sales of non-current assets	1,257	1,067
Gain on sales of investment securities	555	—
Gain on transfer of benefit obligation relating to employees' pension fund	867	1,733
Insurance income	—	2,714
Gain on bargain purchase	—	1,351
Total extraordinary income	2,680	6,867
Extraordinary loss		
Loss on disaster	6,331	2,285
Provision for loss on disaster	2,447	—
Impairment loss	—	4,898
Loss on valuation of investments in capital	—	316
Loss on valuation of investments in capital of subsidiaries and affiliates	—	1,372
Loss on revision of retirement benefit plan	—	912
Soil amendment cost	466	—
Total extraordinary losses	9,244	9,785

	2012	2013
	<i>(millions of yen)</i>	
Income before income taxes	12,048	19,954
Income taxes - current	4,798	6,917
Income taxes - deferred	8,149	601
Total income taxes	12,948	7,519
Income (loss) before minority interests	(899)	12,435
Minority interest in income	2,313	1,202
Net income (loss)	(¥3,213)	¥11,232

**Consolidated Statements of Comprehensive Income**

	2012	2013
	<i>(millions of yen)</i>	
Income (loss) before minority interests	(¥899)	¥12,435
Other comprehensive income		
Valuation difference on available-for-sale securities	3,020	12,317
Deferred gains or losses on hedges	844	218
Foreign currency translation adjustment	(4,078)	2,194
Share of other comprehensive income of associates accounted for using equity method	(109)	260
Total other comprehensive income	(322)	14,991
Comprehensive income	(1,222)	27,426
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(2,854)	24,706
Comprehensive income attributable to minority interests	¥1,632	¥2,720

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## Consolidated Statements of Changes in Net Assets

(For the years ended March 31, 2012 and 2013)

	2012	2013
	<i>(millions of yen)</i>	
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the beginning of current period	¥11,094	¥11,094
<b>Changes of items during the period</b>		
Total changes of items during the period	—	—
Balance at the end of current period	11,094	11,094
<b>Capital surplus</b>		
Balance at the beginning of current period	349	349
<b>Changes of items during the period</b>		
Issuance of new shares	—	1,011
Total changes of items during the period	—	1,011
Balance at the end of current period	349	1,361
<b>Retained earnings</b>		
Balance at the beginning of current period	553,664	548,488
<b>Changes of items during the period</b>		
Dividends from surplus	(2,016)	(2,016)
Net income (loss)	(3,213)	11,232
Change of scope of consolidation	54	—
Total changes of items during the period	(5,175)	9,215
Balance at the end of current period	548,488	557,704
<b>Treasury stock</b>		
Balance at the beginning of current period	(24,765)	(24,767)
<b>Changes of items during the period</b>		
Purchase of treasury stock	(1)	(1)
Total changes of items during the period	(1)	(1)
Balance at the end of current period	(24,767)	(24,769)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	540,342	535,165
<b>Changes of items during the period</b>		
Issuance of new shares	—	1,011
Dividends from surplus	(2,016)	(2,016)
Net income (loss)	(3,213)	11,232
Change of scope of consolidation	54	—
Purchase of treasury stock	(1)	(1)
Total changes of items during the period	(5,177)	10,225
Balance at the end of current period	535,165	545,390

	2012	2013
	<i>(millions of yen)</i>	
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	17,272	20,318
Changes of items during the period		
Net changes of item other than shareholders' equity	3,045	12,082
Total changes of items during the period	3,045	12,082
Balance at the end of current period	20,318	32,400
Deferred gains or losses on hedges		
Balance at the beginning of current period	(976)	(112)
Changes of items during the period		
Net changes of item other than shareholders' equity	863	189
Total changes of items during the period	863	189
Balance at the end of current period	(112)	77
Foreign currency translation adjustment		
Balance at the beginning of current period	(4,074)	(7,625)
Changes of items during the period		
Net changes of item other than shareholders' equity	(3,551)	1,201
Total changes of items during the period	(3,551)	1,201
Balance at the end of current period	(7,625)	(6,423)
Total accumulated other comprehensive income		
Balance at the beginning of current period	12,221	12,579
Changes of items during the period		
Net changes of item other than shareholders' equity	358	13,474
Total changes of items during the period	358	13,474
Balance at the end of current period	12,579	26,053
Minority interests		
Balance at the beginning of current period	61,055	62,059
Changes of items during the period		
Net changes of item other than shareholders' equity	1,004	1,436
Total changes of items during the period	1,004	1,436
Balance at the end of current period	62,059	63,496
Total net assets		
Balance at the beginning of current period	613,619	609,804
Changes of items during the period		
Issuance of new shares	—	1,011
Dividends from surplus	(2,016)	(2,016)
Net income (loss)	(3,213)	11,232
Change of scope of consolidation	54	—
Purchase of treasury stock	(1)	(1)
Changes of items during the period	1,362	14,910
Total changes of items during the period	(3,815)	25,136
Balance at the end of current period	¥609,804	¥634,941

## Consolidated Statements of Cash Flows

(For the years ended March 31, 2012 and 2013)

	2012	2013
	<i>(millions of yen)</i>	
Cash flows from operating activities		
Income before income taxes	¥12,048	¥19,954
Depreciation	43,771	50,617
Impairment loss	—	4,898
Amortization of goodwill	—	1,692
Increase (decrease) in provision for retirement benefits	(803)	(1,978)
Loss on disaster	6,331	2,285
Provision for loss on disaster	2,447	—
Insurance income	—	(2,714)
Gain on bargain purchase	—	(1,351)
Interest and dividends income	(2,535)	(2,558)
Interest expenses	581	881
Foreign exchange losses (gains)	—	(4,497)
Equity in (earnings) losses of affiliates	(95)	392
Loss (gain) on sales of non-current assets	(1,307)	(1,286)
Loss on retirement and valuation of non-current assets	844	1,189
Loss (gain) on sales of investments securities	(530)	(82)
Decrease (increase) in notes and accounts receivable - trade	(23,362)	(1,162)
Decrease (increase) in inventories	(5,189)	(3,451)
Increase (decrease) in notes and accounts payable	2,923	(393)
Other	550	3,442
Subtotal	35,673	65,879
Interest and dividends income received	2,568	2,561
Interest expenses paid	(586)	(882)
Payments for loss on disaster	(6,675)	(3,259)
Business structure improvement expenses	(1,581)	(444)
Proceeds from insurance income	125	2,288
Income taxes paid	(6,581)	(6,742)
Income taxes refund	561	1,054
Cash flows from operating activities	23,503	60,454

	2012	2013
	<i>(millions of yen)</i>	
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(60,942)	(64,055)
Proceeds from sales of property, plant and equipment	6,301	2,946
Purchases of investment securities	(460)	(633)
Proceeds from sales of investment securities	710	178
Proceeds from redemption of investment securities	2,000	—
Purchases of stocks of subsidiaries and affiliates	(616)	(1,355)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(61,144)	—
Payments of short-term loans receivable	(1,228)	(670)
Collection of short-term loans receivable	32	1,328
Payments for investments in capital of subsidiaries and affiliates	(1,178)	(248)
Proceeds from sales of investments in capital of subsidiaries and affiliates	—	200
Other	(1,246)	(1,132)
Cash flows from investing activities	(117,773)	(63,441)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	62,815	(59,694)
Proceeds from long-term loans payable	12,156	61,215
Repayments of long-term loans payable	(103)	(3,751)
Proceeds from issuance of bonds	5,000	—
Redemption of bonds	(5,000)	—
Purchases of treasury stock	(1)	(1)
Proceeds from stock issuance to minority shareholders	135	1,490
Dividend payments	(2,015)	(2,016)
Cash dividends paid to minority shareholders	(613)	(527)
Other	(434)	(431)
Cash flows from financing activities	71,939	(3,717)
Effect of exchange rate change on cash and cash equivalents	(2,008)	1,491
Increase (decrease) in cash and cash equivalents	(24,338)	(5,213)
Cash and cash equivalents at the beginning of the period	150,492	126,277
Increase in cash and cash equivalents from increasing consolidated subsidiaries	122	—
Cash and cash equivalents at the end of the period	¥126,277	¥121,063

## Consolidated Segment Information

(As of and for the years ended March 31, 2012 and 2013)

### Segment Information

#### 1. Overview of Reporting Segments

The reporting segments of the Company are those units for which separate financial information can be obtained among the constituent units of the Company. In addition, they are those for which the Board of Directors of the Company regularly conducts examinations to determine the allocation of management resources and assess the business performance.

The Toyo Seikan Group operates the packaging business and other various businesses based on the related technologies as a comprehensive manufacturer of containers. The Company sets up business groups according to major business. Each business group is responsible for planning comprehensive strategies for its products and services in Japan and overseas and performing various business activities.

Therefore, the Group comprises segments by product and service and has three reporting segments: the Packaging Business, Steel-Plate-Related Business and Functional-Material-Related Business.

The Packaging Business involves the manufacture and sale of containers using metal, plastic, glass and paper as the main raw materials, and the contract manufacture and sale of filling products. The Steel-Plate-Related Business involves the manufacture and sale of steel plates and steel-plate-related products. The Functional-Material-Related Business is engaged in the manufacture and sale of functional materials, such as aluminum substrates for magnetic disks, functional films for optics, frits, pigments, and gel coats.

#### 2. Calculation method of net sales, profits or losses, assets, liabilities and other items by reporting segment

The accounting procedures for the reporting business segments are nearly the same as those stated in "Basis for Presenting the Consolidated Financial Statements" Income of the reporting segments is based on operating profits. Internal profits and transfers between segments are based on prevailing market prices.

#### 3. Information regarding net sales, profits or losses, assets, liabilities and other items by reporting segment

### Reporting Segment Information

As of and for the year ended March 31, 2012

	Reporting Segment				Other businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Packaging business	Steel-plate-related business	Functional-materials-related business	Subtotal				
<i>(millions of yen)</i>								
Net sales								
(1) Net sales to external customers	¥609,708	¥49,931	¥28,327	¥687,967	¥14,873	¥702,840	—	¥702,840
(2) Intersegment net sales or transfer amount	523	45,171	15	45,710	5,922	51,632	(51,632)	—
Total	610,231	95,102	28,342	733,677	20,795	754,473	(51,632)	702,840
Segment profit	9,902	1,638	2,492	14,034	923	14,957	125	15,083
Segment assets	828,359	96,399	32,751	957,509	18,526	976,035	(13,927)	962,108
Others								
Depreciation and amortization	37,334	3,756	2,244	43,335	398	43,734	(6)	43,728
Amounts of investment in associates accounted for by the equity method	2,785	—	—	2,785	—	2,785	—	2,785
Total expenditures for additions to tangible fixed assets and intangible assets	¥59,510	¥5,439	¥1,246	¥66,196	¥478	¥66,675	—	¥66,675

*As of and for the year ended March 31, 2013*

	Reporting Segment				Other businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Packaging business	Steel-plate-related business	Functional-materials-related business	Subtotal				
<i>(millions of yen)</i>								
Net sales								
(1) Net sales to external customers	¥636,063	¥49,033	¥28,650	¥713,747	¥14,920	¥728,667	—	¥728,667
(2) Intersegment net sales or transfer amount	540	39,409	15	39,965	5,908	45,873	(45,873)	—
Total	636,604	88,442	28,665	753,712	20,828	774,540	(45,873)	728,667
Segment profit	11,235	928	2,170	14,334	881	15,215	284	15,499
Segment assets	853,362	97,613	35,703	986,679	17,218	1,003,898	(12,827)	991,071
Others								
Depreciation and amortization	43,919	4,056	1,949	49,924	444	50,369	(6)	50,363
Amounts of investment in associates accounted for by the equity method	2,108	—	—	2,108	—	2,108	—	2,108
Total expenditures for additions to tangible fixed assets and intangible assets	¥54,336	¥2,970	¥2,838	¥60,145	¥586	¥60,732	—	¥60,732

Notes:

1. "Other businesses" represents businesses that are not included in the reporting segments, such as the manufacture and sale of hard alloys, the non-life insurance agency business and real estate management.
2. "Adjustments" for "Segment profit", "Segment assets" and "Depreciation and amortization" includes eliminations of intersegment transactions, etc.
3. "Segment profit" is adjusted to match operating income in the consolidated statements of income.

## **Basis for Presenting the Consolidated Financial Statements**

(As of and for the years ended March 31, 2013)

### **(1) Scope of Consolidation**

Among subsidiaries, 68 significant subsidiaries are included in the scope of consolidation.

Names of Consolidated subsidiaries are omitted.

Stolle Asia Pacific Co., Ltd., Toyo Seikan Spin-off Preparation Co., Ltd., PT. TOMATEC INDONESIA, Global Eco-can Stock (Thailand) Co., Ltd., and TM Pack Co., Ltd., have been included because they were newly established.

Toyo Packs Co., Ltd., and nine other companies are non-consolidated subsidiaries.

The respective sums of total assets, net income (loss) (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) of 10 non-consolidated subsidiaries are small and have no significant impact on the accounts of the consolidated financial statements. Therefore, they have been excluded from the scope of consolidation.

### **(2) Application of Equity Method**

Asia Packaging Industries (Vietnam) Co., Ltd., and T&T Enertechno Co., Ltd., are affiliated companies accounted for by the equity method. Chongqing United Can Co., Ltd., was excluded from the scope of the equity method as the Company transferred the shares of Chongqing United Can as of February 21, 2013. The non-consolidated subsidiaries (Toyo Packs Co., Ltd., and nine others) and affiliated companies (Takeuchi Hi-Pack Co., Ltd., and six others) are no longer accounted for using the equity method because the impact on consolidated net income or loss (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) would be immaterial and unimportant even if excluded from application of the equity method.

### **(3) Closing Date for the Settlement of Accounts of Consolidated Subsidiaries**

Thirty-two consolidated subsidiaries, including the eight companies listed below, close their accounts on December 31.

Because the difference between the closing date of said companies and the consolidated closing date is less than three months, the financial statements as of the closing date of these companies are used in the consolidated financial statements.

- Bangkok Can Manufacturing Co., Ltd.
- TOYO-MEMORY TECHNOLOGY SDN. BHD.
- Well Pack Innovation Co., Ltd.
- Malaysia Packaging Industry Berhad
- Toyo Pack International Co., Ltd.
- Crown Seal Public Co., Ltd.
- Tokan (Guangzhou) High Technology Containers Co., Ltd.
- Next Can Innovation Co., Ltd.

Necessary adjustments are made for material transactions between their closing date (December 31) and the consolidated closing date (March 31) for purposes of consolidation.

#### **(4) Summary of Significant Accounting Policies**

##### **(a) Valuation basis and method for important assets**

###### **i. Securities**

Bonds held to maturity: Valued at amortized cost by the straight-line method.

Available-for-sale securities

With market value:

Valued at fair market value as of the balance-sheet date.

Valuation difference is reported as a component of net assets and cost of securities sold is principally determined by the moving-average method.

Without market value:

Principally valued using the moving-average method.

###### **ii. Derivatives**

Derivatives are stated at the market value.

###### **iii. Inventories**

Inventories are principally stated at cost determined by the average cost method, using the value method to devalue a book value for decreasing profitability.

##### **(b) Depreciation and amortization methods of major assets**

###### **i. Property, plant and equipment** (excluding lease assets)

Principally computed by the declining-balance method.

**(Change in accounting policy that is difficult to distinguish from the change in accounting estimates)**

Effective from the consolidated fiscal year ended March 31, 2013, pursuant to revisions to the Corporate Tax Law of Japan, the Company and several domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment obtained on and after April 1, 2012 (excluding machinery and equipment owned by the Company and rental office buildings), to that based on the revised Corporate Tax Law.

The impact of this change in accounting policy on operating income, ordinary income and income before income taxes and minority interests for the fiscal year under review is immaterial.

###### **ii. Intangible assets** (excluding lease assets)

Amortized using the straight-line method.

###### **iii. Lease assets** (non-ownership-transfer finance lease transactions)

Depreciated over the lease period using the straight-line method with no residual value.

Non-ownership-transfer finance lease transactions that commenced on or before March 31, 2008 are accounted for using the same method as for normal rental transactions.

**(c) Accounting for significant reserves**

**i. Allowances for doubtful accounts**

The allowance for doubtful accounts is provided at an amount of uncollectible receivables based on the actual rate of losses from bad debts for ordinary receivables, and on the estimated recoverability of specific doubtful receivables.

**ii. Provision for directors' bonuses**

The provision for directors' bonuses is provided at an amount that is expected to be sufficient to cover payments of bonuses to Directors.

**iii. Provision for loss on disaster**

Following the Great East Japan Earthquake, the provision for loss on disaster is provided at a reasonably estimated amount to cover costs and losses expected to accrue in the future.

**iv. Provision for business structure improvement**

Following business structure improvement in the Packaging Business, the provision for business structure improvement is provided at a reasonably estimated amount to cover costs and losses expected to accrue in the future.

**v. Provision for retirement benefits**

The provision for retirement benefits for employees is provided at an amount calculated based on the projected benefit obligations and the fair value of plan assets as of the end of the consolidated fiscal year.

Prior service cost is collectively expensed as incurred in the year of recognition.

Actuarial gain or loss divided by the straight-line method over a period of 10 years, which is shorter than the average remaining service years for employees at the time of recognition, is amortized from the consolidated fiscal year following such recognition.

(Additional information)

The Employees' Pension Fund, of which one of our domestic consolidated subsidiaries is a member, received approval as of January 1, 2013, from the Minister of Health, Labor and Welfare for the transfer of benefit obligations related to the substitutional portion of the Employees' Pension Fund, in line with the enforcement of the Defined Benefit Corporate Pension Law. This approval allowed us to post an extraordinary gain on the transfer of benefit obligations relating to the Employees' Pension Fund of 1,733 million yen, which was calculated based on Paragraph 2, Article 44, of the "Practical Guidelines on Accounting Standards for Retirement Benefits (Interim Report)" (Accounting Committee Report No. 13 of the Japanese Institute of Certified Public Accountants).

Moreover, the Employees' Pension Fund was changed to a defined benefit corporate pension plan (agreement-type) as of January 1, 2013, as a result of which a system that is similar to a cash balance plan was introduced. Due to such change, an extraordinary loss of 912 million yen on the change in pension plans was posted.

**vi. Provision for special repairs**

The provision for special repairs for regular repairs of glass kilns is provided at an amount considered sufficient to cover the estimated cost of the next repair in response to the time elapsed.

**(d) Accounting standard for recognition of income and expenses**

Accounting standards for net sales of completed construction contracts and cost of sales of completed construction contracts

**i. Works for which the outcome of progress made by the end of the consolidated fiscal year under review is deemed certain**

Stated using the percentage-of-completion method (with the percentage of completion mainly estimated on a cost-to-cost basis)

**ii. Other works**

Stated by the completed-contract method

**(e) Hedging accounting method**

**i. Hedging accounting method**

The Company adopts the deferral method for hedging activities. Certain forward foreign exchange contracts are subject to appropriation if they satisfy the requirements for appropriation treatment.

**ii. Hedging instruments and hedged items**

<b>Hedging instrument</b>	<b>Hedged item</b>
Forward foreign exchange contracts	Accounts receivable/payable—trade denominated in foreign currencies and forecasted transactions denominated in foreign currencies
Interest rate swaps	Loans payable

**iii. Hedging policy**

The Company enters into forward foreign exchange contracts to hedge its exposure to foreign currency fluctuation risk with regard to transactions denominated in foreign currencies and interest rate swaps to hedge its exposure to interest rate fluctuation risk related to procurement funds. The Company uses these hedging instruments only for transactions based on actual demand and does not participate in hedging activities for speculative purposes with the aim of gaining a marginal advantage from buying and selling.

**iv. Method of assessing the hedging effectiveness**

Assessment of hedging effectiveness is omitted because it can be assumed that the significant conditions for the hedging instrument and the hedged item are the same, and market fluctuations or cash flow fluctuations can be fully offset at the beginning of the hedging operation and will continue to be fully offset thereafter.

**(f) Method of amortization of goodwill and period thereof**

Goodwill is amortized equally over five to twenty years on a straight-line basis.

**(g) Cash and cash equivalents in the consolidated statement of cash flows**

Cash and cash equivalents in the consolidated statement of cash flow include cash on hand, demand deposits, and short-term investments maturing within three months from the date they were acquired, and which are easily convertible to cash with little or no risk of fluctuation in value.

**(h) Other important matters in preparing the consolidated financial statements**

**i. Accounting for consumption tax**

Transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of consumption tax.

However, the nondeductible consumption tax, etc., in respect of assets is included in costs for the consolidated fiscal year when such costs were incurred.

## Non-consolidated Balance Sheets

(As of March 31, 2012 and 2013)

	2012	2013
	<i>(millions of yen)</i>	
(Assets)		
Current assets		
Cash and deposits	¥51,400	¥45,624
Notes receivable - trade	7,379	6,752
Electronically recorded monetary claims - operating	13,876	10,175
Accounts receivable - trade	95,116	94,019
Merchandise and finished goods	24,869	26,642
Work in process	919	125
Raw materials and supplies	8,389	10,106
Advance payments	730	613
Deferred tax assets	5,048	4,371
Short-term loans receivable	61,485	65,035
Accrued receivable	4,463	3,848
Other	542	838
Allowance for doubtful accounts	(2,665)	(1,751)
Total current assets	271,556	266,401
Non-current assets		
Property, plant and equipment		
Buildings, net	50,715	53,941
Structures, net	1,481	2,377
Machinery and equipment, net	21,293	18,228
Vehicles, net	89	100
Tools, furniture and fixtures, net	4,454	3,523
Land	28,888	28,887
Lease assets, net	89	36
Construction in progress	5,773	4,073
Total property, plant and equipment	112,786	111,170
Intangible assets		
Leasehold right	17	13
Software	190	123
Exploitation right	4	26
Other	100	132
Total intangible assets	312	296
Investments and other assets		
Investment securities	67,128	92,583
Stocks of subsidiaries and affiliates	52,393	59,719
Investments in capital	4	0
Investments in capital of subsidiaries and affiliates	10,634	6,949
Long-term loans receivable	170	163
Long-term loans receivable from employees	6	4
Long-term loans receivable from subsidiaries and affiliates	18,721	36,505
Claims provable in bankruptcy, claims provable in rehabilitation and other	467	359
Long-term prepaid expenses	648	821
Deferred tax assets	8,249	490
Other	950	809
Allowance for doubtful accounts	(2,561)	(3,974)
Total investments and other assets	156,813	194,434
Total non-current assets	269,912	305,901
Total assets	¥541,469	¥572,303

	2012	2013
	<i>(millions of yen)</i>	
(Liabilities)		
Current liabilities		
Accounts payable - trade	¥38,947	¥35,552
Short-term loans payable	62,250	6,357
Lease obligations	58	22
Accounts payable - other	10,057	10,513
Accrued expenses	15,075	13,794
Income taxes payable	39	192
Advance received	1,066	3,410
Deposits received	1,579	11,981
Provision for directors' bonuses	41	58
Provision for loss on disaster	1,680	215
Provision for business structure improvement	220	—
Provision for asbestos	77	—
Other	207	8
Total current liabilities	131,302	82,108
Non-current liabilities		
Long-term loans payable	27,750	86,858
Lease obligations	35	16
Provision for retirement benefits	16,750	16,098
Provision for PCB	211	205
Provision for asbestos	155	155
Asset retirement obligations	622	622
Other	3,759	4,551
Total non-current liabilities	49,284	108,506
Total liabilities	¥180,587	¥190,615

	2012	2013
	<i>(millions of yen)</i>	
(Net assets)		
Shareholders' equity		
Capital stock	11,094	11,094
Capital surplus		
Legal capital surplus	349	1,361
Total capital surplus	349	1,361
Retained earnings		
Legal retained earnings	2,773	2,773
Other retained earnings		
Reserve for doubtful accounts	5,800	5,800
Reserve for inventory adjustment	5,600	5,600
Reserve for special depreciation - general	33,500	33,500
Reserve for special depreciation	73	49
Reserve for advanced depreciation of non-current assets	5,324	5,320
General reserve	306,041	297,541
Retained earnings brought forward	(1,592)	12,915
Total retained earnings	357,520	363,500
Treasury stock	(25,664)	(25,666)
Total shareholders' equity	343,299	350,289
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17,672	31,329
Deferred gains or losses on hedges	(90)	69
Total valuation and translation adjustments	17,582	31,398
Total net assets	360,881	381,687
Total liabilities and net assets	¥541,469	¥572,303

## Non-consolidated Statements of Income

(For the years ended March 31, 2012 and 2013)

	2012	2013
	<i>(millions of yen)</i>	
Net sales	¥325,137	¥314,186
Cost of sales	285,995	273,616
Gross profit	39,141	40,569
Selling, general and administrative expenses	38,151	36,845
Operating income	989	3,724
Non-operating income		
Interest income	1,009	1,362
Dividends income	2,802	7,846
Rent income	2,862	5,175
Foreign exchange gains	814	2,653
Other	1,992	2,222
Total non-operating income	9,480	19,259
Non-operating expenses		
Interest expenses	273	582
Rent expenses on non-current assets	2,173	3,770
Loss on retirement of non-current assets	684	539
Provision of allowance for doubtful accounts	223	942
Other	875	1,168
Total non-operating expenses	4,230	7,003
Ordinary income	6,240	15,980
Extraordinary loss		
Loss on disaster	2,860	1,927
Provision for loss on disaster	2,422	—
Provision of allowance for doubtful accounts for subsidiaries and affiliates	1,090	—
Loss on valuation of investments in capital of subsidiaries and affiliates	—	5,101
Soil amendment cost	466	—
Total extraordinary losses	6,839	7,029
Income (loss) before income taxes	(599)	8,951
Income taxes - current	(5)	180
Income taxes - deferred	5,647	774
Total income taxes	5,641	955
Net income (loss)	(¥6,240)	¥7,996

## Stock Information

(From April 1, 2012 to March 31, 2013)



Fiscal year 2013 ended March 31, 2013

Index

In %

## Investor Information

(As of March 31, 2013)

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<b>Trade Name:</b>	Toyo Seikan Group Holdings, Ltd.
<b>Location of Head Office:</b>	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
<b>Date Established:</b>	June 25, 1917
<b>Capital:</b>	¥11,094,600,000
<b>End of Fiscal Year:</b>	March 31
<b>Number of Employees:</b>	18,009
<b>Number of Subsidiaries:</b>	78
<b>Number of Affiliated Companies:</b>	9
<b>Accounting Auditor:</b>	Sohken Audit Corporation
<b>Stock Exchange Listings:</b>	Tokyo Stock Exchange, First Section; Osaka Securities Exchange, First Section
<b>Securities Identification Code:</b>	5901
<b>Total Number of Issuable Shares:</b>	450,000,000
<b>Total Number of Issued Shares:</b>	217,775,067
<b>Number of Shares per Unit:</b>	100
<b>Number of Shareholders:</b>	6,667
<b>Shareholder List Manager:</b>	Sumitomo Mitsui Trust Bank, Limited
<b>IR Contact:</b>	
<b>Telephone:</b>	+81-3-4514-2000
<b>Fax:</b>	+81-3-3280-8111
<b>URL:</b>	<a href="http://www.tskg-hd.com/">http://www.tskg-hd.com/</a>



**Toyo Seikan Group Holdings, Ltd.**  
2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo  
Tel: +81-3-4514-2000 Fax: +81-3-3280-8111  
<http://www.tskg-hd.com/>