Notes to the Consolidated Financial Statements

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2015 and 2014

1. Reporting Entity

Sumitomo Corporation (the "Company") is a company incorporated in Japan. The consolidated financial statements of the Company as at and for the year ended March 31, 2015 comprise the financial statements of the Company and its subsidiaries (together, the "Companies"), and the interests in associates and joint ventures. The Company is an integrated trading company (*sogo shosha*). The Companies are engaged in a wide range of business activities on global basis. The Companies' business foundation consists of trust, global relations with over 100,000 business partners around the world, a global network with offices and subsidiaries worldwide, intellectual capital, and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through integration of these elements, the Companies provide a diverse array of value to our customers. Based on this business foundation and these functions, the Companies engage in general trading of a wide range of goods and commodities and in various business activities.

The Companies act as both a principal and an agent in these trading transactions. The Companies also provide a range of services for a variety of industries, such as: financing for customers and suppliers; planning, coordination and operation of urban and industrial infrastructure projects; consulting in areas such as system integration and technology development; and transportation and logistics.

In addition, the Companies engage in other diverse business activities, including investing in a variety of industries ranging from photovoltaic power generation to communications; developing natural resources; manufacturing and processing products such as steel products and textiles; developing and managing real estate; and operating retail stores.

2. Basis of Preparation

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(2) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following significant items:

- derivatives are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- financial instruments at fair value through other comprehensive income are measured at fair value;
- defined benefit liabilities (assets) are the present value of the defined benefit obligation less the fair value of plan assets;
- inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell; and
- biological assets are measured at fair value less costs to sell.

(3) Functional Currency and Presentation Currency

The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All financial information presented in Japanese yen has been rounded to the nearest million. The translation of Japanese yen amounts into United States dollars for the year ended March 31, 2015 is included solely for the convenience of readers and has been made at the rate of ¥120 = U.S. $1, the approximate exchange rate prevailing at the Federal Reserve Bank of New York on March 31, 2015. Such translation should not be construed as a representation that the Japanese yen amounts have been, or could in the future be converted into United States dollars at that or any rate.

(4) Use of Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Judgments and estimates made by management in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Note 7—Revenue Recognition

• Note 8—Accounting for Arrangement containing a Lease
• Notes 25 and 29—Financial Instruments

The following notes include information in respect of uncertainties of judgments and estimates which have a significant risk to cause material adjustment in the next fiscal year:
• Notes 11, 12 and 13—Impairment of Non-financial Assets
• Note 15—Use of Tax Losses
• Note 19—Measurement of Defined Benefit Obligations
• Notes 18 and 35—Provisions and Contingencies

(5) Changes in Accounting Policies
The Companies have applied the Standards and Interpretations required to be adopted from the fiscal year ended March 31, 2015. These applications had no material effect on the consolidated financial statements.

3. Significant Accounting Policies

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Basis of Consolidation
1. Business combinations
The Companies have applied International Financial Reporting Standard No. 3 *Business Combinations* ("IFRS 3") and International Financial Reporting Standard No. 10 *Consolidated Financial Statements* to all business combinations.

The Companies have applied the acquisition method to business combinations disclosed in Note 5.

The Companies control an investee when the Companies are exposed, or have rights, to variable returns from their involvement with the investee and have the ability to affect those returns through their power over the investee. The acquisition date is the date when the control is transferred to the acquirer. Judgments may be required in deciding the acquisition date and as to whether the control is transferred from one party to another.

Goodwill is measured at the fair value of the considerations transferred, including the recognized amount of any non-controlling interests in the acquiree at the date of acquisition, less the net recognized amount of the identifiable assets acquired and the liabilities assumed at the acquisition date (ordinarily measured at fair value).

The considerations transferred include the fair value of the assets transferred from the Companies to the former owners of the acquiree, assumed liabilities, and equity interest issued by the Companies. The considerations transferred also include the fair value of contingent consideration.

The contingent liabilities of the acquiree are recognized in the business combinations if, and only if, they are present obligations that arose from past events and their fair value can be measured with sufficient reliability.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Acquisition-related costs incurred by the Companies in connection with business combinations such as finder's fees and legal, due diligence and other professional or consulting fees are recognized as expenses when incurred.

Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

The identifiable assets acquired, the liabilities and contingent liabilities assumed in accordance with the recognition principles of IFRS 3 are measured at their fair values at the acquisition date, except:
• Deferred tax assets or liabilities and liabilities (or assets) related to employee benefit arrangements are recognized and measured in accordance with International Accounting Standard No. 12 *Income Taxes* and International Accounting Standard No. 19 *Employee Benefits*, respectively; and
• Non-current assets and operations classified as held for sale are measured in accordance with International Financial Reporting Standard No. 5 *Non-current Assets Held for Sale and Discontinued Operations*.

If the initial accounting for business combinations is incomplete by the end of the reporting period in which the business combinations occur, the Companies report provisional amounts for the items for which the acquisition accounting is incomplete. Those provisional amounts are retrospectively adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognized at that date. Additional assets or liabilities are recognized if new information, if known, would have resulted in the additional recognition of assets or liabilities. The measurement period does not exceed one year.

2. Subsidiaries

Subsidiaries are entities which are controlled by the Companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. The accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by the Company, when necessary.

The consolidated financial statements include the financial statements of certain subsidiaries, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting period of the subsidiaries with that of the Company. Due to the requirement of local laws and regulations, it is impracticable to unify the closing dates with that of the Company. It is also impracticable to prepare additional financial statements as of the same date as the financial statements of the Company due to the characteristics of the local business and the IT environment for the accounting system. The difference between the end of the reporting period of subsidiaries and that of the Company does not exceed three months.

When the financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared as of the dates different from the end of the reporting period of the Company, adjustments are made for the effects of significant transactions or events that occur between the end of the reporting period of the subsidiaries and that of the Company.

On the disposal of interests in subsidiaries, if the Companies retain control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as "Equity attributable to owners of the parent."

3. Business combinations of entities under common control

Business combinations of entities under common control are business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Companies have consistently accounted for all such transactions based on carrying amounts.

4. Associates and joint arrangements

Associates are entities over which the Companies have significant influence but do not have control to govern the financial and operating policies. Significant influence is presumed to exist when the Companies hold between 20 % and 50 % of the voting power of another entity.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Companies account for the assets, liabilities, revenues and expenses relating to their interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

Investments in associates and joint ventures ("equity-accounted investees") are accounted for using the equity method, and recognized at cost on acquisition. The investments include goodwill identified on acquisition (net of accumulated impairment losses).

The Companies' share of the income and expenses of the equity-accounted investees and changes in the Companies' share in equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date when it is lost. The accounting policies of equity-accounted investees have been adjusted when necessary to ensure consistency with those applied by the Company.

The consolidated financial statements include some equity-accounted investees, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting date of those equity-accounted investees with that of the Company in connection with other share holders and for other reasons. The end of the reporting period of those equity-accounted investees is mainly the end of December. Adjustments are made for the effects of significant transactions or events that occur due to differences in the end of the reporting period.

5. Transactions eliminated in consolidation

All inter-company transactions, balances, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains on transactions with equity-accounted investees are eliminated to the extent of the Companies' interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains unless there is evidence of impairment.

(2) Foreign Currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the spot exchange rate at the reporting date. Exchange differences on monetary items are the differences between the amortized costs denominated in functional currencies at the beginning of the reporting period adjusted by effective interest and interest payments during the year, and the amortized costs denominated in foreign currencies translated using the spot exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising from retranslation are recognized in profit or loss. However, exchange differences arising from FVTOCI financial assets, hedges of a net investment in foreign operations (see 3. below) and cash-flow hedges are recognized in other comprehensive income. Non-monetary items measured at historical cost in foreign currencies are translated using the spot exchange rate at the date of the transaction.

2. Foreign operations

Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses are translated into Japanese yen at the average exchange rate for the period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income.

These differences are presented as "Exchange differences on translating foreign operations" in Other components of equity after the date of transition to IFRSs. On disposal of the entire interest in foreign operations, and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

3. Hedges of a net investment in foreign operations

The Companies apply hedge accounting to a part of the exchange differences arising between the functional currencies of foreign operations and the Company's functional currency (Japanese Yen), regardless of whether investments in foreign operations are held directly by the Company or indirectly through its subsidiaries.

Exchange differences arising from the retranslation of financial instruments designated as hedging instruments for a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented as "Exchange differences on translating foreign operations" in Other components of equity. The ineffective portion of the gains or losses on the hedging instruments is recognized in profit or loss. On disposal of hedged portion of net investments, the cumulative amount of exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

(3) Financial Instruments

The Companies have early-applied International Financial Reporting Standard No. 9 *Financial Instruments (issued in November 2009, revised in October 2010)* ("IFRS 9") to the accounting for financial instruments.

1. Non-derivative financial assets

The Companies recognize trade and other receivables on the date they are originated.

All other financial assets are recognized on the contract date when the Companies become a party to the contractual provisions of the instrument.

The following is a summary of the classification and measurement model of the non-derivative financial assets;

Financial assets measured at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (plus directly attributable transaction costs). Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary.

Financial assets measured at FVTPL

Financial assets other than equity instruments that do not meet the above conditions in relation to amortized cost measurement are measured at FVTPL. Those financial assets include financial assets held for trading.

Equity investments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Companies make an irrevocable election to measure equity investments as at FVTOCI on initial recognition.

Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.

Financial assets measured at FVTOCI

On initial recognition, the Companies may make an irrevocable election to measure investments in equity instruments as at FVTOCI. The election is made only for the equity investment other than held for trading.

Financial assets measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Financial assets measured at fair value through other comprehensive income" in Other components of equity. The amount of Other components of equity is transferred directly to retained earnings, not to profit or loss, when the equity investment is derecognized or the decline in its fair value compared to its acquisition cost is significant and other-than-temporary.

However, dividends on financial assets measured at FVTOCI are recognized in profit or loss as finance income.

Derecognition of financial assets

The Companies derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or when the Companies transfer the contractual rights to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity. Any interests in transferred financial assets that qualify for derecognition that is created or retained by the Companies are recognized as a separate asset or liability.

2. Cash and cash equivalents

Cash and cash equivalents are cash and highly liquid investments that are readily convertible to known amounts of cash, including short-term time deposits with original maturities of three months or less.

3. Non-derivative financial liabilities

Debt securities issued are initially recognized on the issue date. All other financial liabilities are recognized when the Companies become a party to the contractual provisions of the instruments.

The Companies derecognize financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

The Companies classify borrowings, corporate bonds, trade payables and other payables as non-derivative financial liabilities, and initially measure them at fair value (minus directly attributable transaction costs).

Non-derivative financial liabilities held for trading are measured at fair value after initial recognition and the change in fair value is recognized in profit or loss. Non-derivative financial liabilities held for other than trading are measured at amortized cost using the effective interest method after initial recognition.

4. Equity

Common stock

Proceeds from issuance of equity instruments by the Company are included in "Common stock" and "Additional paid-in capital." The direct issue costs (net of tax) are deducted from "Additional paid-in capital."

Treasury stock

When the Companies reacquire treasury stocks, the consideration paid, net of direct transaction costs and tax, is recognized as a deduction from equity. When the Companies sell treasury stocks, the consideration received is recognized as an increase in equity.

5. Derivatives including hedge accounting

The Companies utilize derivatives to manage interest rate risk, foreign currency risk and the risk of the price fluctuation of commodity inventories and trading commitments. The primary derivatives used by the Companies include foreign exchange forward contracts, currency swaps, interest rate swaps and commodity future contracts.

At the initial designation of the hedging relationship, the Companies document the relationship between the hedging instrument and the hedged item, along with their risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed.

At the inception of the hedge and on an ongoing basis, the Companies assess whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated.

To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.

Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they occur. Subsequently, derivatives are measured at fair value, and gains and losses arising from changes in fair value are accounted for as follows:

Fair value hedges

The changes in the fair value of the hedging instrument are recognized in profit or loss. The carrying amounts of the hedged items are measured at fair value and the gains or losses on the hedged items attributable to the hedged risks are recognized in profit or loss.

Cash flow hedges

When derivatives are designated as a hedging instrument to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of the derivatives is recognized in other comprehensive income and included in "Cash flow hedges" in the Other components of equity. The balances of cash flow hedges are reclassified to profit or loss from other comprehensive income in the periods when the cash flows of the hedged items affect profit or loss, in the same line items of the Consolidated statement of comprehensive income as those of the hedged items. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Hedge accounting is discontinued prospectively when the hedge no longer qualifies for hedge accounting, or when the hedging instrument expires or is sold, terminated or exercised, or when the designation is revoked.

When hedge accounting is discontinued, the balances of cash flow hedges remain in equity until the forecast transaction affects profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

6. Derivatives held for trading and others

The Companies hold derivatives for hedging purposes which do not qualify for hedge accounting. The Companies also hold derivatives for trading purposes as opposed to hedging purposes. Any changes in fair value of these derivatives are recognized immediately in profit or loss.

7. Presentation for financial instruments

Financial assets and liabilities are offset and the net amounts are presented in the consolidated statement of financial position when, and only when, the Companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(4) Inventories

Inventories mainly consist of commodities, materials/work in progress, and real estate held for development and resale.

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale.

Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in fair value are recognized in profit or loss.

The cost of inventories other than acquired with the purpose of generating profits from short-term fluctuations in price is determined based on either specific identification basis when inventories are not ordinarily interchangeable, or mainly moving average basis when inventories are ordinarily interchangeable.

(5) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses.

The cost of items of property, plant and equipment comprises costs directly attributable to the acquisition, costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

2. Depreciation

Depreciation is calculated based on the depreciable amount which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each item. The straight-line method is used because it is considered to the most closely approximate the pattern in which the asset's future economic benefits are expected to be consumed by the Companies. Leased assets are depreciated over the shorter of the lease term and their useful lives if there is no reasonable certainty that the Companies will obtain ownership by the end of the lease term.

Depreciation of mining rights is computed under the units-of-production method over the estimated proven and probable reserve tons, and recognized as an expense. Land and land improvements are not depreciated.

The estimated useful lives for the years ended March 31, 2015 and 2014 are as follows:

- Buildings and leasehold improvements 3-50 years
- Machinery and equipment 2-20 years

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

(6) Intangible Assets

1. Goodwill

Initial recognition

Goodwill arising on the acquisition of a subsidiary is recognized as an intangible asset. Measurement of goodwill on initial recognition is described in (1) 1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. The carrying amount of investments in equity-accounted investees includes the carrying amount of goodwill. The impairment loss of those investments is not allocated to any asset (including goodwill) which constitutes part of the carrying amount of investments in equity-accounted investees.

2. Capitalized software costs

The Companies incur certain costs to purchase or develop software for sale or internal-use.

Expenditures arising from research activities to obtain new scientific or technical knowledge are recognized as expenses as incurred. Expenditures arising from development activities are capitalized as internally generated intangible assets, if, and only if, they are reliably measurable, products or processes are technically and commercially feasible, it is highly probable to generate future economic benefits, and the Companies have an intention and adequate resources to complete those assets and use or sell them. Capitalized software costs are measured at cost less any accumulated amortization and accumulated impairment losses.

3. Intangible assets acquired in business combinations

Intangible assets that are acquired in business combinations, such as sales licenses, trademarks and customer relationships, are recognized separately from goodwill, and are initially recognized at fair value at acquisition date.

Subsequently the intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.

4. Other intangible assets

Other intangible assets with finite useful lives are measured at cost less any accumulated amortization and accumulated impairment losses.

Certain trademarks are not amortized because they are determined to have indefinite useful lives and are expected to exist fundamentally as long as the business continues.

5. Amortization

Amortization is calculated based on the cost of an asset less its residual value. Amortization of intangible assets other than goodwill is computed under the straight-line method over their estimated useful lives from the date the assets are available for use. The straight-line method is used because it is considered to the most closely approximate the pattern in which the intangible assets' future economic benefits are expected to be consumed by the Companies. Estimated useful lives for the years ended March 31, 2015 and 2014 are mainly as follows:

- Software 3–5 years
- Sales licenses, trademarks and customer relationships 3–30 years
- Others 3–20 years

The amortization methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

(7) Investment Property

Investment property is a property held to earn rental income or for capital appreciation or for both. Property held for sale in the ordinary course of business, or use in the production or supply of goods or service or for other administrative purpose is not included in investment property. Investment property is measured at cost less any accumulated depreciation (see (5) 2.) and accumulated impairment losses.

(8) Leased Assets

Leases are classified as finance leases when lessor transfers substantially all the risks and rewards of ownership to the Companies. Leased assets are initially recognized at fair value or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the leased assets are accounted for in accordance with the accounting policies applicable to the assets.

All other leases are classified as operating leases, and are not reported in the Companies' Consolidated statement of financial position.

(9) Impairment

1. Non-derivative financial assets

Financial assets measured at amortized cost are assessed on a quarterly basis whether there is objective evidence that the asset may be impaired. Financial assets are considered to be impaired when there is objective evidence which indicates that loss events have occurred after the initial recognition of the assets, and when it is reasonably anticipated that the loss events have a negative impact on the estimated future cash flows of the assets.

Objective evidence of impairment for financial assets measured at amortized cost includes: a default or delinquency of the borrower, granting the borrower a concession that the Companies would not otherwise consider, indications for bankruptcy of the issuer or obligor and the disappearance of active markets.

The Companies assess whether evidence of impairment exists individually and collectively for financial assets measured at amortized cost. An individually significant financial asset is individually assessed for impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred, but not yet reported. Financial assets that are not individually significant are collectively assessed for impairment in a group of financial assets with similar risk characteristics.

In assessing collective impairment, the Companies evaluate historical trends of the probability of default, timing of recoveries and the amount of loss incurred. In addition, an adjustment is made to reflect management judgment on whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The impairment loss for financial assets measured at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognized in profit or loss. Interest on the impaired assets continues to be recognized through unwinding of the discount. If there are events which decrease the amount of impairment after the recognition of the impairment, the reversal of the impairment loss is recognized in profit or loss.

2. Non-financial assets

At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories, biological assets and deferred tax assets, are assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill and intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. A CGU is the smallest group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

A CGU of goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes, and does not exceed an operating segment before aggregation.

Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent periods. Assets other than goodwill are reviewed at the end of each reporting period to determine whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. An impairment loss recognized in prior years for an asset is reversed to profit or loss if an event occurs that changes the estimates used to determine the asset's recoverable amount. A reversal of impairment loss does not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized for the asset for prior years.

Goodwill that forms part of the carrying amount of investments in equity-accounted investees is not separately recognized, and it is not tested for impairment separately. The entire carrying amount of the investments is tested for impairment as a single asset, whenever there is any objective evidence that the investments are impaired.

(10) Employee Benefits

1. Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans (see 2. below). The Companies' net defined benefit obligations are calculated separately for each plan by estimating the future amount of benefit that employees have earned in exchange for their service for the previous years. The benefits are discounted to determine the present value, and fair value of plan assets is deducted.

The discount rates are equivalent to the market yields of AA credit-rated corporate bonds at the end of each reporting period that have maturity terms approximating those of the Companies' obligations. These calculations are performed annually by qualified actuaries using the projected unit credit method.

When plan amendments are made, the change in defined benefit obligations related to past service by employees is recognized in profit or loss immediately.

The Companies recognize remeasurements of the net defined benefit liability (asset) in other comprehensive income and immediately reclassify them from Other components of equity to Retained earnings.

2. Defined contribution plans

The employees of certain subsidiaries are provided with defined contribution plans. Defined contribution plans are post-employment benefit plans in which the Companies pay fixed contributions into separate entities and will have no legal or constructive obligation to make further contributions. The Obligations for contributions to defined contribution plans are recognized as an expense during the period when the service is rendered. Certain subsidiaries participate in multi-employer plans in addition to lump-sum benefit plans or pension benefit plans, and recognize the contribution during a period as an expense in profit or loss and contribution payable as a liability.

3. Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed during the period when the service is rendered.

Bonus accrual is recognized as a liability, when the Companies have present legal or constructive obligations to pay as a result of past employee service, and when reliable estimates of the obligation can be made.

4. Share-based payments

The Companies have stock option plans as incentive plans for directors, executive officers, and corporate officers under the Companies' grade system. The fair value of stock options at the grant date is recognized as an employee expense over the vesting period from the grant date as a corresponding increase in equity. The fair value of the stock options is measured using the Black-Scholes or other model, taking into account the terms of the options granted. The Companies regularly review the assumptions made and revise estimates of the number of options that are expected to vest, when necessary.

(11) Provisions

Provisions are recognized when the Companies have present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Provisions are discounted to their present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Asset retirement obligations

The Companies account for asset retirement obligations mainly related to the dismantlement of crude oil and coal-mining and drilling facilities in accordance with the Companies' published environmental policies and the requirements of laws and regulations applicable to the Companies.

(12) Revenue

Revenue is measured at the fair value of the consideration for goods sold and services provided in the ordinary course of business, less sales related taxes.

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- the Companies have transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Companies retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Companies; and
- the costs incurred in respect of the transaction can be measured reliably.

The outcome of a transaction involving rendering services can be estimated reliably, and revenue is recognized by reference to the stage of completion of the transaction at the end of the reporting period, when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

The policies on revenue recognition, multiple-element transactions, and gross versus net in presentation of revenue are as follows;

1. Revenue from sales of tangible products

The Companies generate revenue from sales of tangible products (a) in connection with the Companies' wholesale, retail, manufacturing and processing operations, (b) in connection with the Companies' real estate operations, and (c) under long-term construction contracts, etc.

(a) Wholesale, retail, manufacturing and processing operations

The Companies recognize revenue from sales of tangible products in connection with the Companies' wholesale, retail, manufacturing and processing operations when there is persuasive evidence such as the execution of a transaction based on a sales contract, that is, when the Companies have transferred to the buyer the significant risks and rewards of ownership of the goods, and it is probable that the economic benefits associated with the transaction will flow to the Companies, and the costs incurred in respect of the transaction and the possibility of product returns can be estimated reasonably, and the Companies do not retain continuing managerial involvement over the goods sold, and the amount of revenue can be measured reliably. Depending upon the terms of the contract, this may occur at the time of delivery or shipment or upon the attainment of customer acceptance. The conditions of acceptance are governed by the terms of the contract or customer arrangement and those not meeting the predetermined specifications are not recognized as revenue until the attainment of customer acceptance. The Companies' policy is not to accept product returns unless the products are defective. The Companies have no material exposure to losses under warranty provisions. Such losses are recognized when probable and estimable. The amounts of rebates and discounts are deducted from revenue, and they are not material. The Companies recognize revenue upon delivery, shipment, or upon the attainment of customer acceptance for steel service center operations in which the Companies process and cut steel sheets to customer specifications (Metal Products business unit segment), dealership operations in which the Companies sell automobiles to general consumers and distribute construction equipment and machinery to construction companies (Transportation & Construction Systems business unit segment), retail business operations such as supermarkets and drugstores (Media, Network, Lifestyle Related Goods & Services business unit segment), and plastic products (Mineral Resources, Energy, Chemical & Electronics business unit segment).

(b) Real estate operations

Revenue from the sale of land, office buildings, and condominiums is recognized when all the following conditions are satisfied:

- the Companies have transferred to the buyer the significant risks and rewards of ownership of the asset sold;
- the Companies retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the asset sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Companies;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- there are no significant clauses in sales agreements that oblige the Companies to complete the asset sold.

For sale transactions with some degree of continuing managerial involvement (for example, guarantee to the buyer), revenue recognized at the date of sale is reduced by the estimated exposure to loss measured at the fair value related to the continuing involvement.

In circumstances where the terms of the transaction provide for the Companies to receive additional consideration which is contingent upon fulfillment of certain conditions without risk of loss, and the transaction otherwise qualifies for profit recognition, the contingent future profits are recognized when the contingency is resolved.

In those cases where the Companies transfer to the buyer control and significant risks and rewards of ownership of the work in progress in its current state as construction progresses, and if all the criteria described above are met, revenue is recognized using the percentage of completion ("POC") method in accordance with IFRIC Interpretation 15 *Agreements for the Construction of Real Estate.*

(c) Long-term construction contracts, etc.

The Companies generate revenue from sales of tangible products under long-term construction contracts, etc., principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction service (Environment & Infrastructure business unit segment), and software development business in which the Companies customize the software to customer specifications (Media, Network, Lifestyle Related Goods & Services business unit segment).

Revenue from fixed price long-term construction contracts, etc., is recognized when the outcome of a contract can be estimated reliably. Revenue and costs are recognized generally by the POC method. Under the POC method, revenue is recognized by reference to the stage of completion measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then, revisions to the estimates are made.

These revisions may result in increases or decreases in estimated revenues or estimated costs, and such revisions are reflected in profit or loss in which the circumstances that give rise to the revision become known by management. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized to the extent that it is probable that contract costs incurred will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

The Companies review the cost performance and estimates to complete projections on its contracts at least on a quarterly basis. The impact of revisions of profit estimates on fixed price contracts is recognized in the period in which the revisions are made. The expected losses on fixed price contracts are recognized as an expense when such losses can be estimated. Provisions are recognized for contingent liabilities in the period in which they become known and estimable pursuant to specific contract terms and conditions.

When costs incurred by the end of reporting period plus recognized profits (less recognized losses) exceed progress billings, the surplus is presented as receivables from customers. For contracts where progress billings exceed contract costs incurred by the end of the reporting period plus recognized profits (less recognized losses), the surplus is presented as payables to customers. Amounts received before the related work is performed are recognized as liabilities and are included in "Advances from customers" in the Consolidated statement of financial position. Amounts billed for work performed but not yet paid by the customer are reported in the Consolidated statement of financial position and recognized as "Trade and other receivables" and some other assets.

2. Revenue from sales of services and others

The Companies also generate revenue from sales of services and others in connection with (a) services related to customized software development, (b) loans, finance leases and operating leases of commercial real estate, automobiles and vessels, and (c) other service arrangements to suppliers and customers such as arranging finance and coordinating logistics in connection with trading activities.

(a) Services related to customized software development

Revenue from services contracts related to customized software development to customer specifications is recognized by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is estimated by reference to the proportion of contracts cost incurred for work performed to date. Revenue from maintenance is recognized over the contractual period or as the services are rendered (Media, Network, Lifestyle Related Goods & Services business unit segment).

(b) Loans, finance leases and operating leases of commercial real estate, automobiles and vessels

Revenue from loans is recognized using the effective interest method over the terms of the loans, which is the rate that exactly discounts the estimated future cash receipts through the expected residual period of the financial asset to that asset's net carrying amount.

Revenue from finance leases is calculated using the interest rate implicit in the lease, which is the discount rate that results in the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs of the lessor.

Revenue from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Companies recognize revenue from operating leases in connection with vessels leased to shipping companies (Transportation & Construction Systems business unit segment) and rental of commercial real estate (Media, Network, Lifestyle Related Goods & Services business unit segment).

(c) Other service arrangements to suppliers and customers such as arranging finance and coordinating logistics in connection with trading activities

Revenue from other service arrangements includes transactions in which the Companies act between customer and supplier as an agent or a broker to provide such services as arranging finance or coordinating logistics in connection with trading activities. Such revenue is recognized when the contracted services are rendered.

3. Multiple-element arrangements

The Companies enter into multiple-element transactions related revenue arrangements, which may include any combination of products, equipment, software, installation services and/or financing.

A multiple-element arrangement is separated into more than one unit of accounting if all of the following criteria are met:

- the delivered element(s) has (have) the standalone value to the customer;
- there is objective and reliable evidence of the fair value of the undelivered element(s); and
- if the arrangement includes a general right of return relative to the delivered element(s), the delivery or performance of the undelivered element(s) is considered probable and substantially in the control of the Companies.

If these criteria are not met, revenue is deferred until the earlier of when such criteria are met or when all of the undelivered elements are delivered. If there is objective and reliable evidence of fair value for all units of accounting in an arrangement, the arrangement consideration is allocated to the separate units of accounting based on each unit's relative fair value. There may be cases, however, in which there is objective and reliable evidence of fair value of the undelivered element(s) but no such evidence for the delivered element(s). In those cases, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of consideration allocated to the delivered element(s) equals the total arrangement consideration less the aggregate fair value of the undelivered element(s).

4. Gross versus net

In the ordinary course of business, the Companies frequently act as an intermediary or an agent in executing transactions with third parties. In these arrangements, the Companies determine whether to report revenue based on the "gross" amount billed to the ultimate customer for tangible products or services provided or on the "net" amount received from the customer after commissions and other payments to third parties. However, the amounts of "Gross profit" and "Profit for the year attributable to owners of the parent" are not affected by whether revenue is reported on a gross or net basis.

Determining whether revenue should be reported in gross or net is based on an assessment of whether the Companies are acting as a "principal" or an "agent" in a transaction. Accordingly, to the extent that the Companies are acting as a principal in a transaction, the Companies report revenue on a gross basis and to the extent that the Companies are acting as an agent in a transaction, the Companies report revenue on a net basis. The determination of whether the Companies are acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of an arrangement with respect to exposure to the significant risks and rewards associated with the sale of tangible products or the rendering of services.

Factors that indicate that the Companies act as a principal, and thus recognize revenue on a gross basis include:

- the Companies have the primary responsibility for providing the goods or services to the customer or for fulfilling the orders;
- the Companies have inventory risk before or after the customer order, during shipping or on return;
- the Companies have latitude in establishing prices, either directly or indirectly; and
- the Companies bear the customer's credit risk for the amount receivable from the customer.

Factors that indicate that the Companies act as an agent, and thus recognize revenue on a net basis include:

- the consideration of services rendered (commission or fee) is fixed; and
- the consideration is determined by multiplying the amount of goods and services provided to customers by a stated percentage.

(13) Total Trading Transactions

Total trading transactions is a voluntary disclosure and represents the gross transaction volume of trading transactions, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent. Total trading transactions is not meant to represent sales or revenues in accordance with IFRSs. Total trading transactions should not be construed as equivalent to, or a substitute or proxy for, revenues, or as an indicator of the operating performance, liquidity or cash flows generated by operating, investing or financing activities. A substantial part of total trading transactions represents transactions in which the Companies participate without physical acquisition of goods or without significant inventory risk. The Companies have included the information concerning total trading transactions because it is used by similar Japanese trading companies as an industry benchmark, and the Companies believe it is a useful supplement to results of operations data as a measure of the Companies' performance compared to other similar Japanese trading companies.

(14) Lease Payments

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives are deemed as inseparable part of the total lease payments and are recognized over the lease term.

Minimum lease payments made under finance leases are allocated to finance costs and the reduction of the outstanding liabilities. Finance costs are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of liabilities.

Contingent fees are accounted for as adjustments to minimum lease payments over the remaining lease term, when an adjustment to the lease payments becomes certain.

The Companies assess whether an arrangement is, or contains, a lease at the inception of the arrangement. If fulfillment of the arrangement is dependent on the use of a specific asset, it contains a lease. Arrangements convey the right to use the assets when the arrangements convey to the Companies the right to control the use of the underlying assets. Payments and other consideration required by the arrangements are allocated at the inception of the arrangements or upon a reassessment of the arrangements into lease payments and payments of other elements on the basis of their relative fair values. If the Companies conclude that it is impracticable to separate the payments for finance leases reliably, assets and liabilities are recognized at the amount equal to the fair value of the underlying assets. Subsequently, the liabilities are reduced as payments are made and finance costs incurred on liabilities are recognized using the Companies' incremental borrowing rate.

(15) Finance Income and Costs

Finance income mainly comprises interest income, dividend income, gains on sale of securities, changes in fair value of financial assets measured at FVTPL, gains on hedging instruments recognized in profit or loss. Interest income is recognized when incurred using the effective interest method.

Dividend income is recognized on the date when the right to receive payment is established. Interest income from a financial asset (excluding financial assets measured at FVTPL) is accrued using the effective interest method.

Finance costs mainly comprise interest expense, losses on sale of securities, changes in fair value of financial assets measured at FVTPL, impairment loss on financial assets, losses on hedging instruments recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

(16) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of certain qualifying assets, which take a considerable period of time to get ready for their intended use or sale, are added to the costs of those assets, until the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss when incurred.

(17) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for the taxes which arise from business combinations or are recognized either in other comprehensive income or directly in equity.

Current taxes are the expected taxes payables or receivables on the taxable profit, using the tax rates enacted or substantially enacted by the end of the reporting period, adjusted by taxes payables or receivables in prior years.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit. Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements. However, if the Companies are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries, associates and joint arrangements are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit of temporary differences can be utilized and the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences will reverse, based on tax laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and deferred tax liabilities are offset when: there is a legally enforceable right to offset current tax assets against current tax liabilities; and income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(18) Earnings per Share (attributable to owners of the parent)

The Companies disclose basic and diluted earnings per share (attributable to owners of the parent) related to common stock. Basic earnings per share is calculated by dividing profit for the year (attributable to owners of the parent) by the weighted average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock acquired. For the purpose of calculating diluted earnings per share, profit for the year (attributable to owners of the parent) and the weighted average number of common stock outstanding, adjusted for the number of treasury stock, are adjusted for the effects of all dilutive potential common stock. Potential common stock of the Company is related to the stock option plan.

(19) Operating Segments

Operating segments are components of business activities from which the Companies may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments. Discrete financial information for operating results of all operating segments is available, and is regularly reviewed by management in order to determine the allocation of resources to the segment and assess its performance.

(20) New standards and interpretations not yet applied

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements, which the Companies have not yet applied as of March 31, 2015, are as follows. The Companies are currently evaluating the potential impacts that application of these will have on the consolidated financial statements.

IFRSs	Title	Reporting periods on or after which the applications are required	Reporting periods of the application by the Companies (The reporting period ended)	Summaries of new IFRSs and amendments
IFRS 9	Financial Instruments	January 1, 2018	March 31, 2019	New requirements for general hedge accounting Limited amendments to the requirements of classification and measurement of financial assets, and new requirements for impairment
IFRS 10	Consolidated Financial Statements	January 1, 2016	March 31, 2017	Accounting for the sale or contribution of assets between an investor and its associate or joint venture Clarification of requirements when accounting for investment entities
IFRS 11	Joint Arrangements	January 1, 2016	March 31, 2017	Accounting for acquisitions of interests in joint operations
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2016	March 31, 2017	Clarification of disclosure requirements relating to investment entities
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	March 31, 2018	Establishment of accounting for revenue recognition that applies to contracts with customers
IAS 1	Presentation of Financial Statements	January 1, 2016	March 31, 2017	Clarification of requirements for presentation and disclosure in financial reports
IAS 16	Property, Plant and Equipment	January 1, 2016	March 31, 2017	Clarification of acceptable methods of depreciation Accounting for biological assets that meet the definition of a bearer plant
IAS 19	Employee Benefits	July 1, 2014	March 31, 2016	Clarification of the requirements for contributions from employees or third parties to defined benefit plans
IAS 28	Investments in Associates and Joint Ventures	January 1, 2016	March 31, 2017	Accounting for the sale or contribution of assets between an investor and its associate or joint venture Clarification of requirements when accounting for investment entities
IAS 38	Intangible Assets	January 1, 2016	March 31, 2017	Clarification of acceptable methods of amortization
IAS 41	Agriculture	January 1, 2016	March 31, 2017	Accounting for a produce growing on bearer plants

4. Segment Information

(1) Operating Segment

On April 1, 2014 the Kansai Regional Business Unit and Chubu Regional Business Unit were abolished, and the business departments constituting the above two regional business units were incorporated into organizations under headquarters business units and divisions. Accordingly, the Domestic Regional Business Units and Offices segment was abolished. Then, the Companies conduct business through five industry-based business operating segments (business units) and overseas regional segment (Overseas Subsidiaries and Branches).

The Companies' industry-based business segments are:

Metal Products
Transportation & Construction Systems
Environment & Infrastructure
Media, Network, Lifestyle Related Goods & Services
Mineral Resources, Energy, Chemical & Electronics

"Trading" used in the following descriptions of the Companies' business units represents sales transactions where the business units act as a principal or an agent. See Note 3. (12) for the Companies' accounting policy on revenue recognition.

Metal Products—The Metal Products Business Unit segment encompasses various metal products, including steel products such as steel sheets, tubular products, and non-ferrous metal products such as aluminum and titanium. This segment also has an extensive value chain that satisfies the diverse needs of customers in a broad range of fields. In the steel sheet-related field, this segment provides just-in-time delivery services for steel sheet products mainly to automotive and home appliance manufacturers via worldwide steel service center network, which provides functions including procurement, inventory management, and processing. In the tubular products field, this segment has functions as a total service provider by developing oil field services in addition to unique supply chain management (SCM) system for oil and gas companies. In the non-ferrous products & metals field, a priority of this segment is to expand production and sales locations for aluminum ingot and sheets. This segment consists of the Steel Sheet & Construction Steel Products Division, the Metal Products for Automotive & Railway Industry Division, the Light Metals & Specialty Steel Sheet Division, and the Tubular Products Division.

Transportation & Construction Systems—The Transportation & Construction Systems Business Unit segment engages in global transactions involving ships, aircrafts, transportation systems, motor vehicles, construction equipment and related components and parts. Activities of this segment range from trading, leasing and financing to designing and arranging the construction of public transportation systems. This segment consists of the Ship, Aerospace & Transportation Systems Division, two Automotive Divisions, and the Construction & Mining Systems Division.

Environment & Infrastructure—The Environment & Infrastructure Business Unit segment engages in a wide range of large-scale overseas infrastructure development projects such as power generation and power plant Engineering, Procurement and Construction (EPC). This segment also engages in electricity retail in Japan, renewable energy businesses such as wind, solar photovoltaic and geothermal power generation, industrial infrastructure businesses such as industrial facilities and equipments, water businesses, environmental solutions, and storage battery businesses. This segment also engages in providing logistics services such as delivery, customs clearance and transportation services, arrangements for insurance, and development and operation of overseas industrial parks. This segment consists of the Environment & Infrastructure Project Business Division, the Global Power Infrastructure Business Division and the Logistics & Insurance Business Division.

Media, Network, Lifestyle Related Goods & Services—The Media, Network, Lifestyle Related Goods & Services Business Unit segment engages in cable TV operations, production and distribution of program, movie business, IT service business, cell-phone related business, internet related business, telecommunications, venture investments, and retail businesses such as supermarkets, drugstores, various mail order businesses and fashion business. This segment also engages in trading, marketing, manufacturing, selling, processing and distribution of food, foodstuffs, cement, timber, building materials, and tires. This segment also engages in a variety of real estate activities relating to office buildings and commercial and residential properties. This segment consists of the Media Division, the Network Division, the Lifestyle & Retail Business Division, the Food Business Division, the Materials & Supplies Division and the Construction & Real Estate Division.

Mineral Resources, Energy, Chemical & Electronics—The Mineral Resources, Energy, Chemical & Electronics Business Unit segment engages in the development and trading of mineral and energy resources including coal, iron ore, manganese, uranium, non-ferrous metals, precious metals, petroleum, natural gas and liquefied natural gas (LNG) and commodity derivative transactions. This segment also trades petroleum products, liquefied petroleum gas (LPG), storage batteries, carbon products, plastics, organic and inorganic chemicals, silicon wafers, LEDs, pharmaceuticals, agricultural chemicals, household insecticide, fertilizers, and pet supplies and is also involved and invests in those businesses. This segment also operates electronics manufacturing services (EMS) mainly in Asia. This segment consists of two Mineral Resources Divisions, the Energy Division, the Basic Chemicals & Electronics Division and the Life Science Division.

Overseas Subsidiaries and Branches—The Overseas Subsidiaries and Branches segment consists of four broad regions, namely, “East Asia,” “Asia & Oceania,” “Europe, Middle East, Africa & CIS” and “The Americas.” These regional operations conduct business activities in all industry sectors based on their specialized knowledge of the region. In addition, they work together on certain projects with the industry-based business units in order to develop products and services that are more focused on that particular region.

The reportable segments are organized based on the nature of products and services provided and on certain specific overseas regions that oversee the business activities of all products and services in those regions. Each business segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability. Segment financial information is evaluated regularly by management in order to assess performance and determine the allocation of resources.

Financial Section

Information by operating segments for the years ended March 31, 2015 and 2014 is summarized as follows:

2015	Millions of Yen			
Segment	Revenue	Gross profit	Profit (loss) for the year (attributable to owners of the parent)	Total assets
Metal Products	**¥ 610,401**	**¥103,533**	**¥ 32,508**	**¥ 877,599**
Transportation & Construction Systems	**481,433**	**133,932**	**49,805**	**1,615,390**
Environment & Infrastructure	**180,256**	**64,471**	**22,948**	**597,197**
Media, Network, Lifestyle Related Goods & Services	**974,954**	**288,690**	**47,848**	**1,903,769**
Mineral Resources, Energy, Chemical & Electronics	**339,337**	**86,915**	**(191,023)**	**1,682,739**
Overseas Subsidiaries and Branches	**1,182,230**	**277,499**	**(22,658)**	**2,164,414**
Total	**3,768,611**	**955,040**	**(60,572)**	**8,841,108**
Corporate and Eliminations	**(6,375)**	**(2,099)**	**(12,598)**	**180,262**
Consolidated	**¥3,762,236**	**¥952,941**	**¥ (73,170)**	**¥9,021,370**

2014	Millions of Yen			
Segment	Revenue	Gross profit	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	¥ 536,705	¥ 97,168	¥ 26,590	¥ 884,398
Transportation & Construction Systems	438,506	124,205	48,680	1,440,647
Environment & Infrastructure	143,137	63,696	19,143	597,031
Media, Network, Lifestyle Related Goods & Services	922,474	284,891	54,424	1,871,190
Mineral Resources, Energy, Chemical & Electronics	311,874	82,933	23,629	1,748,111
Overseas Subsidiaries and Branches	976,037	244,535	41,393	1,889,690
Total	3,328,733	897,428	213,859	8,431,067
Corporate and Eliminations	(11,327)	(3,012)	9,205	237,671
Consolidated	¥3,317,406	¥894,416	¥223,064	¥8,668,738

2015	Millions of U.S. Dollars			
Segment	Revenue	Gross profit	Profit (loss) for the year (attributable to owners of the parent)	Total assets
Metal Products	**$ 5,087**	**$ 863**	**$ 271**	**$ 7,313**
Transportation & Construction Systems	**4,012**	**1,116**	**415**	**13,461**
Environment & Infrastructure	**1,502**	**537**	**191**	**4,977**
Media, Network, Lifestyle Related Goods & Services	**8,124**	**2,406**	**399**	**15,865**
Mineral Resources, Energy, Chemical & Electronics	**2,828**	**724**	**(1,592)**	**14,023**
Overseas Subsidiaries and Branches	**9,852**	**2,313**	**(189)**	**18,037**
Total	**31,405**	**7,959**	**(505)**	**73,676**
Corporate and Eliminations	**(53)**	**(18)**	**(105)**	**1,502**
Consolidated	**$31,352**	**$7,941**	**$ (610)**	**$75,178**

On April 1, 2014 the Kansai Regional Business Unit and Chubu Regional Business Unit were abolished, and the business departments constituting the above two regional business units were incorporated into organizations under headquarters business units and divisions. Accordingly, the Domestic Regional Business Units and Offices segment was abolished, and we reorganized our operating segments into five segments based on industries and overseas regional segment (Overseas Subsidiaries and Branches) from this fiscal year. Also, on October 1, 2014 Commodity Business Department was transferred from Corporate and Eliminations to Mineral Resources, Energy, Chemical & Electronics Business Unit.

The segment information of the previous year has also been reclassified.

Corporate assets consist primarily of cash and cash equivalents and marketable securities maintained by corporate headquarters that are not related to specific operating segments.

Profit (loss) for the year (attributable to owners of the parent) in Corporate and Eliminations includes certain profits and losses that are not allocated to operating segments and intersegment eliminations. The certain profits and losses in Corporate and Eliminations are reallocated once the Company determines those attributable operating segments.

Transactions between segments are made on an arm's-length basis.

In the fiscal year ended March 31, 2015, the impairment losses in Tire business in the U.S. were recognized in Media, Network, Lifestyle Related Goods & Services segment. The post-tax impact to the Profit (loss) for the year (attributable to owners of the parent) was a loss of ¥7,508 million ($63 million).

In the fiscal year ended March 31, 2015, the impairment losses in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., and Oil field interests in the North Sea, and impairment losses and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia were recognized in Mineral Resources, Energy, Chemical & Electronics segment. The post-tax impact to the Profit (loss) for the year (attributable to owners of the parent) was ¥206,774 million ($1,723 million), in total, due to the impairment losses in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., and Oil field interests in the North Sea, and ¥20,981 million ($175 million), in total, due to the impairment loss and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia.

In the fiscal year ended March 31, 2015, the impairment losses in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., Oil field interests in the North Sea, and Tire business in the U.S., and the impairment loss and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia were recognized in Overseas Subsidiaries and Branches segment. The post-tax impact to the Profit (loss) for the year (attributable to owners of the parent) was ¥71,570 million ($596 million), in total, due to the impairment losses in Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., Oil field interests in the North Sea, and Tire business in the U.S., and ¥3,451 million ($29 million), in total, due to the impairment loss and provisions for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia.

In the fiscal year ended March 31, 2015, the company changed the measurement method of the segment assets and liabilities from the transactions between the segments and some parts of them were offset that resulted in the decrease of the total assets of the operating segments by ¥220,466 million ($1,837 million), in total, and the increase of the total assets of the Corporate and Eliminations by the same amount.

(2) Geographic Information

The Companies' revenue by geographical areas for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Japan	**¥1,442,420**	¥1,367,475	**$12,020**
Asia	**400,268**	330,018	**3,336**
North America:			
U.S.	**1,157,959**	872,698	**9,650**
Others	**150,147**	149,668	**1,251**
Europe	**344,075**	339,570	**2,867**
Others	**267,367**	257,977	**2,228**
Total	**¥3,762,236**	¥3,317,406	**$31,352**

The carrying amount of non-current assets, excluding Financial assets and Deferred tax assets, by geographical areas as of March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Japan	**¥ 579,310**	¥ 573,571	**$ 4,828**
Asia	**65,251**	56,112	**544**
North America:			
U.S.	**513,056**	547,388	**4,275**
Others	**22,475**	21,966	**187**
Europe	**188,564**	177,438	**1,571**
Others	**222,356**	228,378	**1,853**
Total	**¥1,591,012**	¥1,604,853	**$13,258**

Breakdown by products and services are not available.

5. Acquisition of Subsidiaries

For the year ended March 31, 2015

Business combinations during the year ended March 31, 2015 mainly consist of online retailer of baby related items and Malaysian fertilizer manufacturer/distributor. The aggregated acquisition-date fair value of the consideration transferred which consists of cash, the previously held equity interest, assets acquired and liabilities assumed, and non-controlling interests are as follows. The consideration transferred was paid fully in cash.

	Millions of Yen	Millions of U.S. Dollars
Fair value of the consideration transferred	¥ 7,593	$ 63
Fair value of the previously held equity interest	786	7
Total	8,379	70
Total assets	13,376	112
Total liabilities	(7,654)	(64)
Net assets	5,722	48
Non-controlling interests	(1,315)	(11)
Goodwill	3,972	33
Total	¥ 8,379	$ 70

Goodwill consists primarily of future economic benefits and synergies with existing operations.

Non-controlling interests were measured at the ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

For the year ended March 31, 2014

On November 21, 2013, the Company and Sumitomo Corporation of Americas (hereinafter collectively referred to as "the Sumitomo Corporation Group") jointly acquired all outstanding shares of Edgen Group Inc. ("Edgen Group"), a U.S. energy-related steel products distributor.

The Sumitomo Corporation Group is seeking through this acquisition to establish a foundation for growth in the steel pipe business for midstream and downstream energy markets, to reinforce its North American OCTG business and to enhance its sales of steel plates/pipes to the energy sector.

	Millions of Yen
Fair value of the consideration transferred	¥ 52,662
Cash and cash equivalents	2,166
Trade and other receivables	61,282
Other current assets	966
Property, plant and equipment	4,465
Intangible assets	47,546
Other non-current assets	3,150
Current liabilities	(33,884)
Non-current liabilities	(65,342)
Net assets	20,349
Non-controlling interests	(30)
Goodwill	32,343
Total	¥ 52,662

Goodwill consists primarily of future economic benefits and synergies with existing operations and recognized in the Metal Products segment and the Overseas Subsidiaries and Branches segment. The acquisition-related costs are ¥839 million, included in "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income.

Business combinations other than Edgen Group during the year ended March 31, 2014 mainly consist of integrated supply business of agricultural materials in Australia and wind farm in the U.S. The aggregated consideration transferred at the acquisition date for these business combinations was ¥6,868 million and was paid fully in cash. The aggregated fair value of assets acquired and liabilities assumed amounted to ¥78,553 million and ¥63,612 million, respectively.

As the initial accounting for certain business combinations is incomplete as of the issuance date of the consolidated financial statements, the Companies report provisional amounts for the item for which the acquisition accounting is incomplete as of March 31, 2014.

6. Marketable securities and Other investments

The amounts of "Marketable securities" and "Other investments" in the Consolidated statement of financial position are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Marketable securities:			
FVTPL	¥ 8,822	¥ 32,151	$ 73
Amortized cost	800	1,532	7
Total	9,622	33,683	80
Other investments:			
FVTPL	35,683	40,143	298
FVTOCI	451,943	461,033	3,766
Amortized cost	7,825	9,274	65
Total	¥495,451	¥510,450	$4,129

The fair values of "Marketable securities" and "Other investments" measured at amortized cost as of March 31, 2015 and 2014 are ¥8,625 million ($72 million) and ¥10,806 million, respectively.

The Companies classify investments as financial assets measured at FVTOCI when those investments are held for the objective, such as expansion of the medium and long-term revenue through maintenance and reinforcement of relationships with investees.

The fair value and dividends received from "Other investments" measured at FVTOCI held as of March 31, 2015 and 2014 are as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2015		2014		2015	
	Fair value	Dividends	Fair value	Dividends	Fair value	Dividends
Listed	¥367,078	¥ 5,823	¥347,728	¥ 5,257	$3,059	$49
Unlisted	84,865	5,544	113,305	6,111	707	46
Total	¥451,943	¥11,367	¥461,033	¥11,368	$3,766	$95

The fair values of "Other investments" measured at FVTOCI as of March 31, 2015 mainly consist of the following:

	Millions of Yen	Millions of U.S. Dollars
	2015	2015
NIPPON STEEL & SUMITOMO METAL CORPORATION	¥55,264	$461
TOYOTA MOTOR CORPORATION	28,096	234
Sumitomo Realty & Development Co., LTD.	22,345	186
YAMAZAKI BAKING CO., LTD.	20,272	169
SKY Perfect JSAT Holdings Inc.	16,605	138
Asahi Group Holdings, Ltd.	15,293	127
Mazda Motor Corporation	14,843	124
MS&AD Insurance Group Holdings, Inc.	14,137	118
Sumitomo Metal Mining Co., Ltd.	12,310	103
Sumitomo Rubber Industries, Ltd.	10,657	89
DAIKIN INDUSTRIES, LTD.	9,160	76
NISSHIN SEIFUN GROUP INC.	8,614	72
KATO SANGYO CO., LTD.	8,152	68
Sumitomo Electric Industries, Ltd.	7,888	66
YAMATO KOGYO CO., LTD.	7,147	60
The Dai-ichi Life Insurance Company, Limited	6,413	53
SUMITOMO HEAVY INDUSTRIES, LTD.	5,872	49
Sumitomo Forestry Co., Ltd.	5,755	48
ISUZU MOTORS LIMITED	5,455	45

The fair values of "Other investments" measured at FVTOCI as of March 31, 2014 mainly consist of the following:

	Millions of Yen
	2014
NIPPON STEEL & SUMITOMO METAL CORPORATION	¥74,079
Mazda Motor Corporation	24,461
Sumitomo Realty & Development Co., LTD.	20,885
TOYOTA MOTOR CORPORATION	19,526
Sumitomo Mitsui Trust Holdings, Inc. – preferred stock	15,529
Sumitomo Rubber Industries, Ltd.	12,626
SKY Perfect JSAT Holdings Inc.	12,287
Asahi Group Holdings, Ltd.	11,585
YAMAZAKI BAKING CO., LTD.	11,432
ISUZU MOTORS LIMITED	10,126
MS&AD Insurance Group Holdings, Inc.	9,917
Sumitomo Metal Mining Co., Ltd.	9,072
YAMATO KOGYO CO., LTD.	7,961
Sumitomo Electric Industries, Ltd.	7,692
KATO SANGYO CO., LTD.	7,178
DAIKIN INDUSTRIES, LTD.	6,582
NISSHIN SEIFUN GROUP INC.	6,280
The Dai-ichi Life Insurance Company, Limited	5,511
UACJ Corporation	4,659

"Other investments" measured at FVTOCI which were disposed of during the years ended March 31, 2015 and 2014 are as follows:

Millions of Yen						Millions of U.S. Dollars		
2015			2014			2015		
Fair value at the date of sale	Cumulative gains	Dividends	Fair value at the date of sale	Cumulative gains	Dividends	Fair value at the date of sale	Cumulative gains	Dividends
¥103,572	**¥52,109**	**¥3,849**	¥54,308	¥24,193	¥1,397	**$863**	**$434**	**$32**

The Companies sold or exchanged the investments mainly as a result of reviewing business relationships or as a result of business combinations in the investees. In connection with the disposal, the Companies reclassified cumulative gains (net of tax) of ¥35,082 million ($292 million) and ¥15,037 million from Other components of equity to Retained earnings for the years ended March 31, 2015 and 2014, respectively.

For financial assets measured at FVTOCI of which the decline in fair value compared to its acquisition cost is significant and other than temporary, the Companies reclassified cumulative losses (net of tax) of ¥929 million ($8 million) and ¥217 million from Other components of equity to Retained earnings for the years ended March 31, 2015 and 2014, respectively.

7. Trade and Other Receivables

The components of Trade and other receivables as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Notes receivable	**¥ 76,614**	¥ 84,156	**$ 639**
Accounts receivable	**1,182,043**	1,191,596	**9,850**
Receivables due from equity-accounted investees	**270,804**	236,972	**2,257**
Loans receivable	**429,755**	344,297	**3,581**
Finance lease receivable	**331,332**	346,444	**2,761**
Other receivables	**91,300**	97,181	**761**
Less: Allowance for doubtful receivables	**(31,853)**	(29,219)	**(265)**
Trade and other receivables	**¥2,349,995**	¥2,271,427	**$19,584**

Financial assets measured at FVTPL of ¥25,681 million ($214 million) and ¥36,254 million were included in Accounts receivable as of March 31, 2015 and 2014, respectively, and ¥3,000 million was included in Loans receivable as of March 31, 2014.

The components of Trade and other receivables in the Consolidated statement of financial position as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Current assets	**¥1,569,214**	¥1,549,363	**$13,077**
Non-current assets	**780,781**	722,064	**6,507**
Total	**¥2,349,995**	¥2,271,427	**$19,584**

Trade and other receivables by operating segment as of March 31, 2015 and 2014 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Metal Products	**¥ 342,130**	¥ 389,080	**$ 2,851**
Transportation & Construction Systems	**529,258**	493,163	**4,411**
Environment & Infrastructure	**314,137**	331,609	**2,618**
Media, Network, Lifestyle Related Goods & Services	**266,332**	274,828	**2,220**
Mineral Resources, Energy, Chemical & Electronics	**560,299**	504,857	**4,669**
Others	**337,839**	277,890	**2,815**
Trade and other receivables	**¥2,349,995**	¥2,271,427	**$19,584**

Certain notes receivables derived mainly from export transactions are transferred to banks on a discounted basis. The Companies are liable to the banks for defaults by the note issuer. As such, the Companies continue to recognize the discounted notes receivables of ¥3,709 million ($31 million) and ¥7,467 million as of March 31, 2015 and 2014, respectively, and these discounted notes are presented in "Trade and other receivables" in the Consolidated statement of financial position. The associated liabilities are presented in "Bonds and borrowings."

Allowance for doubtful receivables is recognized against the receivables based on estimated irrecoverable amounts determined by considering individual customers' risk factors such as historical performance, recent developments, changes in original terms, internal risk-ratings, industry trends, and other specific factors as well as general risk factors, including sovereign risk of the country where the customer resides. Credit insurance and collateral obtained are also considered in the estimation of irrecoverable amounts.

Movements in Allowance for doubtful receivables for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥29,219**	¥ 34,413	**$243**
Impairment losses	**8,765**	6,109	**73**
Charge-off	**(7,900)**	(12,171)	**(66)**
Exchange differences on translating foreign operations	**1,769**	868	**15**
Balance, end of year	**¥31,853**	¥ 29,219	**$265**

As of March 31, 2015 and 2014, the total gross amount of impaired trade and other receivables is ¥27,377 million ($228 million) and ¥38,979 million, respectively and the cumulative impairment losses recognized as of March 31, 2015 and 2014 are ¥15,463 million ($129 million) and ¥15,587 million, respectively.

The age of trade and other receivables that are past due but not impaired as of March 31, 2015 and 2014 are as follows:

Receivables disclosed below include amounts considered recoverable through credit insurance and collateral and are not considered to be impaired as of March 31, 2015 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Past due within 90 days	**¥131,329**	¥ 93,344	**$1,094**
Past due over 90 days until 1 year	**19,014**	13,208	**159**
Past due over 1 year	**8,637**	8,164	**72**
Total	**¥158,980**	¥114,716	**$1,325**

8. Leases

(1) As lessor

The Companies lease office buildings, vessels, aircraft engines and certain other assets to third parties under cancelable or non-cancelable operating leases. Costs of the leased properties as of March 31, 2015 and 2014 are ¥351,007 million ($2,925 million) and ¥313,650 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2015 and 2014 are ¥70,858 million ($590 million) and ¥64,627 million, respectively. These assets are included in “Property, plant and equipment,” “Intangible assets,” and “Investment property” in the Consolidated statement of financial position.

Future minimum lease payments receivable under non-cancelable operating leases as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥25,336**	¥21,306	**$211**
Due after 1 year through 5 years	**71,546**	51,282	**596**
Due after 5 years	**34,435**	28,775	**287**

The Companies lease automobiles, vessels, power stations, service equipment and other assets under arrangements which are classified as finance leases under International Accounting Standard No.17 *Leases* (“IAS 17”). The most significant leased item is a coal-fired thermal power plant owned by the Companies in Indonesia and currently leased to the Indonesian state-owned electricity corporation.

Future receivable under finance leases as of March 31, 2015 and 2014 are as follows:

	Minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥ 79,338**	¥ 75,207	**$ 661**
Due after 1 year through 5 years	**228,431**	241,367	**1,904**
Due after 5 years	**150,734**	181,607	**1,256**
Unguaranteed residual value	**5,692**	2,981	**47**
Less: Future finance income	**(132,863)**	(152,882)	**(1,107)**
Net investment in the lease	**¥ 331,332**	¥ 348,280	**$ 2,761**

	Net investment in the lease		
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥ 72,117**	¥ 68,844	**$ 601**
Due after 1 year through 5 years	**176,429**	185,462	**1,470**
Due after 5 years	**79,496**	92,744	**663**
Unguaranteed residual value	**3,290**	1,230	**27**

Contingent rental income recognized in profit or loss for the years ended March 31, 2015 and 2014 are ¥4,641 million ($39 million) and ¥2,218 million, respectively.

(2) As lessee

The Companies lease office buildings, vessels and certain other assets under cancelable or non-cancelable operating leases. Total rental expenses under such leases for the years ended March 31, 2015 and 2014 are ¥76,579 million ($638 million) and ¥73,016 million, respectively.

Future minimum lease payments under non-cancelable operating leases as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥ 45,776**	¥ 48,337	**$ 381**
Due after 1 year through 5 years	**147,687**	137,168	**1,231**
Due after 5 years	**215,640**	213,180	**1,797**

The Companies also lease equipment and other assets under arrangements which are classified as finance leases under IAS 17. Costs of the leased properties as of March 31, 2015 and 2014 are ¥83,544 million ($696 million) and ¥79,062 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2015 and 2014 are ¥29,357 million ($245 million) and ¥24,529 million, respectively. These assets are included in "Property, plant and equipment" and "Intangible assets" in the Consolidated statement of financial position.

Future payments under finance leases as of March 31, 2015 and 2014 are as follows:

	Minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥ 15,402**	¥ 15,351	**$ 128**
Due after 1 year through 5 years	**53,334**	46,157	**444**
Due after 5 years	**88,323**	77,100	**736**
Less: Future finance cost	**(66,779)**	(49,744)	**(556)**
Present value of minimum lease payments	**¥ 90,280**	¥ 88,864	**$ 752**

	Present value of minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due in 1 year or less	**¥14,355**	¥14,531	**$119**
Due after 1 year through 5 years	**42,334**	36,519	**353**
Due after 5 years	**33,591**	37,814	**280**

The total amount of lease payments included in "Cost" for the years ended March 31, 2015 and 2014 are ¥13,034 million ($109 million) and ¥11,720 million, respectively.

9. Inventories

The components of Inventories as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Real estate held for development and resale	¥ 86,725	¥ 76,781	$ 723
Commodities	799,011	698,069	6,658
Materials/work in progress	108,668	97,180	906
Inventories	¥994,404	¥872,030	$8,287

The carrying amounts of Inventories measured at fair value less costs to sell as of March 31, 2015 and 2014 are ¥76,302 million ($636 million) and ¥99,410 million, respectively.

The write-down of Inventories recognized as expense for the years ended March 31, 2015 and 2014 are ¥12,298 million ($102 million) and ¥4,889 million, respectively.

10. Investments Accounted for Using the Equity Method

(1) Investments in Associates

Summarized financial information for the Companies' interest in associates, based on the amounts reported in the Companies' consolidated financial statements as of, and for the years ended, March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Total carrying amount	¥1,465,954	¥1,204,261	$12,216

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Profit for the year	¥88,500	¥94,381	$737
Other comprehensive income	3,565	2,972	30
Comprehensive income for the year	¥92,065	¥97,353	$767

The major associated company accounted for using the equity method included in the summarized financial information above is Sumitomo Mitsui Finance and Leasing Company, Limited (40% owned).

Sumitomo Mitsui Finance and Leasing Company, Limited

Sumitomo Mitsui Finance and Leasing Company, Limited's summarized financial information as of, and for the years ended, March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Current assets	¥2,680,578	¥2,555,559	$22,338
Non-current assets	2,046,406	1,758,396	17,054
Total assets	¥4,726,984	¥4,313,955	$39,392
Current liabilities	¥2,013,391	¥1,937,995	$16,778
Non-current liabilities	1,883,933	1,595,201	15,700
Total liabilities	¥3,897,324	¥3,533,196	$32,478
Non-controlling interests	¥ 84,409	¥ 66,678	$ 703
Equity	745,251	714,081	6,211
Total equity	¥ 829,660	¥ 780,759	$ 6,914

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Revenues	¥495,482	¥425,675	$4,129
Profit for the year	45,031	39,573	375
Other comprehensive income	21,122	15,389	176
Comprehensive income for the year	¥ 66,153	¥ 54,962	$ 551

Sumitomo Mitsui Finance and Leasing Company, Limited engages in a variety of financial services including leasing. The dividends which the Company received from Sumitomo Mitsui Finance and Leasing Company, Limited for the years ended March 31, 2015 and 2014 are ¥7,030 million ($59 million) and ¥7,178 million, respectively.

(2) Investments in Joint Ventures

Summarized financial information for the Companies' interest in joint ventures, based on the amounts reported in the Companies' consolidated financial statements as of, and for the years ended, March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Total carrying amount	¥481,161	¥479,568	$4,010

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Profit (loss) for the year	¥(39,408)	¥31,845	$(328)
Other comprehensive income	(9,218)	(1,035)	(77)
Comprehensive income for the year	¥(48,626)	¥30,810	$(405)

In Iron ore mining project in Brazil, the impairment loss of ¥62,342 million ($520 million) is recognized mainly due to the decline in iron ore prices, and revision of the life of mine plan and future expansion plan of the project for the year ended March 31, 2015. The impairment losses of ¥60,805 million ($507 million) and ¥1,537 million ($13 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively. The impairment loss is included in "Share of profit of investments accounted for using the equity method" in the Consolidated statements of comprehensive income.

(3) Summary of Transactions with Equity-accounted Investees

The Companies engage in various agency transactions between equity-accounted investees and third parties. Net fees earned on these transactions are not material.

Transactions with equity-accounted investees for the years ended March 31, 2015 and 2014 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Management and secondment fees, received	¥4,419	¥4,071	$37
Interest income	7,553	3,554	63
Interest expense	119	110	1

Transactions with equity-accounted investees stated above are made on an arm's length basis.

11. Property, Plant and Equipment

Cost and accumulated depreciation and impairment losses of property, plant and equipment as of March 31, 2015 and 2014 are as follows:

[Cost]

	Millions of Yen					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of April 1, 2013	¥97,848	¥311,195	¥635,741	¥ 30,104	¥193,450	¥1,268,338
Acquisitions	997	6,560	66,797	56,255	72,045	202,654
Reclassification	659	13,022	20,521	(34,202)	—	—
Acquisitions through business combinations	832	8,516	6,238	375	—	15,961
Deconsolidation of subsidiaries	(4,781)	(39,912)	(36,503)	(6)	—	(81,202)
Disposals	(843)	(6,971)	(23,883)	(41)	(223)	(31,961)
Exchange differences on translating foreign operations	2,655	12,196	35,213	1,611	29,093	80,768
Others	1,433	2,774	(3,048)	(151)	(693)	315
Balance as of March 31, 2014	98,800	307,380	701,076	53,945	293,672	1,454,873
Acquisitions	**2,272**	**7,982**	**83,291**	**78,011**	**94,320**	**265,876**
Reclassification	**(790)**	**9,934**	**43,773**	**(55,599)**	**—**	**(2,682)**
Acquisitions through business combinations	**278**	**1,218**	**3,590**	**—**	**—**	**5,086**
Deconsolidation of subsidiaries	**(3,018)**	**(9,914)**	**(14,855)**	**(3,497)**	**(19,440)**	**(50,724)**
Disposals	**(1,275)**	**(4,227)**	**(28,297)**	**(113)**	**(4,965)**	**(38,877)**
Exchange differences on translating foreign operations	**1,661**	**12,084**	**61,572**	**4,608**	**40,314**	**120,239**
Others	**1,555**	**2,524**	**7,726**	**28**	**972**	**12,805**
Balance as of March 31, 2015	**¥99,483**	**¥326,981**	**¥857,876**	**¥ 77,383**	**¥404,873**	**¥1,766,596**

	Millions of U.S. Dollars					
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of March 31, 2014	$823	$2,562	$5,842	$450	$2,447	$12,124
Acquisitions	**19**	**67**	**694**	**650**	**786**	**2,216**
Reclassification	**(7)**	**83**	**365**	**(463)**	**—**	**(22)**
Acquisitions through business combinations	**2**	**10**	**30**	**—**	**—**	**42**
Deconsolidation of subsidiaries	**(25)**	**(84)**	**(123)**	**(29)**	**(162)**	**(423)**
Disposals	**(11)**	**(35)**	**(236)**	**(1)**	**(41)**	**(324)**
Exchange differences on translating foreign operations	**14**	**101**	**513**	**38**	**336**	**1,002**
Others	**14**	**21**	**64**	**0**	**8**	**107**
Balance as of March 31, 2015	**$829**	**$2,725**	**$7,149**	**$645**	**$3,374**	**$14,722**

[Accumulated depreciation and impairment losses]

	Millions of Yen				
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of April 1, 2013	¥(2,135)	¥(128,933)	¥(289,069)	¥ (26,220)	¥(446,357)
Deconsolidation of subsidiaries	967	8,309	14,002	—	23,278
Disposals	73	4,584	15,689	—	20,346
Depreciation expenses	—	(15,718)	(54,006)	(11,233)	(80,957)
Impairment losses	(212)	(1,189)	(142)	(28,464)	(30,007)
Exchange differences on translating foreign operations	(124)	(4,628)	(15,933)	(4,163)	(24,848)
Others	(1,150)	1,129	4,964	(114)	4,829
Balance as of March 31, 2014	(2,581)	(136,446)	(324,495)	(70,194)	(533,716)
Deconsolidation of subsidiaries	**147**	**6,877**	**9,069**	**8,775**	**24,868**
Disposals	**60**	**2,894**	**19,123**	**2,837**	**24,914**
Depreciation expenses	**—**	**(15,821)**	**(63,722)**	**(11,027)**	**(90,570)**
Impairment losses	**(22)**	**(1,183)**	**(8,581)**	**(239,391)**	**(249,177)**
Exchange differences on translating foreign operations	**3**	**(4,707)**	**(21,254)**	**(19,811)**	**(45,769)**
Others	**(57)**	**(920)**	**(11,273)**	**(130)**	**(12,380)**
Balance as of March 31, 2015	**¥(2,450)**	**¥(149,306)**	**¥(401,133)**	**¥(328,941)**	**¥(881,830)**

	Millions of U.S. Dollars				
	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of March 31, 2014	$(22)	$(1,137)	$(2,704)	$ (585)	$(4,448)
Deconsolidation of subsidiaries	**1**	**57**	**76**	**73**	**207**
Disposals	**1**	**24**	**159**	**24**	**208**
Depreciation expenses	**—**	**(132)**	**(531)**	**(92)**	**(755)**
Impairment losses	**(0)**	**(10)**	**(72)**	**(1,995)**	**(2,077)**
Exchange differences on translating foreign operations	**0**	**(39)**	**(177)**	**(165)**	**(381)**
Others	**(0)**	**(8)**	**(94)**	**(1)**	**(103)**
Balance as of March 31, 2015	**$(20)**	**$(1,245)**	**$(3,343)**	**$(2,741)**	**$(7,349)**

[Carrying amount]

	Land and land improvements	Buildings including leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
2015 (Millions of Yen)	**¥97,033**	**¥177,675**	**¥456,743**	**¥77,383**	**¥ 75,932**	**¥884,766**
2014 (Millions of Yen)	¥96,219	¥170,934	¥376,581	¥53,945	¥223,478	¥921,157
2015 (Millions of U.S. Dollars)	**$809**	**$1,480**	**$3,806**	**$645**	**$633**	**$7,373**

The losses recognized from impairment are included in “Impairment losses on long-lived assets” in the Consolidated statement of comprehensive income.

These impairment losses by operating segment for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Metal Products	**¥ (9)**	¥ —	**$ (0)**
Transportation & Construction Systems	**(37)**	(11)	**(0)**
Environment & Infrastructure	**—**	(3)	**—**
Media, Network, Lifestyle Related Goods & Services	**(1,202)**	(1,219)	**(10)**
Mineral Resources, Energy, Chemical & Electronics	**(176,743)**	(22,754)	**(1,473)**
Overseas Subsidiaries and Branches	**(71,185)**	(5,852)	**(593)**
Corporate and Eliminations	**(1)**	(168)	**(0)**
Total	**¥(249,177)**	¥(30,007)	**$(2,076)**

The significant impairment losses, which are mainly consisted of mining right, for the year ended March 31, 2015 are as follows. The Company, through Summit Shale International (Head Office: Texas, USA, hereinafter "SSIC"), a wholly owned subsidiary of the Company, and Summit Discovery Resources III (Head Office: Texas, USA), a wholly owned oil and gas development subsidiary of SSIC, have participated in a Tight oil development project (hereinafter the "Project") jointly with Devon Energy (Head Office: Oklahoma, USA, hereinafter "Devon"), an independent Oil & Gas E&P company, in the Permian Basin, Texas since September, 2012 (The Company's interest in the Project: 30 percent). At the meeting of the Board of Directors held on September 29, 2014, the Company resolved to divest the lease properties, wells and related facilities in the northern part of the Project jointly with Devon. Analyzing the development results until now in the northern part of the Project, the Company determined that it is difficult to extract the oil and gas efficiently and it cannot expect as much production to recover the investment. As a result of revaluating the recoverability of the carrying amount of the Project's assets, the impairment loss of ¥173,638 million ($1,447 million) is recognized. In addition, the impairment loss of ¥25,586 million ($213 million) is recognized relating to the southern part of the Project, which the Company plans to continue holding, as a result of revaluation of the Project reflecting a subsequent decline in oil prices and revision of long term business plan. Consequently, the impairment loss of ¥199,224 million ($1,660 million) is recognized in total in this fiscal year. Impairment losses of ¥139,457 million ($1,162 million) and ¥59,767 million ($498 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively. In the shale gas project in the U.S., the impairment loss of ¥31,095 million ($259 million) is recognized due to the decline in oil and gas prices and revision of the long-term business plan. Impairment losses of ¥21,766 million ($181 million) and ¥9,329 million ($78 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively. In Coal-mining projects in Australia, the impairment loss of ¥17,594 million ($147 million) is recognized due to the decline in prices for coal, etc. Impairment losses of ¥15,511 million ($129 million) and ¥2,083 million ($17 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively.

The carrying amounts of assets held under finance leases (net of accumulated depreciation expenses and impairment losses) included in "Property, plant and equipment" as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Buildings including leasehold improvements	**¥14,821**	¥15,718	**$123**
Machinery and equipment	**¥38,738**	¥38,110	**$323**

Depreciation expenses for property, plant and equipment are included in "Cost" and "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income.

12. Intangible Assets

(1) Goodwill

Cost and accumulated impairment losses of goodwill for the years ended March 31, 2015 and 2014 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥189,266**	¥157,024	**$1,577**
Acquisitions through business combinations	**3,817**	46,403	**32**
Deconsolidation of subsidiaries	**(5,743)**	(17,758)	**(48)**
Exchange differences on translating foreign operations	**18,403**	10,568	**153**
Others	**(383)**	(6,971)	**(3)**
Balance, end of year	**¥205,360**	¥189,266	**$1,711**

[Accumulated impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥(18,726)**	¥(18,451)	**$(156)**
Impairment losses	**(28,528)**	(360)	**(238)**
Deconsolidation of subsidiaries	**1,458**	—	**12**
Exchange differences on translating foreign operations	**(2,238)**	(378)	**(18)**
Others	**(733)**	463	**(6)**
Balance, end of year	**¥(48,767)**	¥(18,726)	**$(406)**

The impairment losses recognized on goodwill for the years ended March 31, 2015 and 2014 are ¥28,528 million ($238 million) and ¥360 million, respectively, and are included in "Impairment losses on long-lived assets" in the Consolidated statement of comprehensive income.

The impairment losses on goodwill during the year ended March 31, 2015 consists of mainly operation in the Tire business in the U.S. and in the Oil field interests in the North Sea.

In the Tire business in the U.S. (TBC Corporation), the impairment loss on goodwill of ¥21,868 million ($182 million) is recognized due to revision of the business plan, etc. The impairment losses of ¥8,747 million ($73 million) and ¥13,121 million ($109 million) are recognized in the Media, Network, Lifestyle Related Goods & Services segment and the Overseas Subsidiaries and Branches segment, respectively.

In the Oil field interests in the North Sea, the impairment loss on goodwill of ¥3,585 million ($30 million) is recognized due to decline in the oil prices, revision of the long-term business plan, etc. The impairment losses of ¥3,047 million ($25 million) and ¥538 million ($5 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively.

[Carrying amount]

	Carrying amount
2015 (Millions of Yen)	**¥156,593**
2014 (Millions of Yen)	¥170,540
2015 (Millions of U.S. Dollars)	**$1,305**

Goodwill is tested for impairment annually or more frequently when there are indicators of impairment.

The recoverable amount of goodwill for the impairment test is calculated based on value in use.

Goodwill arising from business combinations is allocated to each of the Companies' CGU that is expected to benefit from the synergies of the business combination at the date of acquisition of the business.

The carrying amounts of goodwill by operating segments as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Metal Products	**¥ 21,655**	¥ 19,481	**$ 181**
Transportation & Construction Systems	**7,075**	6,292	**59**
Environment & Infrastructure	**365**	516	**3**
Media, Network, Lifestyle Related Goods & Services	**42,829**	48,452	**357**
Mineral Resources, Energy, Chemical & Electronics	**3,766**	10,266	**31**
Overseas Subsidiaries and Branches	**80,903**	85,533	**674**
Total	**¥156,593**	¥170,540	**$1,305**

The value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate used is determined by considering the long term average growth rate of the market or the country which the CGU belongs to. The growth rate used does not exceed the long term average growth rate of the market or country (domestic: approximately 1% or less, overseas: approximately 5% or less). The discount rate used is calculated based on the weighted average capital cost or capital cost of each CGU (domestic: approximately 5 to 11%, overseas: approximately 6 to 22%).

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Significant portions of goodwill included above as of March 31, 2015 are related to that of TBC Corporation (Media, Network, Lifestyle Related Goods & Services segment and Overseas Subsidiaries and Branches) of ¥38,979 million ($325 million) and Edgen Group (Metal Products segment and Overseas Subsidiaries and Branches) of ¥38,800 million ($323 million), respectively, and as of March 31, 2014 were related to TBC Corporation of ¥54,067 million and Edgen Group of ¥33,230 million, respectively.

There is a possibility that the impairment loss may be recognized for TBC Corporation if the key assumptions of the business plan change depending on the progress of the ongoing business transformation.

Edgen Group is proactively reinforcing the integration of our global tubular products network. The business plan may be revised by a change in business environment such as the tubular products market trend in North America etc. associated with oil price fluctuations. There is a possibility that the impairment loss may be recognized for Edgen Group if the key assumptions of the business plan change.

(2) Other Intangible Assets

Cost and accumulated depreciation and impairment losses of other intangible assets as of March 31, 2015 and 2014 are as follows:

[Cost]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2013	¥103,739	¥164,678	¥ 8,502	¥276,919
Acquisitions through business combinations	731	47,651	5,710	54,092
Separate acquisitions	5,298	685	490	6,473
Deconsolidation of subsidiaries	(1,935)	(10)	(86)	(2,031)
Disposals	(2,597)	(2,102)	(625)	(5,324)
Exchange differences on translating foreign operations	1,263	12,311	1,097	14,671
Others	3,820	455	988	5,263
Balance as of March 31, 2014	110,319	223,668	16,076	350,063
Acquisitions through business combinations	**16**	**1,399**	**491**	**1,906**
Separate acquisitions	**9,331**	**1,431**	**980**	**11,742**
Deconsolidation of subsidiaries	**(2,257)**	**(912)**	**(202)**	**(3,371)**
Disposals	**(3,511)**	**(2,043)**	**(591)**	**(6,145)**
Exchange differences on translating foreign operations	**1,944**	**24,223**	**946**	**27,113**
Others	**1,134**	**676**	**1,674**	**3,484**
Balance as of March 31, 2015	**¥116,976**	**¥248,442**	**¥19,374**	**¥384,792**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2014	$919	$1,864	$134	$2,917
Acquisitions through business combinations	**0**	**12**	**4**	**16**
Separate acquisitions	**78**	**12**	**8**	**98**
Deconsolidation of subsidiaries	**(19)**	**(8)**	**(2)**	**(29)**
Disposals	**(29)**	**(17)**	**(5)**	**(51)**
Exchange differences on translating foreign operations	**16**	**202**	**8**	**226**
Others	**9**	**6**	**14**	**29**
Balance as of March 31, 2015	**$974**	**$2,071**	**$161**	**$3,206**

[Accumulated amortization and impairment]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2013	¥(82,934)	¥(49,814)	¥(2,935)	¥(135,683)
Disposals	2,450	2,094	343	4,887
Amortization expenses	(8,932)	(10,968)	(1,832)	(21,732)
Impairment losses	(1)	—	(249)	(250)
Deconsolidation of subsidiaries	1,227	9	12	1,248
Exchange differences on translating foreign operations	(956)	(3,232)	(564)	(4,752)
Others	261	3,469	(145)	3,585
Balance as of March 31, 2014	(88,885)	(58,442)	(5,370)	(152,697)
Disposals	**3,054**	**2,000**	**93**	**5,147**
Amortization expenses	**(9,051)**	**(12,427)**	**(1,631)**	**(23,109)**
Impairment losses	**(9)**	**(633)**	**(24)**	**(666)**
Deconsolidation of subsidiaries	**1,515**	**929**	**6**	**2,450**
Exchange differences on translating foreign operations	**(1,562)**	**(4,992)**	**(475)**	**(7,029)**
Others	**(18)**	**(1,134)**	**1,109**	**(43)**
Balance as of March 31, 2015	**¥(94,956)**	**¥(74,699)**	**¥(6,292)**	**¥(175,947)**

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2014	$(741)	$(487)	$(44)	$(1,272)
Disposals	**25**	**17**	**1**	**43**
Amortization expenses	**(75)**	**(104)**	**(14)**	**(193)**
Impairment losses	**(0)**	**(5)**	**(0)**	**(5)**
Deconsolidation of subsidiaries	**13**	**7**	**0**	**20**
Exchange differences on translating foreign operations	**(13)**	**(42)**	**(4)**	**(59)**
Others	**(0)**	**(9)**	**9**	**(0)**
Balance as of March 31, 2015	**$(791)**	**$(623)**	**$(52)**	**$(1,466)**

[Carrying amount]

	Software	Sales licenses, trademarks and customer relationships	Others	Total
2015 (Millions of Yen)	**¥22,020**	**¥173,743**	**¥13,082**	**¥208,845**
2014 (Millions of Yen)	¥21,434	¥165,226	¥10,706	¥197,366
2015 (Millions of U.S. Dollars)	**$183**	**$1,448**	**$109**	**$1,740**

Significant portions of sales licenses, trademarks and customer relationships as of March 31, 2015 are related to TBC Corporation of ¥53,985 million ($450 million; average remaining amortization period of 17 years) and Edgen Group of ¥51,426 million ($429 million; average remaining amortization period of 17 years), respectively, and as of March 31, 2014 are related to TBC Corporation of ¥47,970 million and Edgen Group of ¥46,689 million, respectively.

Intangible assets with finite useful lives are amortized over their useful lives.

Amortization expenses on intangible assets are recognized in “Cost” and “Selling, general and administrative expenses” in the Consolidated statement of comprehensive income.

Intangible assets with indefinite useful lives as of March 31, 2015 and 2014 included above are ¥6,437 million ($54 million) and ¥5,837 million, respectively, and consist mainly of trademarks. Those trademarks were acquired through business combinations which are expected to exist as long as business continues, therefore the management considers the useful lives for these as indefinite.

The carrying amount of Intangible assets leased under finance leases, net of accumulated amortization and impairment losses, as of March 31, 2015 and 2014 are ¥628 million ($5 million) and ¥705 million, respectively, and are included in Intangible assets, mainly software.

The internally generated intangible assets, net of accumulated amortization and impairment losses, as of March 31, 2015 and 2014 are ¥6,875 million ($57 million) and ¥5,044 million, respectively, and mainly are included in software.

13. Investment Property

Cost and accumulated depreciation and impairment losses of investment property as of March 31, 2015 and 2014 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥304,528**	¥332,136	**$2,538**
Acquisitions	**29,474**	51,770	**245**
Disposals	**(18,150)**	(76,369)	**(151)**
Exchange differences on translating foreign operations	**3,722**	1,493	**31**
Reclassification	**(806)**	(4,759)	**(7)**
Others	**(368)**	257	**(3)**
Balance, end of year	**¥318,400**	¥304,528	**$2,653**

[Accumulated depreciation and impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥(47,926)**	¥(68,154)	**$(399)**
Depreciation expenses	**(4,008)**	(3,836)	**(33)**
Impairment losses	**(249)**	(790)	**(2)**
Disposals	**2,875**	22,660	**24**
Exchange differences on translating foreign operations	**(204)**	(116)	**(2)**
Reclassification	**318**	1,705	**3**
Others	**254**	605	**2**
Balance, end of year	**¥(48,940)**	¥(47,926)	**$(407)**

Impairment losses recognized for the year ended March 31, 2015 and 2014 are ¥249 million ($2 million) and ¥790 million, respectively, and are included in “Impairment losses on long-lived assets” in the Consolidated statement of comprehensive income. Impairment losses for the years ended March 31, 2015 and 2014 are recognized mainly in respect to the office buildings leased in Japan and those impairment losses are recognized in Media, Network, Lifestyle Related Goods & Services segment.

[Carrying amount and fair value]

	Carrying amount	Fair value
2015 (Millions of Yen)	**¥269,460**	**¥320,624**
2014 (Millions of Yen)	¥256,602	¥303,209
2015 (Millions of U.S. Dollars)	**$2,246**	**$2,672**

The fair value as of the end of each reporting period is based on a valuation conducted by independent valuation appraisers having current experience in the locations and categories of the investment property being valued and the appropriate and recognized professional qualifications, such as a registered appraiser. The valuation, which conforms to the standards of the country where the investment property is located, is based on market evidence of transaction prices for similar properties.

All of Investment property are classified in the level 3 under International Financial Reporting Standard No.13 *Fair Value Measurement*, and measured with unobservable inputs for the assets or liabilities.

Rental income from investment property for the years ended March 31, 2015 and 2014 are ¥23,176 million ($193 million) and ¥22,817 million, respectively, and are reported in “Revenue” in the Consolidated statement of comprehensive income. Expenses directly attributable to generating rental income (including repairs and maintenance) for the years ended March 31, 2015 and 2014 are ¥15,436 million ($129 million) and ¥16,058 million, respectively, and are included mainly in “Cost.”

14. Biological Assets

Biological assets as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥12,993**	¥11,259	**$108**
Increases due to purchases	**725**	15	**6**
Decreases due to harvest	**(1,419)**	(1,315)	**(12)**
The gain or loss arising from changes in fair value less costs to sell	**407**	1,514	**4**
Exchange differences on translating foreign operations	**145**	1,520	**1**
Balance, end of year	**¥12,851**	¥12,993	**$107**

The Companies own forest assets (mainly pines) in New Zealand. The assets are measured at fair value less estimated selling cost.

All of Biological assets are classified in the level 3 under International Financial Reporting Standard No. 13 *Fair Value Measurement*, and measured with unobservable inputs for the assets or liabilities.

15. Deferred Taxes

The tax effects of temporary differences that give rise to significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Net operating loss carry forwards	**¥ 71,504**	¥ 68,521	**$ 596**
Securities and other investments	**12,470**	21,718	**104**
Inventories and long-lived assets	**67,002**	63,274	**558**
Allowance for doubtful receivables	**8,340**	5,430	**70**
Retirement benefit plans	**7,967**	9,442	**66**
Others	**89,955**	71,042	**750**
Deferred tax assets total	**¥ 257,238**	¥ 239,427	**$ 2,144**
Deferred tax liabilities:			
Investments accounted for using the equity method	**¥ (68,507)**	¥ (50,298)	**$ (571)**
Securities and other investments	**(85,761)**	(80,197)	**(715)**
Long-lived assets	**(114,063)**	(101,968)	**(950)**
Others	**(73,991)**	(55,350)	**(617)**
Deferred tax liabilities total	**¥(342,322)**	¥(287,813)	**$(2,853)**

Deferred tax assets and liabilities reported in the Consolidated statement of financial position as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Deferred tax assets	**¥ 83,924**	¥ 92,411	**$ 699**
Deferred tax liabilities	**(169,008)**	(140,797)	**(1,408)**

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Changes in deferred tax assets and liabilities for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Net deferred tax assets (liabilities):			
Balance, beginning of year	**¥(48,386)**	¥ (4,220)	**$(403)**
Amount recognized in other comprehensive income:			
Financial assets measured at FVTOCI	**(24,668)**	(25,047)	**(206)**
Remeasurements of defined benefit pension plans	**(3,966)**	(1,163)	**(33)**
Exchange differences on translating foreign operations	**11,499**	5,180	**96**
Cash-flow hedges	**(1,709)**	(426)	**(14)**
Share of other comprehensive income of investments accounted for using the equity method	**(15)**	(28)	**(0)**
Amount recognized in profit or loss	**(21,005)**	(33,526)	**(175)**
Effects of acquisitions and divestitures	**3,166**	10,844	**26**
Balance, end of year	**¥(85,084)**	¥(48,386)	**$(709)**

The Companies consider the probability that a portion of, or all of the future deductible temporary differences or operating loss carry forwards can be utilized against future taxable profits on recognition of deferred tax assets. In assessing the recoverability of deferred tax assets, the Companies consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. Based on the level of historical taxable profits and projected future taxable income during the periods in which deferred tax assets can be recognized, the Companies determined that it is probable that the tax benefits can be utilized. The amount of the deferred tax assets considered realizable could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. As a result of the assessment of the recoverability of deferred tax assets, the net change in deferred tax assets for the years ended March 31, 2015 and 2014 is a decrease of ¥74,289 million ($619 million) and a decrease of ¥9,552 million, respectively.

Deferred tax assets were not recognized for certain tax losses and deductible temporary differences which relate principally to the net operating loss carry forwards of certain domestic subsidiaries. The Companies performed an analysis of each of these subsidiaries to assess their ability to realize such deferred tax assets and reduce the amount of those assets to the extent that the Companies believe it is not probable that tax benefits will be utilized. No deferred tax assets are recognized at certain domestic subsidiaries attributable to tax losses carry forwards and deductible temporary differences when it is not probable that future taxable profit will be available. The amounts of unused tax loss carry forwards and deductible temporary differences for which no deferred tax asset is recognized amounted to ¥320,484 million ($2,671 million) and ¥334,137 million ($2,784 million) as of March 31, 2015 and ¥157,000 million and ¥37,408 million as of March 31, 2014, respectively. The deductible temporary differences do not expire under current tax legislation.

In addition to the above, due to the enactment of the Minerals Resource Rent Tax (“MRRT”) in Australia, the Companies estimated the fair value of certain mining assets for tax purposes as at May 1, 2010 in accordance with the legislation, and deductible temporary differences arose during the year ended March 31, 2012, which allows the Companies to claim tax deductions against mining profit. However, as MRRT was abolished in September 2014, these deductible temporary differences, which were estimated to be approximately ¥116 billion as of March 31, 2014, reversed. This change has no effect on the consolidated financial statements for the fiscal year ended March 31, 2015, because no deferred tax assets were recognized for these deductible temporary differences as it was not probable that sufficient future mining profit would be available against which they could be utilized.

The tax losses for which deferred tax assets are not recognized as of March 31, 2015 and 2014 expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
1st year	**¥ 193**	¥ 1,098	**$ 2**
2nd year	**75**	279	**1**
3rd year	**3,190**	67	**26**
4th year	**122,482**	4,733	**1,021**
5th year and thereafter	**194,544**	150,823	**1,621**
Total	**¥320,484**	¥157,000	**$2,671**

As of March 31, 2015 and 2014, in principle, the Companies did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Companies were in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which a deferred tax liability was not recognized in the accompanying consolidated financial statements as of March 31, 2015 and 2014 totaled to ¥1,121,381 million ($9,345 million) and ¥1,007,318 million, respectively.

Other current assets as of March 31, 2015 and 2014 included tax receivables of ¥37,933 million ($316 million) and ¥31,789 million, respectively.

16. Bonds and Borrowings

(1) Bonds and Borrowings

Details of the bonds and borrowings (non-current), and interest rates as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Secured:			
Loans from banks and insurance companies, maturing serially through 2032, average interest rate 2.56%	¥ 461,057	¥ 432,618	$ 3,842
Bonds payable in U.S. dollars, maturing serially through 2020, fixed interest rate 8.75%	46,513	42,108	388
Bonds payable in Indonesian rupiah, maturing serially through 2014, average interest rate 10.11%	—	4,550	—
Unsecured:			
Loans from banks and insurance companies, maturing serially through 2035, average interest rate 1.03%	3,026,249	2,909,187	25,219
Bonds payable in Japanese yen due, 2014, fixed rates 1.77% to 1.83%	—	20,123	—
2015, floating rate 0.70%	15,000	15,000	125
2016, fixed rates 0.26% to 2.12%	55,953	56,796	466
2017, fixed and floating rates 0.50% to 1.98%	30,382	30,540	253
2018, fixed and floating rates 0.34% to 1.89%	30,505	30,648	254
2019, fixed rates 0.76% to 2.21%	36,577	36,758	305
2020, fixed rates 1.01% to 1.46%	20,897	20,880	174
2022, fixed rates 0.88% to 1.71%	88,783	87,712	740
2023, fixed rate 0.86%	30,438	29,937	254
2024, fixed rates 0.77% to 0.83%	35,261	14,968	294
2029, fixed rates 1.24% to 1.29%	26,421	15,011	220
2030, fixed rate 2.26%	11,729	11,078	98
2031, fixed rate 2.19%	11,517	10,808	96
Medium-term notes, maturing serially through 2020, average interest rate 0.93%	54,641	59,242	455
Subtotal	3,981,923	3,827,964	33,183
Less: Current maturities	(508,643)	(465,411)	(4,239)
Bonds and borrowings (non-current)	¥3,473,280	¥3,362,553	$28,944

Details of the bonds and borrowings (current) as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Short-term loans, principally from banks	¥324,565	¥316,941	$2,705
Commercial paper	114,789	94,027	956
Total	¥439,354	¥410,968	$3,661

The differences between the balances stated above and the balances presented as “Bonds and borrowings” under Current liabilities of the Consolidated statement of financial position are the amounts of bonds and borrowings with current maturities.

The weighted average interest rates for short-term loans for the years ended March 31, 2015 and 2014 are 1.57% and 1.99%, respectively.

The weighted average interest rates for commercial paper for the years ended March 31, 2015 and 2014 are 0.53% and 0.58%, respectively.

The Companies have lines of credit agreements available for immediate borrowing with syndicates of domestic and foreign banks, in the amount of $1,200 million with foreign banks and ¥445,000 million ($3,708 million) with domestic banks. All these lines of credit were unused as of March 31, 2015.

Most short-term and long-term loans from banks contain certain covenants. The banks may, under certain conditions, require the Companies to provide collateral (or additional collateral) or guarantors.

The banks may treat any collateral as collateral for all indebtedness to the banks. Several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Default provisions of certain agreements grant certain rights of possession to the banks. The borrower may be required to make early repayments of outstanding amounts under some agreements, principally with government-owned financial institutions, if the lender concludes that the borrower is able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and the lender makes such a prepayment request. Certain agreements provide that the banks may require the borrower to obtain bank approval prior to presenting proposals for the payment of dividends and other appropriations of earnings at the general meeting of shareholders. The Companies have not been asked to make any prepayments for the years ended March 31, 2015 and 2014, and currently do not anticipate any prepayment requests.

The Companies have been in compliance with all of the bonds and borrowing obligations covenants for the years ended March 31, 2015 and 2014.

(2) Assets Pledged as Security

Assets pledged to secure bonds and debt including borrowings as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Cash and deposits	**¥ 73,050**	¥ 61,398	**$ 609**
Marketable securities and investments	**186,203**	160,522	**1,552**
Trade and other receivables	**555,366**	516,830	**4,628**
Inventories	**78,969**	91,456	**658**
Property, plant and equipment (Carrying amount)	**130,454**	96,279	**1,087**
Investment property (Carrying amount)	**4,138**	4,339	**34**
Leasehold right (Carrying amount)	**452**	—	**4**
Total	**¥1,028,632**	¥930,824	**$8,572**

The corresponding liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Bonds, borrowings and others	**¥627,582**	¥637,349	**$5,230**

In addition to the above, marketable securities and investments of ¥12,812 million ($107 million) were pledged in lieu of a monetary deposit as of March 31, 2015.

Trust receipts issued under customary import financing arrangements give recipient banks a security interest in the merchandise imported and/or the accounts receivable or sales proceeds resulting from the sales of such merchandise. The Companies repay the related notes and acceptances payable at the maturity dates without applying the sales proceeds to specific notes or acceptances. The large volume of transactions makes it impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

17. Trade and Other Payables

The components of Trade and other payables as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Notes payable	¥ 35,392	¥ 44,285	$ 295
Accounts payable	857,030	865,356	7,142
Payables to equity-accounted investees	43,988	55,373	366
Finance lease obligations	82,924	79,924	691
Other payables	163,408	170,061	1,362
Trade and other payables	¥1,182,742	¥1,214,999	$9,856

The amount of Trade and other payables above includes financial liabilities measured at FVTPL of ¥62,645 million ($522 million) and ¥67,000 million as of March 31, 2015 and 2014, respectively.

Payables to equity-accounted investees above include finance lease obligations of ¥7,356 million ($61 million) and ¥8,940 million as of March 31, 2015 and 2014, respectively.

Trade and other payables in the Consolidated statement of financial position as of March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Current liabilities	¥1,051,081	¥1,076,713	$8,759
Non-current liabilities	131,661	138,286	1,097
Total	¥1,182,742	¥1,214,999	$9,856

18. Provisions

The changes in Provisions for the year ended March 31, 2015 are as follows:

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	¥26,113	¥1,625	¥19,622	¥47,360
Provisions made	2,937	95	9,897	12,929
Provisions used	(577)	—	(5,217)	(5,794)
Accretion expense	1,072	—	—	1,072
Others	(2,061)	12	(965)	(3,014)
Balance, end of year	¥27,484	¥1,732	¥23,337	¥52,553

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Current	¥ 154	¥ —	¥ 4,152	¥ 4,306
Non-current	27,330	1,732	19,185	48,247
Total	¥27,484	¥1,732	¥23,337	¥52,553

	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	$218	$13	$163	$394
Provisions made	24	1	83	108
Provisions used	(5)	—	(43)	(48)
Accretion expense	9	—	—	9
Others	(17)	0	(8)	(25)
Balance, end of year	$229	$14	$195	$438

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	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other providions	Total
Current	**$ 1**	**$ —**	**$ 35**	**$ 36**
Non-current	**228**	**14**	**160**	**402**
Total	**$229**	**$14**	**$195**	**$438**

Asset retirement obligations are principally related to the dismantlement costs of oil or coal exploration installations.

The provision for employee benefits mainly represents long service leave entitlements accrued and other provisions primarily consist of the provision for warranties, cancellation and costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia.

19. Employee Benefits

(1) Post-employment benefit

The Company has non-contributory defined benefit pension plans and lump-sum retirement benefit plans covering substantially all employees other than directors and executive officers. The plans provide benefits based upon years of service, compensation at the time of severance, and other factors.

The Company has a responsibility to manage pension assets faithfully and has an obligation to make employee benefit contribution comply with laws and regulations. Under the Defined Benefit Corporate Pension Act, the Company recalculates the amount of pension contribution every three years to ascertain the validity of the contribution and so forth.

The Company establishes the steering committee organized by related officers and employees as an advisory body to discuss important issues concerning the pension plan. The committee holds a meeting timely to report net gains from investment, status of the system and method of accounting or to argue system revisions and investment policy change.

Most of the subsidiaries have unfunded retirement benefit plans and/or funded pension plans. Employees, other than directors, are entitled to, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, a lump-sum retirement benefit based on compensation at the time of retirement, years of service and other factors. Certain subsidiaries have defined contribution retirement benefit plans.

Changes in the present value of the defined benefit obligations and changes in the fair value of the plan assets for the years ended March 31, 2015 and 2014 are as follows:

[Changes in the defined benefit obligations]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥(311,343)**	¥(306,765)	**$(2,595)**
Service cost	**(10,403)**	(10,384)	**(87)**
Interest on obligation	**(5,669)**	(4,921)	**(47)**
Past service cost	**(729)**	(3)	**(6)**
Remeasurement	**(19,110)**	(9,392)	**(159)**
Exchange differences on translating foreign operations	**(3,421)**	(4,697)	**(28)**
Benefits paid	**13,195**	12,843	**110**
Acquisitions and disposals	**2,297**	11,976	**19**
Balance, end of year	**¥(335,183)**	¥(311,343)	**$(2,793)**

[Changes in the plan assets]

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance, beginning of year	**¥305,503**	¥295,201	**$2,546**
Interest on plan assets	**5,226**	5,195	**44**
Remeasurement	**22,489**	12,416	**187**
Exchange differences on translating foreign operations	**1,393**	1,096	**12**
Contributions by the employer	**15,542**	15,583	**129**
Benefits paid	**(11,574)**	(11,326)	**(96)**
Acquisitions and disposals	**(2,487)**	(12,662)	**(21)**
Balance, end of year	**¥336,092**	¥305,503	**$2,801**

The measurement dates used to determine the benefit obligations are mainly March 31 of each year.

The Companies' funding policy is based on a number of factors including the tax deductibility of contributions, funded status, actuarial calculations and other considerations. Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future. In addition, the Company may contribute cash to an employee retirement benefit trust for any funding deficits in benefit obligations at the fiscal year end.

The Companies' investment policy is designed to increase the value of plan assets within acceptable risk levels to ensure payments of pension benefits to eligible participants, including future participants. Taking into account the return and risk on plan assets thereon, the Companies formulate a strategic asset mix which aims at an optimal portfolio on a long-term basis and supervise asset management by selecting investment management companies and monitoring asset allocations. The strategic asset mix is subject to review in response to changes in expected market conditions or funded status. The strategic asset mix is not based on limitations but guidelines, and therefore, the actual allocation may temporarily exceed or fall below the guidelines. The Companies' target allocation is 25% equity securities, 44% debt securities, and 31% others.

The Companies hold a meeting regularly with the asset management institutions and discuss important issues regarding pension assets investment, and request the institutions to inform violations of investment policy and important business and operating conditions of the institutions.

The major categories of plan assets as of March 31, 2015 are as follows:

	Millions of Yen		
Categories of plan assets	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	**¥ 42,119**	**¥ —**	**¥ 42,119**
Equity securities:			
Domestic	**33,013**	**—**	**33,013**
Foreign	**60,905**	**—**	**60,905**
Debt securities:			
Domestic	**64,672**	**—**	**64,672**
Foreign	**70,608**	**—**	**70,608**
Hedge funds	**—**	**39,788**	**39,788**
Life insurance company general accounts	**—**	**18,100**	**18,100**
Private equity	**—**	**5,400**	**5,400**
Others	**—**	**1,487**	**1,487**
Total	**¥271,317**	**¥64,775**	**¥336,092**

The major categories of plan assets as of March 31, 2014 are as follows:

	Millions of Yen		
Categories of plan assets	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	¥ 41,553	¥ —	¥ 41,553
Equity securities:			
Domestic	29,006	—	29,006
Foreign	56,209	—	56,209
Debt securities:			
Domestic	84,650	—	84,650
Foreign	40,270	—	40,270
Hedge funds	—	31,211	31,211
Life insurance company general accounts	—	17,641	17,641
Private equity	—	3,115	3,115
Others	—	1,848	1,848
Total	¥251,688	¥53,815	¥305,503

The major categories of plan assets as of March 31, 2015 are as follows:

	Millions of U.S. Dollars		
Categories of plan assets	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	$ 351	$ —	$ 351
Equity securities:			
Domestic	275	—	275
Foreign	508	—	508
Debt securities:			
Domestic	539	—	539
Foreign	588	—	588
Hedge funds	—	332	332
Life insurance company general accounts	—	151	151
Private equity	—	45	45
Others	—	12	12
Total	$2,261	$540	$2,801

Principal assumptions used in the actuarial valuations for the years ended March 31, 2015 and 2014 are as follows:

	%	
	2015	2014
Discount rate as of March 31	1.4	1.8
The expected rate of salary increase	2.7	2.6

The changes in the key assumptions may affect the valuations of defined benefit obligations as of March 31, 2015 and 2014, a 0.5% increase in discount rate would lead to a decrease of ¥19,674 million ($164 million) and ¥17,916 million, respectively, a 0.5% decrease in discount rate would lead to an increase of ¥23,744 million ($198 million) and ¥21,800 million, respectively. This analysis shows the sensitivity to the key assumptions without taking into account projected all cash flow information.

The employer's contributions expected to be paid for the year ending March 31, 2016 are ¥14,756 million ($123 million).

The weighted-average duration of the defined benefit obligation for the year ending March 31, 2015 is 18 years.

The Companies' pension and retirement benefits expense at the defined contribution plans for the years ended March 31, 2015 and 2014 are ¥4,902 million ($41 million) and ¥4,534 million, respectively.

In addition to lump-sum retirement benefit plans or retirement benefit pension plans, certain domestic subsidiaries participate in multi-employer defined benefit plans, and recognize the payments made during the fiscal year as an expense and contribution payable as a liability. The amount of contributions expected to be paid by the subsidiaries for the year ending March 31, 2016 are ¥548 million ($5 million).

(2) Employee Benefits Expense

The employee benefits expense included in "Cost" for the years ended March 31, 2015 and 2014 are ¥139,362 million ($1,161 million) and ¥115,983 million, respectively.

20. Common Stock

The numbers of shares authorized and issued as of March 31, 2015 and 2014 are as follows:

	2015 (Number of shares)	2014 (Number of shares)
Authorized:		
Ordinary shares	2,000,000,000	2,000,000,000
Issued:		
Balance, beginning of year	1,250,602,867	1,250,602,867
Adjustment for the year	—	—
Balance, end of year	1,250,602,867	1,250,602,867

The number of shares of treasury stock as of March 31, 2015 and 2014 included in the number of shares issued shown above were 2,789,578 shares and 2,962,337 shares, respectively.

21. Reserves

(1) Additional Paid-in Capital

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to Common stock. The remainder of the proceeds shall be credited to Additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from Additional paid-in capital to Common stock.

(2) Retained Earnings

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Companies Act is based on the amount recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Companies Act limits the amount of retained earnings available for dividends. Retained earnings of ¥377,474 million ($3,146 million) and ¥469,709 million, shown by the Company's accounting records for the years ended March 31, 2015 and 2014, respectively, were not restricted by the limitations under the Companies Act.

22. Other Components of Equity and Other Comprehensive Income (Loss)

The changes in Other components of equity for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Financial assets measured at FVTOCI			
Balance, beginning of year	**¥151,206**	¥118,672	**$1,260**
Adjustment for the year	**65,142**	47,354	**542**
Transfer to retained earnings	**(34,153)**	(14,820)	**(284)**
Balance, end of year	**¥182,195**	¥151,206	**$1,518**
Remeasurements of defined benefit pension plans			
Balance, beginning of year	**¥ —**	¥ —	**$ —**
Adjustment for the year	**(115)**	487	**(1)**
Transfer to retained earnings	**115**	(487)	**1**
Balance, end of year	**¥ —**	¥ —	**$ —**
Exchange differences on translating foreign operations			
Balance, beginning of year	**¥206,931**	¥ 65,308	**$1,724**
Adjustment for the year	**158,778**	141,623	**1,324**
Balance, end of year	**¥365,709**	¥206,931	**$3,048**
Cash-flow hedges			
Balance, beginning of year	**¥ (11,915)**	¥ (10,936)	**$ (99)**
Adjustment for the year	**(4,646)**	(979)	**(39)**
Balance, end of year	**¥ (16,561)**	¥ (11,915)	**$ (138)**
Other components of equity			
Balance, beginning of year	**¥346,222**	¥173,044	**$2,885**
Adjustment for the year	**219,159**	188,485	**1,826**
Transfer to retained earnings	**(34,038)**	(15,307)	**(283)**
Balance, end of year	**¥531,343**	¥346,222	**$4,428**

The following table provides each component of Other comprehensive income (loss) included in Non-controlling interests for the years ended March 31, 2015 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Financial assets measured at FVTOCI	**¥1,141**	¥ 261	**$10**
Remeasurements of defined benefit pension plans	**252**	982	**2**
Exchange differences on translating foreign operations	**4,968**	5,710	**41**
Cash-flow hedges	**2**	5	**0**
Other comprehensive income (loss)	**¥6,363**	¥6,958	**$53**

Financial Section

The following table provides an analysis of each component of other comprehensive income (loss) and related tax effects (including those on Non-controlling interests) for the years ended March 31, 2015 and 2014.

2015	Millions of Yen Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**¥ 89,513**	**¥(24,668)**	**¥ 64,845**
Adjustment for the year	**89,513**	**(24,668)**	**64,845**
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	**3,379**	**(3,966)**	**(587)**
Adjustment for the year	**3,379**	**(3,966)**	**(587)**
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**156,239**	**11,517**	**167,756**
Reclassification to profit or loss for the year	**(3,992)**	**(18)**	**(4,010)**
Adjustment for the year	**152,247**	**11,499**	**163,746**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(10,019)**	**2,174**	**(7,845)**
Reclassification to profit or loss for the year	**14,899**	**(3,883)**	**11,016**
Adjustment for the year	**4,880**	**(1,709)**	**3,171**
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(9,141)**	**(15)**	**(9,156)**
Reclassification to profit or loss for the year	**3,503**	**—**	**3,503**
Adjustment for the year	**(5,638)**	**(15)**	**(5,653)**
Total other comprehensive income (loss)	**¥244,381**	**¥(18,859)**	**¥225,522**

2014	Millions of Yen Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	¥ 68,086	¥(25,047)	¥ 43,039
Adjustment for the year	68,086	(25,047)	43,039
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	3,024	(1,163)	1,861
Adjustment for the year	3,024	(1,163)	1,861
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	142,258	5,223	147,481
Reclassification to profit or loss for the year	(105)	(43)	(148)
Adjustment for the year	142,153	5,180	147,333
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	(6,064)	1,470	(4,594)
Reclassification to profit or loss for the year	7,763	(1,896)	5,867
Adjustment for the year	1,699	(426)	1,273
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	(888)	(28)	(916)
Reclassification to profit or loss for the year	2,853	—	2,853
Adjustment for the year	1,965	(28)	1,937
Total other comprehensive income (loss)	¥216,927	¥(21,484)	¥195,443

2015	Millions of U.S. Dollars Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	**$ 746**	**$(206)**	**$ 540**
Adjustment for the year	**746**	**(206)**	**540**
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	**28**	**(33)**	**(5)**
Adjustment for the year	**28**	**(33)**	**(5)**
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	**1,302**	**96**	**1,398**
Reclassification to profit or loss for the year	**(33)**	**(0)**	**(33)**
Adjustment for the year	**1,269**	**96**	**1,365**
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	**(84)**	**18**	**(66)**
Reclassification to profit or loss for the year	**124**	**(32)**	**92**
Adjustment for the year	**40**	**(14)**	**26**
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	**(76)**	**(0)**	**(76)**
Reclassification to profit or loss for the year	**29**	**—**	**29**
Adjustment for the year	**(47)**	**(0)**	**(47)**
Total other comprehensive income (loss)	**$2,036**	**$(157)**	**$1,879**

23. Dividends

(1) Dividends paid during the years ended March 31, 2015 and 2014 are as follows:

Resolution	Class of shares	Amount of dividends Millions of Yen (Millions of U.S. Dollars)	Dividends per share Yen (U.S. Dollars)	Record date	Effective date
Ordinary general meeting of shareholders held on June 21, 2013	Ordinary shares	¥26,260	¥21	March 31, 2013	June 24, 2013
Board of Directors' meeting held on October 31, 2013	Ordinary shares	¥28,762	¥23	September 30, 2013	December 2, 2013
Ordinary general meeting of shareholders held on June 20, 2014	Ordinary shares	¥29,943 ($250)	¥24 ($0.20)	March 31, 2014	June 23, 2014
Board of Directors' meeting held on September 29, 2014	Ordinary shares	¥31,192 ($260)	¥25 ($0.21)	September 30, 2014	December 1, 2014

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends Millions of Yen (Millions of U.S. Dollars)	Source of dividends	Dividends per share Yen (U.S. Dollars)	Record date	Effective date
Ordinary general meeting of shareholders held on June 23, 2015	Ordinary shares	¥31,195 ($260)	Retained earnings	¥25 ($0.21)	March 31, 2015	June 24, 2015

24. Share-based Payments

Information relating to the Company's share-based payments is as follows:

Stock option plan

The Company has stock option plans for directors, executive officers, and corporate officers under the Company's qualification system. Under the plans, each stock option entitles the recipient to acquire 100 shares of common stock at an exercise price equal to the greater of (i) 105% of the average closing market price of the Company's common stock on the Tokyo Stock Exchange for the calendar month before the grant date (excluding days when there are no transactions), or (ii) the closing market price of the Company's common stock on the Tokyo Stock Exchange on the grant date (or the closing market price on the day immediately preceding that date, if there are no transactions on that date).

The options vest 100% at the grant date. The options granted are exercisable beginning April 1 of the fiscal year after the fiscal year in which they are granted. They are exercisable for four years and three months from that date.

On May 14, 2014, the Board of Directors authorized the issue of new stock options for up to 202,000 shares of common stock. The options for 202,000 shares were granted under these authorizations. On May 15, 2015, the Board of Directors authorized the issue of new stock options for up to 178,000 shares of common stock.

The Company's stock option activities for the years ended March 31, 2015 and 2014 are as follows:

	2015			2014	
	Number of shares	Weighted average exercise price Yen	Weighted average exercise price U.S. Dollars	Number of shares	Weighted average exercise price Yen
Outstanding, beginning of year	**482,000**	**¥1,187**	**$10**	547,000	¥1,150
Granted	**202,000**	**1,441**	**12**	198,000	1,312
Exercised	**112,800**	**1,090**	**9**	121,000	1,075
Cancelled or expired	**36,000**	**1,217**	**10**	142,000	1,312
Outstanding, end of year	**535,200**	**1,302**	**11**	482,000	1,187
Options exercisable, end of year	**334,200**	**¥1,218**	**$10**	285,000	¥1,101

Stock options outstanding and exercisable as of March 31, 2015 are as follows:

	2015						
	Outstanding				Exercisable		
Exercise price range Yen	Number of shares	Weighted average exercise price Yen	Weighted average exercise price U.S. Dollars	Weighted average remaining life in years	Number of shares	Weighted average exercise price Yen	Weighted average exercise price U.S. Dollars
¥1,001–1,200	**155,200**	**¥1,110**	**$ 9**	**1.79**	**155,200**	**¥1,110**	**$ 9**
1,201–1,400	**179,000**	**1,312**	**11**	**3.25**	**179,000**	**1,312**	**11**
1,401–1,600	**201,000**	**1,441**	**12**	**4.25**	**—**	**—**	**—**
	535,200	**¥1,302**	**$11**	**3.20**	**334,200**	**¥1,218**	**$10**

The weighted-average fair value of these stock options was estimated using the Black-Scholes option pricing model with the following assumptions:

	2015	2014
Expected life (year)	**4.5**	4.5
Risk-free rate (%)	**0.13**	0.25
Expected volatility (%)	**24.32**	28.08
Expected dividend yield (%)	**3.41**	3.48

The Company has stock-linked compensation plans for directors and executive officers. Under the plans, each stock option granted after August 1, 2006 entitles the recipient to acquire 100 shares of common stock at an exercise price equal to ¥1 ($0.01) per share. Each stock option granted prior to July 31, 2006 entitles the recipient to acquire 1,000 shares of common stock at an exercise price equal to ¥1 per share.

The options vest 100% at the grant date. The options granted are exercisable beginning the day after leaving their positions as both directors and executive officers of the Company. The options are exercisable for ten years from that date.

On May 14, 2014, the Board of Directors authorized the issue of new stock options under these stock-linked compensation plans for up to 250,000 shares of common stock. Options for 151,100 shares were granted under these authorizations. On May 15, 2015, the Board of Directors authorized the issue of new stock options for up to 220,000 shares of common stock based on the plans.

The Company's stock-linked compensation plans for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
	Number of shares	Number of shares
Outstanding, beginning of year	**886,900**	759,900
Granted	**151,100**	156,900
Exercised	**65,800**	29,900
Cancelled or expired	**—**	—
Outstanding, end of year	**972,200**	886,900
Options exercisable, end of year	**252,700**	240,400

The weighted-average fair value of these stock-linked compensation plans was estimated using the Black-Scholes option pricing model with the following assumptions:

	2015	2014
Expected life (year)	**2.62**	3.03
Risk-free rate (%)	**0.08**	0.14
Expected volatility (%)	**22.05**	25.16
Expected dividend yield (%)	**3.88**	3.73

Compensation expense incurred on the stock option plans and the stock-linked compensation plans for the years ended March 31, 2015 and 2014 are ¥215 million ($2 million) and ¥227 million, respectively.

25. Financial Instruments and Related Disclosures

(1) Capital Management

The fundamental principles of the Companies' capital management are to maintain an appropriate level of capital and debt and equity balance to manage business risk for the purpose of maintaining management soundness and efficiency and to promote continuous growth.

The key metrics used for capital management are as follows:

- balance between risk-adjusted assets *1 and equity; and
- times of interest-bearing liabilities (net) *2 to equity (Debt-equity ratio (net))

*1 Risk-adjusted assets refer to the maximum loss exposure and are calculated by assigning assets including Trade and other receivables, Inventories, Fixed Assets and Investments risk weights, which the Companies have determined individually based on the potential risk of loss, and adding derivatives and the loss exposure related to Commitments and contingent liabilities. The maximum loss exposure is measured statistically under the variability of the market values of the assets for each related business and is calculated based on a number of subjective judgments, estimates and assumptions concerning the all-around economic circumstances and tendencies of the industry.

*2 Interest-bearing liabilities (net) is total debt less the amount of cash and cash equivalents and time deposits.

Management monitors the strategies for profits and investments and the metrics at the time of planning and reviewing the medium-term management plan.

As "Equity attributable to owners of the parent" is directly affected by the market conditions of foreign exchange rates and stock prices, the Companies hedge against the exchange rate risks of major investments denominated in foreign currencies and review stock holdings in a timely manner, in order to minimize the influence of changes in foreign exchange rates and stock prices upon "Equity attributable to owners of the parent."

The Companies are not subject to any externally imposed capital requirements (except for general requirements, such as those in the Companies Act).

(2) Financial Risk Management Policy

The Companies operate internationally, exposing them to the risk of changes in foreign exchange rates, interest rates and commodity prices. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps, interest rate swaps and commodity futures contracts utilized by the Company and certain of its subsidiaries to reduce these risks. The Companies assess foreign currency exchange rate risk, interest rate risk and commodity price risk by continuously monitoring changes in these exposures and by evaluating hedging opportunities. The Companies hold or issue commodity derivatives for trading purposes. The Companies are also exposed to credit-related losses in the event of non-performance by counterparties to financial assets, but it is not expected that any counterparty will fail to meet its obligations, because most of the counterparties are internationally recognized financial institutions and the contracts are diversified across a number of major financial institutions. The Companies' basic policy for fund raising activities is to secure stable, medium- to long-term funds and liquidity for our operations.

1. Foreign currency exchange rate risk management

The Companies operate internationally and are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the Companies operate. The Companies' strategy to manage foreign currency risks is mainly to preserve the economic value of cash flows in non-functional currencies by using foreign exchange forward contracts, foreign currency swaps, after considering the net effect of offsetting foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments.

Foreign currency sensitivity analysis

The following table represents the Companies' sensitivity analysis for foreign currency risk exposures on U.S. Dollars. The analysis shows the hypothetical impact on profit before tax in the Consolidated statement of comprehensive income that would result from a 1% appreciation of the Yen against U.S. Dollars for the risk exposures arising from foreign currency trade receivables and payables, future contracts for sale and purchase transactions, derivatives and others at the end of the year. The analysis is based on the assumption that other factors such as the outstanding balance and interest rates are constant.

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Profit before tax	**¥(173)**	¥162	**$(1)**

2. Interest rate risk management

The Companies are exposed to market risks arising from changes in interest rates in their business activities. In particular, interest rate fluctuations affect borrowing costs because a major portion of the outstanding debt instruments is floating rate instruments and short-term borrowings are refinanced from time to time.

However, the impact on borrowing costs is partially offset by returns on certain assets which are also impacted by interest rate fluctuations. In addition, the Companies are engaged in financing activities, such as automobile financing, which could be affected by interest rate fluctuations. The Companies monitor the interest rate risk arising from the assets and liabilities and the Companies' risk management structure is prepared to utilize derivatives contracts such as the interest rate swaps to manage the fluctuation in profits or losses due to drastic fluctuations in interest rates.

Interest rate sensitivity analysis

The following table represents the hypothetical impact on the Companies' profit before tax that is attributable to financial instruments which are exposed to the risk of fluctuations in interest rates in the case where the interest rate increases by 1%. The analysis is calculated by multiplying the net amounts of floating rate interest bearing financial assets and liabilities as of March 31, 2015 and 2014 by 1%, without considering future changes in the balance, currency exchange fluctuations and dispersing effects for floating rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate, and is based on the assumption that all other variable factors are held constant.

The sensitivity analysis is performed for instruments that are exposed to fluctuations in market interest rates including: floating interest rate bearing debts and loans; fixed interest rate bearing debts and loans which are converted to floating rates with interest rate swap contracts and are in substance floating interest rate bearing debts and loans; cash and cash equivalents; time deposits; and receivables and payables which have not been settled at the end of the period.

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	**2015**
Profit before tax	**¥(15,609)**	¥(13,385)	**$(130)**

3. Credit risk management

The Companies are exposed to credit risk as a result of providing credit to our customers in the form of accounts receivable, advances, loans, guarantees and other instruments. The Companies use an original credit rating model, the Sumisho Credit Rating ("SCR"), to assess customers' credit risk. The authority level for extending credit to customers depends on the nine assigned credit ratings. In addition, the Companies regularly review the customers' credit limits and appropriately manage the credit exposure under those limits. At the same time, the Companies continuously perform credit evaluations on the financial conditions of customers, and based on such evaluations, obtain collateral to secure the receivables if necessary.

The Companies' receivables are from a large number of customers, spreading across diverse industries and geographical areas, therefore the Companies do not have significant concentrated credit risk exposure to any single counterparty or any group of counterparties.

The credit risk on deposits and derivatives is limited because the counterparties are internationally recognized financial institutions.

The total amounts of guarantees, and financing commitments, and the carrying amount of financial assets recorded in the Consolidated statement of financial position, net of impairment losses, represent the Companies' maximum exposure to credit risk without taking account of any collateral obtained.

4. Commodity price risk management

The Companies trade in commodities such as physical precious and base metals, energy products and agricultural products and engage in investments in metal mining, and oil and gas development. As a result of these activities, the Companies are exposed to risk of price fluctuations of commodities. The Companies intend to reduce the risk related to the fluctuation of commodity prices by hedge-selling commodities, matching the volume and timing of selling and purchasing of commodities, or by using derivatives. The Companies use derivatives for trading purposes within defined position limits and loss limits.

Commodity price risk sensitivity analysis

The Companies use the Value-at-Risk ("VaR") method to measure the market risk for certain market-sensitive commodity transactions, including transactions associated with precious and base metals, energy products, and agricultural products.

The following table sets forth the year-end, high, low, and average VaR figures (which are generally calculated using a three-day holding period and a confidence level of 99%) as of the end of each month for the years ended March 31, 2015 and 2014:

The Companies use the VaR for the purpose of risk management by each organization and do not eliminate inter-company transactions.

	Millions of Yen			
	2015			
	At year-end	High	Low	Average
VaR	**¥5,541**	**¥5,541**	**¥2,913**	**¥4,080**

	Millions of Yen			
	2014			
	At year-end	High	Low	Average
VaR	¥3,241	¥5,194	¥2,827	¥4,081

	Millions of U.S. Dollars			
	2015			
	At year-end	High	Low	Average
VaR	**$46**	**$46**	**$24**	**$34**

The Companies estimate VaR mainly using the historical simulation method. As VaR is measured by estimating statistically gains and losses on the current portfolio during the defined periods by applying the fluctuations in market rates and prices in the past, the actual results may differ significantly from the calculations above. In addition, the Companies periodically conduct back testing in which estimated quantitative risks are compared with actual gains or losses to verify the accuracy of the VaR measurement model. The actual value of gains or losses fell within our VaR threshold in the back testing during the twelve months ended December 31, 2014 which was the most recent period for which back testing was conducted. Based on the back testing, management believes the VaR model has provided reasonably accurate measurements.

5. Liquidity risk management

The Companies' basic policy for financing operation is to secure stable medium- to long-term funds and sufficient liquidity for the operations. Management has been monitoring liquidity risk by setting various worst case scenarios including financial market turmoil. The Companies secure necessary liquidity from the cash flows from operations, by borrowing from financial institutions with which the Companies have good relationships, bonds issued in the capital markets, and issuance of commercial paper.

The Companies deposit these funds with highly creditable financial institutions which are generally given high credit ratings by credit rating agencies.

The Companies have several unused long-term committed lines of credit with leading domestic and international financial institutions and several uncommitted lines of credit to reduce the liquidity risk.

Financial Section

The Companies' remaining contractual maturities for non-derivative financial liabilities (excluding lease obligations and some other liabilities) as of March 31, 2015 and 2014 are as follows:

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2015				
Bonds and borrowings	**¥ 947,997**	**¥2,015,989**	**¥1,457,291**	**¥4,421,277**
Trade and other payables	**1,017,605**	**42,318**	**31,097**	**1,091,020**
Financial guarantee contracts	**163,763**	**42,184**	**69,323**	**275,270**
2014				
Bonds and borrowings	¥ 876,379	¥1,850,925	¥1,511,628	¥4,238,932
Trade and other payables	1,047,246	41,686	35,077	1,124,009
Financial guarantee contracts	58,512	130,369	65,359	254,240

	Millions of U.S. Dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2015				
Bonds and borrowings	**$7,900**	**$16,800**	**$12,144**	**$36,844**
Trade and other payables	**8,480**	**353**	**259**	**9,092**
Financial guarantee contracts	**1,365**	**351**	**578**	**2,294**

The Companies' liquidity analysis for derivatives as of March 31, 2015 and 2014 is summarized in the table below. The table is based on the contractual future cash inflows and outflows of derivative instruments. The net contractual cash inflows and outflows of gross-settled derivative instruments are presented as net cash flows on a transaction-by-transaction basis. When receipt and payment of cash are not fixed, the amount disclosed was calculated based on the projected interest rates by reference to the yield curves at the end of the reporting period.

		Millions of Yen			
		Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2015					
Interest rate contracts	cash receipt/	**¥ 10,727**	**¥ 29,506**	**¥17,809**	**¥ 58,042**
	(payment)	**(2,040)**	**(3,262)**	**(3,349)**	**(8,651)**
Foreign exchange contracts	cash receipt/	**18,987**	**78,658**	**3,373**	**101,018**
	(payment)	**(20,494)**	**(13,164)**	**—**	**(33,658)**
Commodity contracts	cash receipt/	**93,128**	**36,070**	**2,496**	**131,694**
	(payment)	**(65,224)**	**(38,011)**	**(2,832)**	**(106,067)**
2014					
Interest rate contracts	cash receipt/	¥ 9,874	¥ 28,553	¥11,460	¥ 49,887
	(payment)	(1,401)	(3,878)	(2,587)	(7,866)
Foreign exchange contracts	cash receipt/	13,516	43,488	6,962	63,966
	(payment)	(11,014)	(10,338)	—	(21,352)
Commodity contracts	cash receipt/	33,164	16,410	426	50,000
	(payment)	(33,697)	(20,501)	(1,637)	(55,835)

		Millions of U.S. Dollars			
		Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2015					
Interest rate contracts	cash receipt/	**$ 89**	**$ 246**	**$149**	**$ 484**
	(payment)	**(17)**	**(27)**	**(28)**	**(72)**
Foreign exchange contracts	cash receipt/	**158**	**655**	**28**	**841**
	(payment)	**(171)**	**(109)**	**—**	**(280)**
Commodity contracts	cash receipt/	**776**	**301**	**21**	**1,098**
	(payment)	**(543)**	**(317)**	**(24)**	**(884)**

(3) Fair Value of Financial Instruments

1. Fair value measurements

The fair values of financial assets and liabilities are determined as follows:

Quoted market prices, if available, are used as fair values of financial instruments. If quoted market prices are not available, fair values of such financial instruments are measured by using appropriate measurement techniques such as discounted future cash flow method or others.

Cash and cash equivalents, time deposits and marketable securities

The carrying amounts of these instruments approximate their fair value due to their short-term maturities.

Other investments

The fair values of marketable securities are estimated using quoted market prices. Fair values of unlisted investments in common stock are determined by discounted future cash flow method, valuation models based on revenue, profitability and net assets of investees, market values of comparable companies, and other valuation approaches.

Trade and other receivables, trade and other payables

The fair values of current and non-current trade receivables and payables, except for loans with floating rates whose carrying amounts approximate fair value, are estimated using discounted future cash flow analysis, using interest rates currently being offered for loans or accounts receivables with similar terms to borrowers or customers of similar credit quality and remaining maturities.

Bonds and borrowings

The fair values of bonds and borrowings, except for debt with floating rates whose carrying amount approximates fair value, are estimated using discounted future cash flow analysis using interest rates currently available for similar types of borrowings with similar terms and remaining maturities.

Guarantee of third party debt

The fair values of financial guarantees are estimated based on the premiums received or receivable from guarantors in arm's length transactions with unrelated parties.

Interest rate swaps, currency swap agreements and currency option contracts

The fair values of interest rate swaps, currency swap agreements and currency option contracts are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the Companies.

Foreign exchange forward contracts

The fair values of foreign exchange forward contracts are estimated based on quoted market prices for contracts with similar terms.

Interest rate future contracts and bond future contracts

The fair values of interest rate future contracts and bond future contracts are estimated by using quoted market prices.

Commodity forwards, futures and swap contracts

The fair values of commodity forwards, futures and swap contracts are mainly estimated using quoted market prices.

2. Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost as of March 31, 2015 and 2014 are as follows: Financial instruments measured at amortized cost that are included in "Marketable securities" and "Other investments" are disclosed in Note 6.

	Millions of Yen	
	2015	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	**¥2,324,314**	**¥2,331,356**
Financial liabilities measured at amortized cost:		
Bonds and borrowings	**4,421,277**	**4,438,184**
Trade and other payables	**1,120,097**	**1,120,080**

	Millions of Yen	
	2014	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	¥2,232,173	¥2,235,806
Financial liabilities measured at amortized cost:		
Bonds and borrowings	4,238,932	4,256,273
Trade and other payables	1,147,999	1,147,961

Financial Section

	Millions of U.S. Dollars	
	2015	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	$19,370	$19,428
Financial liabilities measured at amortized cost:		
Bonds and borrowings	36,844	36,985
Trade and other payables	9,334	9,334

3. Financial instruments measured at fair value

International Financial Reporting Standard No. 13 *Fair Value Measurement* requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 inputs are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values of financial assets and liabilities measured at fair value, grouped by fair value hierarchy as of March 31, 2015 and 2014 are as follows:

	Millions of Yen			
2015	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥ 18,957	¥ 4	¥ 25,544	¥ 44,505
Financial assets measured at FVTOCI	367,078	—	84,865	451,943
Trade and other receivables measured at FVTPL	—	25,681	—	25,681
Other financial assets (derivatives)				
Derivatives designated as hedges	—	71,056	—	71,056
Derivatives not designated as hedges	7,287	211,492	—	218,779
Total	¥393,322	¥ 308,233	¥110,409	¥ 811,964
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥ (62,645)	¥ —	¥ (62,645)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(20,897)	—	(20,897)
Derivatives not designated as hedges	(9,194)	(115,758)	(2,366)	(127,318)
Total	¥ (9,194)	¥(199,300)	¥ (2,366)	¥(210,860)

2014	Millions of Yen Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥ 45,632	¥ 54	¥ 26,608	¥ 72,294
Financial assets measured at FVTOCI	347,728	26,148	87,157	461,033
Trade and other receivables measured at FVTPL	—	39,254	—	39,254
Other financial assets (derivatives)				
Derivatives designated as hedges	—	52,966	—	52,966
Derivatives not designated as hedges	5,368	104,730	—	110,098
Total	¥398,728	¥ 223,152	¥113,765	¥ 735,645
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥ (67,000)	¥ —	¥ (67,000)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(13,633)	—	(13,633)
Derivatives not designated as hedges	(7,603)	(55,615)	(8,030)	(71,248)
Total	¥ (7,603)	¥(136,248)	¥ (8,030)	¥(151,881)

2015	Millions of U.S. Dollars Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	**$ 158**	**$ 0**	**$213**	**$ 371**
Financial assets measured at FVTOCI	**3,059**	**—**	**707**	**3,766**
Trade and other receivables measured at FVTPL	**—**	**214**	**—**	**214**
Other financial assets (derivatives)				
Derivatives designated as hedges	**—**	**592**	**—**	**592**
Derivatives not designated as hedges	**61**	**1,762**	**—**	**1,823**
Total	**$3,278**	**$ 2,568**	**$920**	**$ 6,766**
Liabilities:				
Trade and other payables measured at FVTPL	**$ —**	**$ (522)**	**$ —**	**$ (522)**
Other financial liabilities (derivatives)				
Derivatives designated as hedges	**—**	**(174)**	**—**	**(174)**
Derivatives not designated as hedges	**(77)**	**(964)**	**(20)**	**(1,061)**
Total	**$ (77)**	**$(1,660)**	**$ (20)**	**$(1,757)**

Reconciliation between the beginning and ending balance of financial assets measured at fair value on a recurring basis using Level 3 inputs for the year ended March 31, 2015 is as follows:

2015	Millions of Yen Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	**¥26,608**	**¥ 87,157**	**¥(8,030)**
Purchases	**4,771**	**5,213**	**—**
Comprehensive income			
Profit or loss for the year	**(1,509)**	**—**	**1,939**
Other comprehensive income	**—**	**6,445**	**—**
Disposals	**(4,056)**	**(10,364)**	**—**
Settlements	**(270)**	**(3,586)**	**3,725**
Balance, end of year	**¥25,544**	**¥ 84,865**	**¥(2,366)**
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	**¥ (2,983)**	**¥ —**	**¥ 1,798**

2015	Millions of U.S. Dollars Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	$222	$726	$(67)
Purchases	40	43	—
Comprehensive income			
Profit or loss for the year	(13)	—	16
Other comprehensive income	—	54	—
Disposals	(34)	(86)	—
Settlements	(2)	(30)	31
Balance, end of year	$213	$707	$(20)
Profit or loss for the year included in earnings relating to financial instruments still held at the end of year	$ (25)	$ —	$ 15

The above profits or losses for the year were included in "Sales of tangible products," "Cost of tangible products sold" and "Gain (loss) on securities and other investments, net" in the Consolidated statement of comprehensive income.

(4) Derivatives and Hedge Accounting

Fair-value hedges

Fair-value hedge is a type of hedge that eliminates the risk of changes in the fair values of assets and liabilities or firm commitments. The Companies use commodity futures contracts and foreign exchange forward contracts to hedge the changes in fair values on firm commitments. The Companies use interest rate swaps to hedge the changes in fair values on fixed rate borrowings used to fund assets earning interest at variable rates. Changes in the fair values of derivatives designated as fair-value hedges are recognized in profit or loss and are offset by corresponding changes in the fair values of the hedged item to the extent the hedge is effective. For the years ended March 31, 2015 and 2014, net gains or losses for hedged items were net losses of ¥8,508 million ($71 million) and net gains of ¥9,180 million, respectively, and net gains or losses for hedging instruments were net gains of ¥8,508 million ($71 million) and net losses of ¥9,180 million, respectively.

Cash-flow hedges

Cash-flow hedge is a type of hedge that uses derivatives to offset the variability of expected future cash flows. The Companies use commodity future contracts and foreign exchange forward contracts to hedge the variability of cash flows related to forecasted transactions and interest rate swaps to hedge the variability of cash flows related to floating-rate borrowings. The Companies recognized changes in the fair values of derivative instruments that are designated and qualified as cash-flow hedges in other comprehensive income in Other components of equity. Such amounts are reclassified into profit or loss in the period when the hedged items are recognized in profit or loss. For the years ended March 31, 2015 and 2014, net derivative gains or losses (net of the related tax) that were expected to be reclassified into profit or loss within the next fiscal year were net losses of ¥5,606 million ($47 million) and net losses of ¥2,191 million, respectively.

Hedges of net investments in foreign operations

The Companies use currency swaps and foreign currency borrowings to hedge the foreign currency risk of the net investments in foreign operations. The Companies recognized changes in fair values of derivatives designated as hedging instruments and exchange differences in foreign currency borrowings designated as hedging instruments in other comprehensive income in Other components of equity to the extent the hedge is effective.

Derivatives not designated as hedges

The Companies use derivatives to hedge exposures when it makes economic sense to do so, including circumstances in which the hedging relationship does not qualify for hedge accounting.

The Companies use foreign exchange forward contracts to economically hedge the fluctuations of foreign exchange rates on foreign currency assets, liabilities and unrecognized firm commitments. The Companies also enter into commodity forwards, futures and swap contracts to economically hedge their inventories and unrecognized firm commitments against market price fluctuations. Certain commodity derivatives are entered into for trading purposes to the extent approved by management. These derivatives do not qualify for hedge accounting and any changes in their fair values are recognized in profit or loss.

The fair values of derivative instruments as of March 31, 2015 and 2014 are as follows:

	Millions of Yen				
2015	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	**¥55,552**	**¥ 621**	**¥ —**	**¥ 950**	**¥ 57,123**
Foreign exchange contracts	**—**	**9,266**	**—**	**91,752**	**101,018**
Commodity contracts	**—**	**5,617**	**—**	**126,077**	**131,694**
Total	**¥55,552**	**¥ 15,504**	**¥ —**	**¥ 218,779**	**¥ 289,835**
Other financial assets (current)					**101,706**
Other financial assets (non-current)					**174,403**
Total					**¥ 276,109**
[Derivative liabilities]					
Interest rate contracts	**¥ (1,123)**	**¥ (5,962)**	**¥ —**	**¥ (1,405)**	**¥ (8,490)**
Foreign exchange contracts	**—**	**(7,740)**	**(4,384)**	**(21,534)**	**(33,658)**
Commodity contracts	**—**	**(1,688)**	**—**	**(104,379)**	**(106,067)**
Total	**¥ (1,123)**	**¥(15,390)**	**¥(4,384)**	**¥(127,318)**	**¥(148,215)**
Other financial liabilities (current)					**(77,005)**
Other financial liabilities (non-current)					**(69,775)**
Total					**¥(146,780)**

Other than the above, the Companies have foreign currency borrowings of ¥88,365 million ($736 million) that are designated as hedging instruments to hedge the net investments in foreign operations.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated statement of financial position were resulted from a financial liability for the put option granted to the non-controlling shareholder and offsetting derivative assets and derivative liabilities with deposits.

The amounts of “Other financial assets and liabilities” in the Consolidated statement of financial position that are subject to enforceable master netting arrangements or similar arrangements are ¥48,079 million ($401 million).

	Millions of Yen				
2014	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	¥47,212	¥ 55	¥ —	¥ 1,831	¥ 49,098
Foreign exchange contracts	68	4,268	208	59,422	63,966
Commodity contracts	—	1,155	—	48,845	50,000
Total	¥47,280	¥ 5,478	¥ 208	¥110,098	¥163,064
Other financial assets (current)					44,591
Other financial assets (non-current)					115,633
Total					¥160,224
[Derivative liabilities]					
Interest rate contracts	¥ (1,387)	¥ (4,530)	¥ —	¥ (1,777)	¥ (7,694)
Foreign exchange contracts	—	(5,359)	(1,895)	(14,098)	(21,352)
Commodity contracts	—	(462)	—	(55,373)	(55,835)
Total	¥ (1,387)	¥(10,351)	¥(1,895)	¥ (71,248)	¥ (84,881)
Other financial liabilities (current)					(43,790)
Other financial liabilities (non-current)					(46,611)
Total					¥ (90,401)

Other than the above, the Companies have foreign currency borrowings of ¥173,733 million that are designated as hedging instruments to hedge the net investments in foreign operations.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated statement of financial position were resulted from a financial liability for the put option granted to the non-controlling shareholder and offsetting derivative assets and derivative liabilities with deposits.

The amounts of “Other financial assets and liabilities” in the Consolidated statement of financial position that are subject to enforceable master netting arrangements or similar arrangements are ¥26,685 million.

Financial Section

2015	Millions of U.S. Dollars Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	$463	$ 5	$ —	$ 8	$ 476
Foreign exchange contracts	—	77	—	764	841
Commodity contracts	—	47	—	1,051	1,098
Total	$463	$ 129	$ —	$ 1,823	$ 2,415
Other financial assets (current)					847
Other financial assets (non-current)					1,453
Total					$ 2,300
[Derivative liabilities]					
Interest rate contracts	$ (9)	$ (50)	$ —	$ (12)	$ (71)
Foreign exchange contracts	—	(64)	(37)	(179)	(280)
Commodity contracts	—	(14)	—	(870)	(884)
Total	$ (9)	$(128)	$(37)	$(1,061)	$(1,235)
Other financial liabilities (current)					(642)
Other financial liabilities (non-current)					(582)
Total					$(1,224)

26. Exchange Difference Gains and Losses

Gains and losses resulting from translating assets and liabilities denominated in a currency other than the functional currency of the reporting entity or from settling such items are included in profit or loss as they arise. Net exchange difference losses of ¥697 million ($6 million) and gains of ¥13,338 million are included in the Consolidated statement of comprehensive income for the years ended March 31, 2015 and 2014, respectively.

27. Selling, General and Administrative Expenses

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Employee benefits expenses	¥388,860	¥367,556	$3,241
Equipment expenses	124,925	118,230	1,041
Travel and transportation expenses	29,008	27,742	242
Outsourcing expenses	58,134	56,389	484
Advertising expenses	31,069	27,686	259
Amortization expenses	20,542	18,958	171
Impairment losses on receivables	8,765	6,109	73
Others	93,887	83,683	782
Selling, general and administrative expenses	¥755,190	¥706,353	$6,293

Equipment expenses disclosed above mainly include rental expenses and depreciation of property, plant and equipment.

28. Other, net

The provisions, etc. of ¥6,838 million ($57 million) for costs relating to placing the mine in care and maintenance in Coal-mining projects in Australia are recognized for the year ended March 31, 2015. ¥5,470 million ($46 million) and ¥1,368 million ($11 million) are recognized in the Mineral Resources, Energy, Chemical & Electronics segment and the Overseas Subsidiaries and Branches segment, respectively.

29. Finance Income and Costs

The components of Finance income and costs for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Interest income:			
Financial assets measured at FVTPL	**¥ 70**	¥ 85	**$ 0**
Financial assets measured at amortized cost	**18,324**	11,032	**153**
Derivatives	**2,324**	2,757	**19**
Total	**20,718**	13,874	**172**
Interest expense:			
Financial liabilities measured at amortized cost	**(47,752)**	(45,441)	**(398)**
Derivatives	**14,072**	14,125	**117**
Total	**(33,680)**	(31,316)	**(281)**
Dividends:			
Financial assets measured at FVTPL	**2,026**	2,107	**17**
Financial assets measured at FVTOCI	**15,216**	12,765	**127**
Total	**17,242**	14,872	**144**
Gain (loss) on securities and other investments, net:			
Financial assets measured at FVTPL	**(2,293)**	1,776	**(19)**
Others	**14,734**	7,064	**123**
Total	**¥ 12,441**	¥ 8,840	**$ 104**

Others of "Gain (loss) on securities and other investments, net" are mainly gains and losses on investments in subsidiaries and associates. Gains of ¥14,524 million ($121 million), such as deconsolidation of subsidiaries are recognized for the year ended March 31, 2015. Gains of ¥4,285 million on previously held interests in newly acquired subsidiaries were recognized for the year ended March 31, 2014.

In addition to the above, gains or losses on revaluation of derivatives not designated as hedges for the years ended March 31, 2015 and 2014 are gains of ¥34,899 million ($291 million) and ¥17,929 million in "Revenues" and "Cost," and gains of ¥150 million ($1 million) and ¥680 million in "Other, net," respectively.

Interest income from financial assets measured at amortized cost for the years ended March 31, 2015 and 2014 are ¥90,579 million ($755 million) and ¥72,496 million in "Revenues," and interest expense from financial liabilities measured at amortized cost are ¥28,198 million ($235 million) and ¥23,988 million in "Cost," respectively.

30. Income Tax Expense

Income tax expense for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Current tax	**¥31,251**	¥36,862	**$260**
Deferred tax	**21,005**	33,526	**175**
Total	**¥52,256**	¥70,388	**$435**

The Company is subject to mainly national corporate tax, inhabitant tax and deductible business tax, which in aggregate resulted in an applicable income tax rate of 36% and 38% for the years ended March 31, 2015 and 2014, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

In Japan, following the promulgation on March 31, 2015 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015), effective from fiscal years beginning on and after April 1, 2015, corporate tax rates will be reduced. In accordance with this reform, the effective statutory tax rate, used to measure deferred tax assets and deferred tax liabilities, will be reduced to 33% from 36% for temporary differences and others that are expected to be realized during the fiscal year beginning on April 1, 2015, and to 32% for temporary differences and others that are expected to be realized during and after the fiscal year beginning on April 1, 2016. The effects due to this change on income tax expense and other comprehensive income are immaterial.

The reconciliation between the applicable income tax rate in Japan and the Companies' average effective income tax rate in the Consolidated statement of comprehensive income for the years ended March 31, 2015 and 2014 are as follows:

	%	
	2015	2014
The applicable income tax rate in Japan	36.0	38.0
Tax effect on equity-accounted investees	22.8	(12.6)
Tax effect on expenses not deductible for tax purposes	(39.0)	0.8
Difference in applicable tax rate of foreign subsidiaries	86.0	(6.0)
Reassessment of the recoverability of deferred tax assets	(400.2)	3.1
Others—net	12.9	(0.2)
The Companies' average effective income tax rate	(281.5)	23.1

31. Earnings per share

A calculation of the basic and diluted earnings per share (attributable to owners of the parent) for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Profit (loss) for the year attributable to owners of the parent	¥(73,170)	¥223,064	$(610)

	Number of shares	
	2015	2014
Weighted-average shares—basic	1,247,696,887	1,249,036,900
Dilutive effect of: Stock options	—	891,250
Weighted-average shares—diluted	1,247,696,887	1,249,928,150

	Yen		U.S. Dollars
	2015	2014	2015
Earnings per share (attributable to owners of the parent):			
Basic	¥(58.64)	¥178.59	$(0.49)
Diluted	(58.64)	178.46	(0.49)

* Diluted earnings per share does not include stock options due to the anti-dilutive effect caused by the loss during the year ended March 31, 2015.

32. Cash Flow Information

Supplemental disclosure of cash flow information for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Non-cash investing and financing activities:			
Finance lease obligations incurred	¥ 5,396	¥ 12,978	$ 45
Acquisition of subsidiaries:			
Total consideration paid	(7,593)	(59,530)	(63)
Cash and cash equivalents included in assets acquired	803	5,480	6
Acquisition of subsidiaries, net of cash and cash equivalents acquired	¥(6,790)	¥(54,050)	$(57)

Refer to Note 5 for fair value of assets and liabilities as of the acquisition date.

The total consideration received in respect of sales of subsidiaries for the year ended March 31, 2015 was ¥29,182 million ($243 million). Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen	Millions of U.S. Dollars
Cash and cash equivalents	**¥ 4,125**	**$ 34**
Trade and other receivables	**16,563**	**138**
Property, plant and equipment	**28,649**	**239**
Intangible assets	**3,833**	**32**
Other assets	**4,049**	**34**
Current liabilities	**(14,925)**	**(124)**
Non-current liabilities	**(20,293)**	**(169)**

The total consideration received in respect of sales of subsidiaries for the year ended March 31, 2014 was ¥10,338 million. Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen
Cash and cash equivalents	¥ 3,093
Trade and other receivables	9,168
Property, plant and equipment	33,903
Intangible assets	17,582
Other assets	15,409
Current liabilities	(18,577)
Non-current liabilities	(33,635)

33. Related Party Transactions

Compensation for Directors

The remuneration for directors for the years ended March 31, 2015 and 2014 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
1. Monthly remuneration	**¥729**	¥ 738	**$6**
2. Bonuses resolved at the 146th ordinary general meeting of shareholders	**—**	203	**—**
3. Expenses recognized for the grant of the 13th of stock option issued on August 1, 2014	**8**	—	**0**
4. Expenses recognized for the grant of the 12th of stock option issued on July 31, 2013	**—**	11	**—**
5. Expenses recognized for the grant of the 9th of stock option (stock-linked compensation plan) issued on August 1, 2014	**67**	—	**1**
6. Expenses recognized for the grant of the 8th of stock option (stock-linked compensation plan) issued on July 31, 2013	**23**	70	**0**
7. Expenses recognized for the grant of the 7th of stock option (stock-linked compensation plan) issued on July 31, 2012	**—**	26	**—**
Total	**¥827**	¥1,048	**$7**

34. Subsidiaries

The Companies' subsidiaries as of March 31, 2015 are as follows:

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Metal Products	Sumisho Metalex Corporation	Chuo-ku, Tokyo	100.00
	Sumisho Tekko Hanbai Co., Ltd.	Chuo-ku, Tokyo	100.00
	SC Pipe Solutions Co., Ltd.	Chuo-ku, Tokyo	100.00
	Nippon Katan Co., Ltd.	Hirakata, Osaka	100.00
	SC Metal Pty. Ltd.	Melbourne, Australia	100.00 (10.00)
	Sumisho Steel Corporation (Hong Kong) Limited	Hong Kong, China	100.00 (10.00)
	ERYNGIUM Ltd.	Glasgow, England	100.00 (70.00)
	SC Pipe Services Inc.	Houston, U.S.	100.00 (100.00)
	K + S GmbH	Sachsenheim, Germany	100.00 (40.00)
	SC Steel Investment, LLC	Wilmington, U.S.	100.00
	SC Tubular and Steel Products (M.E.) FZCO	Dubai, U.A.E	100.00 (100.00)
	Edgen Group Inc.	Baton Rouge, U.S.	100.00 (100.00)
	Servilamina Summit Mexicana S.A. de C.V.	Queretaro, Mexico	100.00 (30.00)
	Tianjin Hua Zhu Metal Products Co., Ltd.	Tianjin, China	68.11 (6.81)
	Others (78 Companies)		
Transportation & Construction Systems	KIRIU Corporation	Ashikaga, Tochigi	100.00 (0.24)
	P.T. Summit Oto Finance	Jakarta, Indonesia	100.00 (15.00)
	SMS Construction and Mining Systems Inc.	Acheson, Canada	100.00 (35.14)
	Tecnologia para La Construccion y Mineria S.L.	Madrid, Spain	100.00 (60.00)
	P.T. Oto Multiartha	Jakarta, Indonesia	100.00 (15.00)
	SMS International Corporation	Plant City, U.S.	100.00 (100.00)
	Triton Navigation B.V.	Amsterdam, Netherlands	100.00 (100.00)
	Toyota Ukraine	Kiev, Ukraine	100.00
	Sumitec International, Ltd.	Moscow, Russia	100.00 (100.00)
	SC Construction Machinery (Shanghai) Corporation	Shanghai, China	100.00 (10.00)
	Summit Investment Australia Pty. Limited	Rydalmere, Australia	100.00 (15.00)
	Nissan Otomotiv A.S.	Istanbul, Turkey	99.36 (10.06)
	Others (80 Companies)		

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Environment & Infrastructure	Summit Energy Corporation	Chuo-ku, Tokyo	100.00
	Sumitomo Shoji Machinex Co., Ltd.	Chuo-ku, Tokyo	100.00
	Sumisho Global Logistics Co., Ltd.	Chuo-ku, Tokyo	100.00
	P.T. Central Java Power	Jakarta, Indonesia	100.00 (100.00)
	Perennial Power Holdings Inc.	New York, U.S.	100.00 (100.00)
	Summit Southern Cross Power Holdings Pty. Ltd.	Sydney, Australia	100.00 (20.00)
	Summit Water Limited	London, England	100.00 (30.00)
	Summit Renewable Energy Europe Limited	London, England	100.00 (30.00)
	Others (46 Companies)		
Media, Network, Lifestyle Related Goods & Services	SCSK Corporation	Koto-ku, Tokyo	51.21
	Summit, Inc.	Suginami-ku, Tokyo	100.00
	Sumisho Brand Management Corporation	Chiyoda-ku, Tokyo	100.00 (0.92)
	IG Kogyo Co., Ltd.	Higashine, Yamagata	65.68
	S.C. Cement Co., Ltd.	Chuo-ku, Tokyo	100.00
	TBC Corporation	Palm Beach Gardens, U.S.	100.00 (100.00)
	Summit Grain Investment (Australia) Pty Ltd.	Sydney, Australia	100.00 (30.00)
	Presidio Ventures, Inc.	Santa Clara, U.S.	100.00 (100.00)
	Emerald Grain Pty Ltd.	Melbourne, Australia	100.00 (100.00)
	Summit Forests New Zealand Limited	Auckland, New Zealand	100.00 (20.00)
	Sumitomo Corporation Equity Asia Limited	Hong Kong, China	100.00 (20.00)
	Others (102 Companies)		
Mineral Resources, Energy, Chemical & Electronics	Sumitomo Shoji Chemicals Co., Ltd.	Chuo-ku, Tokyo	100.00
	Sumitronics Corporation	Chuo-ku, Tokyo	100.00
	Nusa Tenggara Mining Corporation	Chuo-ku, Tokyo	74.28
	Serra Azul Iron Ore, LLC	Chuo-ku, Tokyo	100.00
	Sumi Agro Europe Limited	London, England	100.00 (20.00)
	Interacid Trading S.A.	Lausanne, Switzerland	100.00 (30.00)
	Minera San Cristobal S.A.	La Paz, Bolivia	100.00 (100.00)
	Sumisho Coal Australia Pty. Ltd.	Sydney, Australia	100.00
	SC Minerals America, Inc.	Denver, U.S.	100.00 (15.25)
	Petro Summit Pte. Ltd.	Singapore	100.00 (20.00)
	Summit Oil and Gas USA Corporation	New York, U.S.	100.00
	Summit Discovery Resources II LLC	Houston, U.S.	100.00 (100.00)
	Inversiones SC Sierra Gorda Limitada	Santiago, Chile	100.00 (0.05)
	Comercial Metales Blancos AB	Goeteborg, Sweden	100.00
	Summit Shale International Corporation	New York, U.S.	100.00
	Summit Rural Western Australia Pty. Ltd.	Kwinana, Australia	100.00 (20.00)

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Mineral Resources, Energy, Chemical & Electronics	SC Sierra Gorda Finance B.V.	Amsterdam, Netherlands	100.00
	Sumitomo Corporation Global Commodities Limited.	London, England	100.00 (32.67)
	SCAP C Pty Ltd.	Sydney, Australia	100.00
	Summit Exploration and Production Limited	London, England	100.00 (15.00)
	Pacific Summit Energy LLC	Newport Beach, U.S.	100.00 (100.00)
	Summit Discovery Resources III LLC	Houston, U.S.	100.00 (100.00)
	Others (75 Companies)		
Overseas Subsidiaries and Branches	Sumitomo Corporation of Americas	New York, U.S.	100.00 (100.00)
	Sumitomo Corporation Europe Holding Limited	London, England	100.00 (100.00)
	Sumitomo Corporation (China) Holding Ltd.	Beijing, China	100.00
	Sumitomo Corporation Asia & Ocean Pte. Ltd.	Singapore	100.00 (100.00)
	Sumitomo Australia Pty Ltd.	Sydney, Australia	100.00 (100.00)
	Sumitomo Corporation Do Brasil S.A.	Sao Paulo, Brazil	100.00 (11.95)
	Sumitomo Corporation Taiwan Ltd.	Taipei, Taiwan	100.00 (100.00)
	Sumitomo Corporation (Central Eurasia) LLC	Moscow, Russia	100.00
	Sumitomo Corporation Korea Ltd.	Seoul, Korea	100.00
	Others (132 Companies)		
Others	Sumitomo Shoji Financial Management Co., Ltd.	Chuo-ku, Tokyo	100.00
	Yasato Kosan Co., Ltd.	Chuo-ku, Tokyo	100.00
	Others (5 Company)		

*1 The percentage in the parenthesis under "Proportion of voting power held by the Companies" indicates the indirect ownership out of the total ownership noted above.
*2 As of April 1, 2014, the trade name of "Sumitomo Corporation of America" was changed to "Sumitomo Corporation of Americas."

35. Commitments and Contingent liabilities

(1) Commitments

The Companies customarily enter into long-term purchase commitments for certain items, principally ocean transport vessels and industry materials, either at fixed prices or at basic purchase prices adjustable to market. Such purchase commitments are in most instances matched with counter-party sales contracts. Long-term purchase contracts with Equity-accounted investees at fixed prices or at basic purchase prices adjustable to market amounted to ¥647,998 million ($5,400 million) as of March 31, 2015. Scheduled deliveries are at various dates through 2024. The Companies also had financing commitments in connection with loan, investments in equity capital and had contracts for the use of equipment, the aggregate amount of ¥1,055,349 million ($8,795 million), ¥93,001 million ($775 million) out of this aggregate amount with Equity-accounted investees, as of March 31, 2015.

For finance and operating lease commitments to which the Companies are the lessees, refer to Note 8.

(2) Guarantees

The Companies enter into various guarantee agreements. These agreements arise in transactions related to enhancing the credit standings of equity-accounted investees, suppliers, buyers and employees, and residual value guarantees on operating leases.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees as of March 31, 2015:

	Millions of Yen	Millions of U.S. Dollars
	2015	2015
Guarantees of indebtedness to:		
Equity-accounted investees	**¥155,490**	**$1,296**
Third parties	**112,678**	**939**
Employees	**634**	**5**
Residual value guarantees for leases	**6,468**	**54**
Total	**¥275,270**	**$2,294**

1. Guarantees for Indebtedness of Equity-accounted investees

The Companies provide guarantees on certain equity-accounted investees' borrowings from banks, payables to suppliers and other indebtedness. These guarantees mature through 2025. Guarantees with third party guarantee aggregated to ¥5,147 million ($43 million) as of March 31, 2015. The Companies would be obliged to reimburse the banks for losses, if any, if an equity-accounted investee defaults on a guaranteed loan.

2. Guarantees for Indebtedness of Third Parties

The Companies also provide guarantees for indebtedness of third parties. These guarantees are arranged mainly with suppliers and customers and mature through 2024. The Companies must pay if a guaranteed party defaults on a guaranteed indebtedness. Some of these guarantees are also collateralized by borrower assets.

3. Guarantees for Indebtedness of Employees

The Companies offer guarantees to banks for housing loans of employees as an employee benefit. The maximum maturity of the guarantees is 25 years. The Companies would be obliged to reimburse the banks for losses, if any, if the employee defaults on a guaranteed loan. These guarantees are collateralized by the housing units related to the loans.

4. Residual Value Guarantees

The Companies also provide residual value guarantees to owners of transportation equipment leased by third parties under operating leases to compensate for the differential between fixed prices and actual disposal proceeds on dates specified in these contracts. These guarantees mature through 2027. If the actual disposal amounts of the equipment are less than the guaranteed values on the specified date, the Companies will be required to compensate for the shortfall to the extent obligations by the lessee under the contract are satisfied. The current estimated future values of such transportation equipment are higher than the guaranteed values, and, accordingly, no allowance has been recognized as of March 31, 2015.

Management does not expect to incur losses on the above commitments and guarantees in excess of established allowances.

(3) Litigation and others

On December 30, 2011, Minera San Cristobal S.A. ("MSC"), which is a consolidated subsidiary of the Company in Plurinational State of Bolivia ("Bolivia"), received a correction notice relating to its withholding tax returns, from Bolivian Tax Authority. MSC has appealed to the Supreme Court for the revocation of corrected amount of tax payment order ($133.5 million) issued by General Authority of Taxes. In addition, MSC has offered the appropriate fixed assets as a collateral in accordance with the procedure stipulated in the related Bolivian law.

In addition to the above, the Companies are also involved in certain legal actions and claims incidental to its business. In the opinion of management, none of these actions or claims will have a material adverse effect on the financial position or results of operations of the Companies.

36. Subsequent Events

There are no subsequent events to be disclosed as of June 23, 2015, the date the Annual Security Report was filed.

37. Approval of Consolidated Financial Statements

The Consolidated financial statements were approved by Kuniharu Nakamura, CEO, and Hiroyuki Inohara, CFO, on June 23, 2015.