



New Harmony » New Solutions™

www.sinto.com

2015 ANNUAL REPORT

Year Ended March 31, 2015



SINTOKOGIO, LTD.

Starting **Vital Sinto**
2015.4 ▶ 2018.3

Corporate Profile



In Japanese, SINTO means “New East,” with “SIN” expressing the idea of innovation and “TO” representing the Sun rising from the East. These ideas are embodied by SINTO’s logo, the handshake in the Sun showing SINTO’s persistent hope of developing relationships with customers.

Casting, with a history of over 5,000 years, is the starting point for processing materials. Development of the machinery industry has been supported by casting since the Industrial Revolution. Since its foundation in 1934, Sinto has been committed to developing the highest innovative technology in order to supply the best foundry equipment in the materials processing industry. This is based on the concept of “Giving Form and Life to Process Materials.” As a result, Sinto has become the world’s largest and most trusted manufacturer of foundry equipment. We can offer sophisticated foundry technologies that improve casting quality, productivity and work environment.

Sinto has applied its expertise in foundry technology to related fields such as surface treatment equipment, environmental equipment, material handling, mechatronics, consumables, etc. These applied technologies have also been adopted by many customers of various

New Harmony >> New Solutions

SINTO’s brand slogan, “New Harmony>>New Solutions” declares to the world the concepts of Differentiated Technology and Reliable Customer Support. These principles are of the utmost importance to SINTO and will continue to guide us in the coming years.

industries. One prevalent example is the environmental preservation industry, which is now becoming more important than ever. Sinto recognizes that the preservation of the global environment is the most important universal issue and is striving for the development of environmentally-friendly products. Sinto’s goal is to continuously contribute to the progress of the materials processing industry, both domestic and overseas. This can be achieved by meeting its current demands, as well as anticipating and satisfying future needs.

Since 1968 Sinto has established manufacturing bases in Europe, Asia and the Americas, thereby building up the structure for its global network. Today the Sinto Group is comprised of 22 domestic companies including Sintokogio, Ltd. and 25 overseas companies and is supplying various products and services to customers all over the world through this global network.



The rising sun from Mt. Fuji

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To Our Stakeholders and Customers

Business results for fiscal 2015

For the economy in fiscal 2015 ended on March 31, 2015, emerging countries including China and ASEAN countries sustained growth despite signs of a slowdown. The United States maintained the firm growth supported by personal consumption. In European countries economic trends stayed sluggish on the whole, while in the South American countries including Brazil development of infrastructure was not pushed forward as much as expected and the economy remained stagnant. Turning to Japan, the industries adversely affected by currency exchanges continued to be in the severe condition, while there were industries where recovery in corporate earnings was promoted thanks to the improved export environment and capital investment, etc.

For the business environment surrounding the Sinto Group, a slowdown was seen in the demand for automobile-related capital investment in the markets of China and ASEAN countries. Meanwhile, the domestic market demand remained steady in the field of the facilities related to the post-earthquake reconstruction and benefitting from investment subsidies as well as aftermarket maintenance parts and consumables due to improved capacity utilization rate.

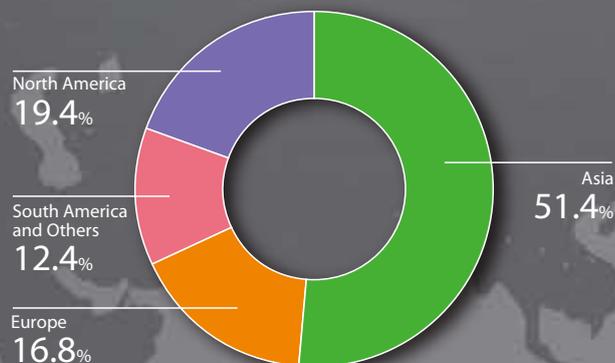
Under these circumstances, order volume increased by 3.2% from the previous fiscal year to ¥93,808 million, sales ¥93,259 million, a year-on-year increase of 4.7% and order backlog ¥32,872, a year-on-year increase of 7.4%. Order volume, sales and order backlog increased compared with the previous fiscal year partially because our overseas consolidated subsidiaries contributed to the good consolidated results due to the favorable year-end exchange rate.

As for income, operating income decreased by 11.9% from the previous fiscal year to ¥3,378 million due to an increase in selling and administrative expenses. Income before taxes decreased by 7.1% from the previous fiscal year to ¥5,081 million due to a decreased return on investment on equity method. Net income decreased by 6.6% from the previous fiscal year to ¥2,637 due to a refund of ¥647 million from the subway construction fund in China.

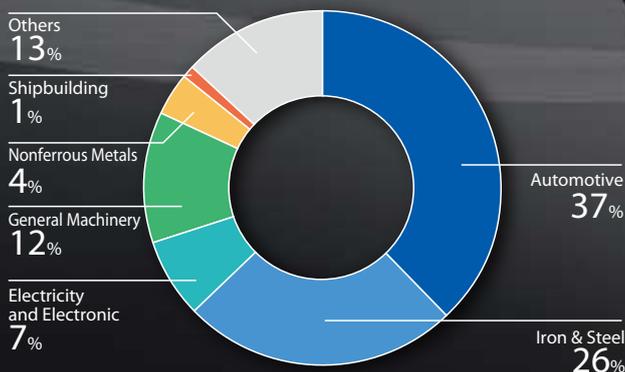
One Global Sinto Network

● Asia	13	● Europe	4
China	6	Germany	3
Taiwan	2	Austria	1
Thailand	2	● South America and Others	2
Korea	1	Brazil	1
Indonesia	1	Mexico	1
India	1	● North America	6
		U.S.A.	6

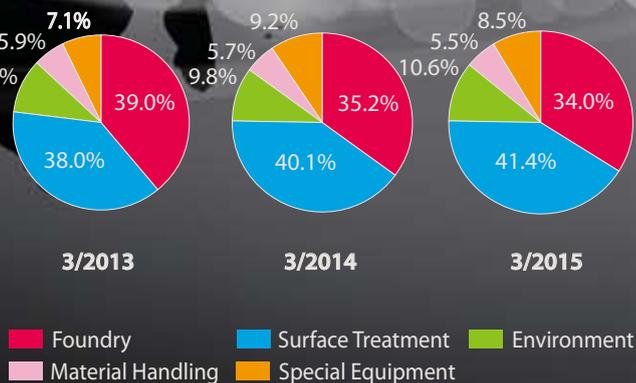
Sales by Region (3/2015)



Sales by Industry (3/2015)



Sales by Division



Results of 2012 Medium-term Management Plan GCS5

In April 2012, we started our former Medium-term Management Plan GCS5(Global Customer Satisfaction). During the former plan, we continued to pursue customer satisfaction all over the world through our business operations and achieved the followings.

1. Development of overseas bases in growing and Asian markets

In the Asian region showing a trend of increase in sales, we continued to establish a new company and strengthen production capability. For our bases in Mexico, Brazil and India, etc. where continuous growth is expected in the future, we reinforced the ability to respond to the local market, started manufacturing of equipment and increased the production of shot and grit.

2. Strengthening of surface treatment business

According to sales by business segment, the automotive sector makes up 37% of the total sales. In the surface treatment business which remains strong, we acquired National Peening, Inc. and Technical Metal Finishing, Inc. engaged in the surface finishing services by shot peening in America to expand our business in the non-automotive sector including medical care, aircraft and power generation. Furthermore, we took a stake in Frohn GmbH, Germany which has the largest share in the global market of cut wires.

3. Global skill standards for reliable customer support

To ensure stable operation of Sinto equipment delivered all over the world and their speedy restoration in case of trouble, we have developed skill evaluation standards per product and process to enhance skill levels of maintenance workers. The skill evaluation standard have been introduced as a uniform standard to our overseas group companies.



Atsushi Nagai, President

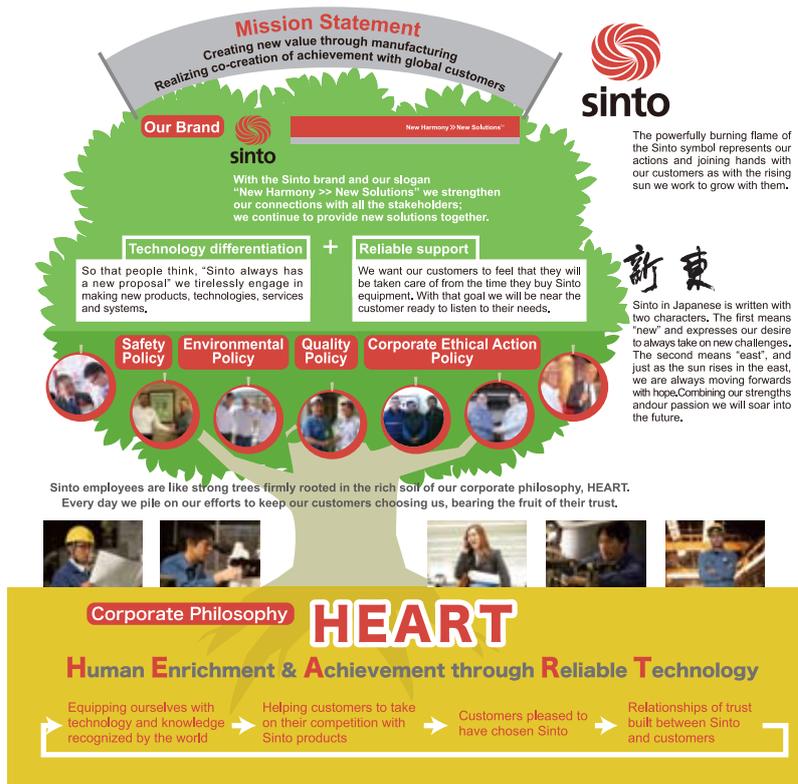
June 2015



Management Policy

Sinto Beliefs

We, Sinto Group have set "HEART (Human Enrichment and Achievement through Reliable Technology)" as our management philosophy. Our mission based on this philosophy is to create a new value for manufacturing and share the achievement and joy with our customers all over the world. We aim to deepen our bond with all related people by "Differentiation of technology" and "Reliable support" and enhance the brand value of Sinto by continuing to offer new solutions. Under this basic policy, we include realization of "Creation of emotion with our customers around the world" in our long-term vision, promote sustainable growth and development, raise our corporate value on a consolidated basis and keep on "increasing shareholder value." In addition, under an increasing importance of CSR activities for the enterprise, we are strongly promoting CSR activities at all of Sinto group companies, so that we can fulfill the responsibilities as a social enterprise in each country.



Company song "Let's Go Team Sinto"

At the time of starting Vital Sinto, to enhance solidarity between all Sinto group companies including overseas companies and the team spirit as "One Global Sinto," we made an English company song named "Let's Go Team Sinto." It is expected that all Sinto group employees share our company philosophy by singing the company song together when they gather in both domestic and overseas companies.

Let's Go Team Sinto

We always have something new
It's another winning technology
That's what we do, Let's do our best
We will show you what makes us different

Customers trust Sinto every time
Because we listen to what they need
That's what we do, Let's do our best
We will provide you with reliable support

There is a reason why they always choose Sinto
We share the joy of making things
and working together in harmony
"Kizuna" is the bond that joins us
"Shinrai" is the trust that we'll earn

Let's go team Sinto, One Global Sinto
Let's go team Sinto, Team Sinto!

We are working all over the world
but never left our home
That's what we do, Let's do our best
Let the world know we are proud of being Sinto

There is a reason why they always choose Sinto
We share the joy of making things
and working together in harmony
"Kizuna" is the bond that joins us
"Shinrai" is the trust that we'll earn

Let's go team Sinto, One Global Sinto
Let's go team Sinto, Team Sinto!

There is a reason why they always choose Sinto
We share the joy of making things
and working together in harmony
"Kizuna" is the bond that joins us
"Shinrai" is the trust that we'll earn

Let's go team Sinto, One Global Sinto
Our work makes everyone smile all over the world

New Medium-term Management Plan "Vital Sinto"



Based on the results of GCS5, we formulated our New Medium-term Management Plan "Vital Sinto" in April 2015. We will boldly take on global business challenges with speed and efficiency. In implementing "Vital Sinto" we will strive for the main theme, **"To be always selected by customers"** through achievement of each management target described in the target vision below.

Common target shared by the Sinto group

Number of new customers:	8% up
Customer coverage ratio:	5pt up
Operating profit ratio: on a consolidated basis	8%



Forecasting fiscal 2016

For the outlook for the future economy, the American economy will sustain firm growth and uncertainty of the European economy cannot be dispelled because of destabilizing factors including the financial crisis in Greece. There is concern that the economy of China is showing signs of a slowdown and will take a downturn. Despite factors of concern including raw material price hikes and lack of manpower, the domestic economy is expected to continue on a moderate recovery due to economic measures by the government and improved corporate performance.

For the business environment surrounding the Sinto Group, a new demand in China is expected due to industry reorganization of

our users, while automobile-related demand is continuously expected in Mexico where many Japanese companies are operating. However, in South American and European countries there is no sign that demand hit the bottom. In Japan a recovery trend in demand is expected due to investment demand stimulated by investment subsidies and recommencement of suspended capital investment by automobile manufacturers.

Under these circumstances, we will expand the sales of competitive strategic products in the priority markets including North America, Mexico, China and ASEAN countries on the basis of a newly established Medium-term Management

Plan "Vital Sinto." At the same time, we will strengthen a system for aftermarket service. For that we will develop our reliable "Sinto Support System" on a global basis in cooperation with our overseas companies. "Sinto Support System" is intended to provide maintenance and service to all customers where Sinto's equipment is operating. For manufacturing, we will introduce modularization facilitating the manufacturing of a product customized according to customer's needs, reduce man-hours and shorten the lead time. Furthermore, to expand sales and secure revenue, we will reduce manufacturing costs by optimizing procurement, reducing other costs intensively and increasing added-value.



Financial Highlights

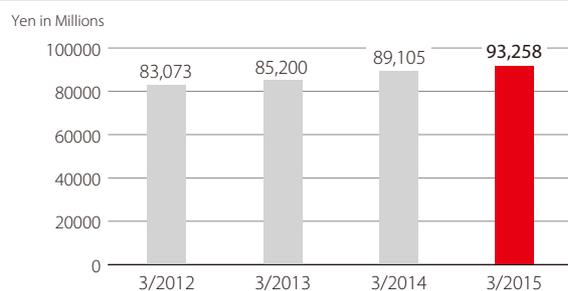
	Japanese Yen in millions			U.S. Dollars
	3/2013	3/2014	3/2015	3/2015
Net sales	¥ 85,200	¥ 89,105	¥ 93,258	\$ 776,052
Operating income	3,813	3,836	3,378	28,115
Operating income margin	4.5%	4.3%	3.6%	3.6%
Income before taxes	8,110	5,471	5,081	42,283
Income before taxes margin	9.5%	6.1%	5.4%	5.4%
Net income	5,271	2,824	2,637	21,948
Net return on sales	6.2%	3.2%	2.8%	2.8%
Total assets	116,358	126,908	146,315	1,217,573
Net assets	76,648	85,114	95,278	792,863
Equity ratio	63.8%	64.5%	62.0%	62.0%

	Japanese Yen			U.S. Dollars
	3/2013	3/2014	3/2015	3/2015
Net income per share	¥ 97.10	¥ 52.02	¥ 48.58	\$ 0.40
Net assets per share	¥ 1,368.38	¥ 1,508.71	¥ 1,672.19	\$ 13.92
Return on equity	7.5%	3.6%	3.1%	3.1%

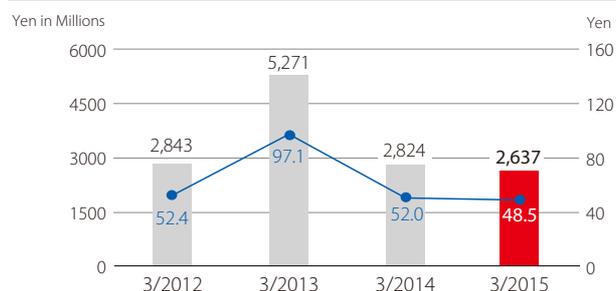
Notes: 1. The exchange rate used in these calculations is ¥120.17 per U.S. dollar as of March 31, 2015.

2. Net income per share is computed using the weighted average number of outstanding shares during the fiscal year April 1, 2014 through March 31, 2015. Net assets per share are computed using the actual number of outstanding shares at the end of the fiscal year.

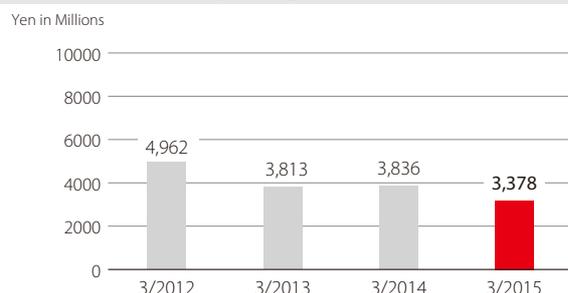
Sales



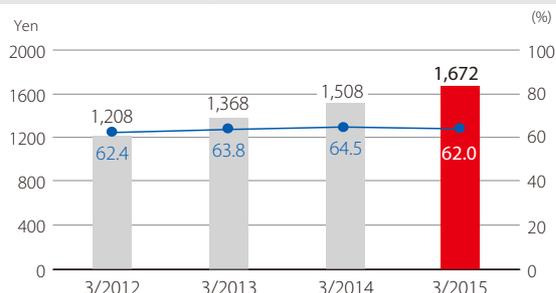
Net income / Net income per share



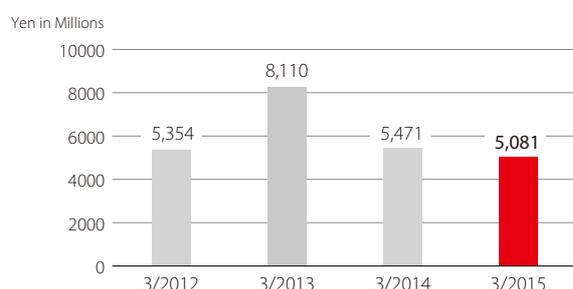
Operating income



Net assets per share / Equity ratio



Income before taxes



Dividend per share



Business Segments

■ Foundry ■ Surface Treatment ■ Environmental Equipment ■ Material Handling ■ Special Equipment



■ **Main products**
 Green sand molding machine (molders)
 Green sand treatment systems
 Chemically bonded sand systems, V-process molding systems
 Aluminum casting products
 Core making machines
 Molten metal transfer & automatic pouring
 After-treatment equipments

Foundry

The foundry business has been driving the growth of Sinto for 80 years. Meanwhile, the foundry business has been developing in response to demands from customers and the needs of the times and contributing to the development of the domestic and overseas foundry industry. At present, cast products are used in various industrial fields mainly in the automobile industry and partially in the aircraft industry. Foundry-related equipment used in the production process of these cast products have been delivered not only to domestic customers, but also to overseas customers in more than 60 countries. Sinto is now a world-leading manufacturer of foundry plants.

Focusing on manpower saving by automation and energy and space saving, we reduce total costs and provide customers with environment-friendly equipment. Furthermore, we contribute to "Manufacture of high quality casting." We regard them as our mission. We have developed innovative technology including Seiatsumolding system using air flow (recognized as "SEIATSU" all over the world) and ACE molding system equipped with a mechanism of sand filling by aeration. Aeration is now the main sand filling method and ACE molding system is most used by domestic and overseas customers. To help customers produce higher-quality castings, we are endeavoring to manufacture products meeting customer's needs.



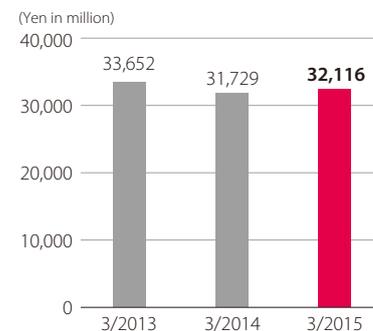
ACE Seiatsumolding machine

We think that it is the most important task to support a customer for the stable and uninterrupted operation of equipment once it has been delivered. Accordingly, we aim to improve our support system. "Sinto support system" is one of the measures to achieve this goal. Our

Sales by Division



Sales



experts analyze the operating state of equipment at the customer by remote control and provide appropriate support including maintenance and early response to a sudden equipment failure. This makes it possible for us to realize the stable operation of equipment and ensure and improve the product quality. In cooperation with our overseas group companies, we will develop "Sinto support system" on a global basis so that it can be utilized by overseas customers.

In fiscal 2015, in the market of Indonesia and other ASEAN countries, automobile-related capital investment lulled temporarily. However, the Chinese market showed a brisk demand for automobile-related foundry equipment and automatic pouring machines, while simplified molding machines input for emerging countries increased sales in the market of Thailand. Additionally, the domestic market was supported by aftermarket demand for maintenance parts, remodeling of existing equipment and additional installation work, etc. As a result, sales increased by 1.2% from the previous fiscal year to ¥32,116 million. Operating income decreased by 31.4% from the previous fiscal year to ¥1,227 million due to an increase in sales cost ratio and selling and administrative expenses.

Business Segments

■ Foundry
 ■ Surface Treatment
 ■ Environmental Equipment
 ■ Material Handling
 ■ Special Equipment



- **Main products**
 - Shot blasting machine
 - Airblasting machine (Sand blast machine)
 - Shot peening machine
 - Blasting abrasives
 - Barrel polishing machine
 - Precision brushing machine, Abrasive machine
 - Finishing media & Compounds
 - Anti-wear parts
- **Surface treatment technology**
 - Shot peening
 - Micro-processing
 - Projection controller
 - Shot blasting and air blasting
 - Barrel polishing
 - Precise brush polishing
 - Polishing for low friction
 - Sealing treatment
 - Surface treatment for wire drawing

Surface Treatment

Most industrial products and daily necessities including automobile, electric and electronic devices are surface-treated. Surface treatment contains various types of processing including deburring, descaling, glazing, precision processing, durability improvement and matting. At present, surface treatment is applied to a wide range of materials including metal, plastic, wood, stone and gum.



Shot

property, consumables of "Shot and Media" and "Support and Parts" for stable operation in a "Three-in-One" manner. Additionally, we are engaged in the "Surface Finishing Services" of products from customers. We call this business model as "Three-in-One + α". As the sole manufacturer of surface treatment equipment that can collectively supply products and service in a "Three-in-One + α" manner, we propose surface treatment to customers all over the world.

In recent years we continued to work on visualization of surface properties. We have developed two types of inspection devices measuring an actual product and evaluating the result thereof as a surface evaluation device branded with "Sightia."

<p>Removing</p> <p>>> Deburring-Removal of fins</p>	<p>Peeling off</p> <p>>> Descaling-Rust removal etc</p>	<p>Roughing</p> <p>>> Putting patterns, Surface dulling etc</p>
<p>Polishing</p> <p>>> Smoothing, Burnishing</p>	<p>Hitting</p> <p>>> Peening, Forming</p>	<p>Saving</p> <p>>> Groove processing, Boring, Etching</p>



PSMX-1, new X-ray stress measuring device



ISPX-1, air nozzle type shot peening machine



ECNH-1, new non-destructive peening inspection device

In an environment where application areas of surface treatment will be expanded indefinitely, based on our many years of experience and expertise, we supply "Technology and Equipment" suitable for various treatment conditions and evaluation of surface-treated



One is an in-line type non-destructive inspection device ECNI-I, which evaluates if the entire surface is surely treated by shot peening and can be incorporated into the shot peening machine. As a result, process control and quality control preventing the outflow of a defective product have become possible in the production process. Another is a portable X-ray stress measuring device PSMX-I, which enables measurement of a high compressive residual stress precisely and in a short time (measuring time per product shortened from 15 minutes to 90 seconds) and contributes to improvement of inspection efficiency. We will further develop surface inspection devices to expand a line of "Sightia".

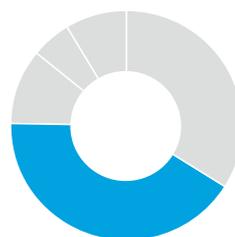
In America, National Peening Inc. is engaged in the surface finishing services by shot peening of aircraft and automobile parts through Technical Metal Finishing, Inc. which joined the Sinto Group in 2014. We have 5 *Nadcap-certified business bases in America to respond to a wide variety of demand from customers.



Engine part of aircraft(turbine disk)

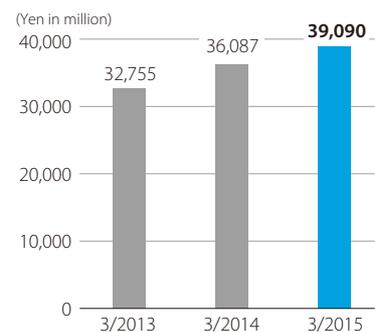
*Nadcap (the National Aerospace and Defense Contractors Accreditation Program) is a global cooperative accreditation program and administered by the Performance Review Institute (PRI), for aerospace engineering, defense and related industries.

Sales by Division



41.4%

Sales



In fiscal 2015, the market of surface treatment was slack due to the completion of demand cycle of large-scale surface treatment equipment for ship building and construction machines. However, shot peening machines for automobile parts and shot blasting machines for steel frames delivered for the post-earthquake reconstruction were well sold in the market of Japan and Mexico. Accordingly, steel shot and grit for equipment were sold firmly. As a result of increase in sales of both equipment and steel shot and grit, sales of this segment increased by 8.3% from the previous fiscal year to ¥39,090 million. Operating income of equipment decreased slightly due to an increase in selling and administrative expenses. However, entrusted business of surface processing by our new group company acquired in the North America remained strong. At the same time, steel shot and grit secured higher profit due to a decrease in scrap price. As a result, total operating income of this segment increased by 6.2% from the previous fiscal year to ¥3,306 million.

Business Segments

■ Foundry ■ Surface Treatment ■ Environmental Equipment ■ Material Handling ■ Special Equipment



- | | |
|---|--|
| <p>■ Main products</p> <ul style="list-style-type: none"> Dust collectors Exhaust gas purifiers Wastewater treatment equipments Suction hood | <p>■ Environmental technology</p> <ul style="list-style-type: none"> Gas separation (Gas purification) Solid gas separation Waste water treatment Denitrification of industrial waste water Limpidly filtrating Suction hood Measurement and Analysis of gases and particles |
|---|--|

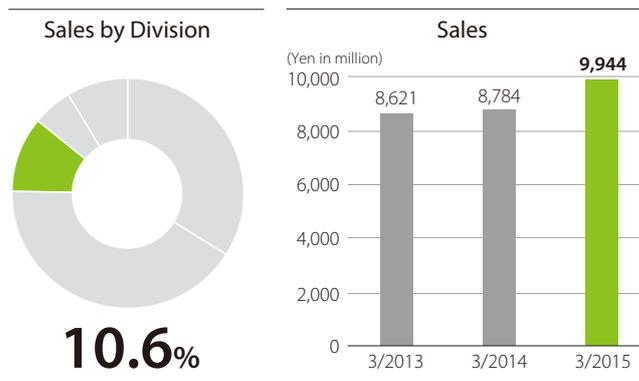
Environmental Equipment

The ideal environmental technology pursued by Sinto is a harmonization of "People, Industry and Environment". It can be said that we are healthy only when affluence of our life coexists with global environment conservation.

In 1963 when the notion of "Public pollution" did not exist, we came out with a corporate advertisement appealing the necessity and importance of clean air. For 50 years since then, expanding our efforts according to the needs of the times including improvement of the work environment and response to a sound material-cycle society not only at home, but also abroad, we have been assisting in preserving both workers' "Safety and Health" and the environment of the community.

Sinto is now the only manufacturer that can collectively propose environmental preservation technology including prevention of air pollution, treatment of harmful and odorous gas, treatment of waste water, noise and vibration control, as well as improvement of production efficiency such as energy saving and environmental preservation measures. To pursue a harmonization of "People, Industry and Environment", we will continue to offer environmental technology as an entity indispensable in the support of manufacturing inside and outside Japan.

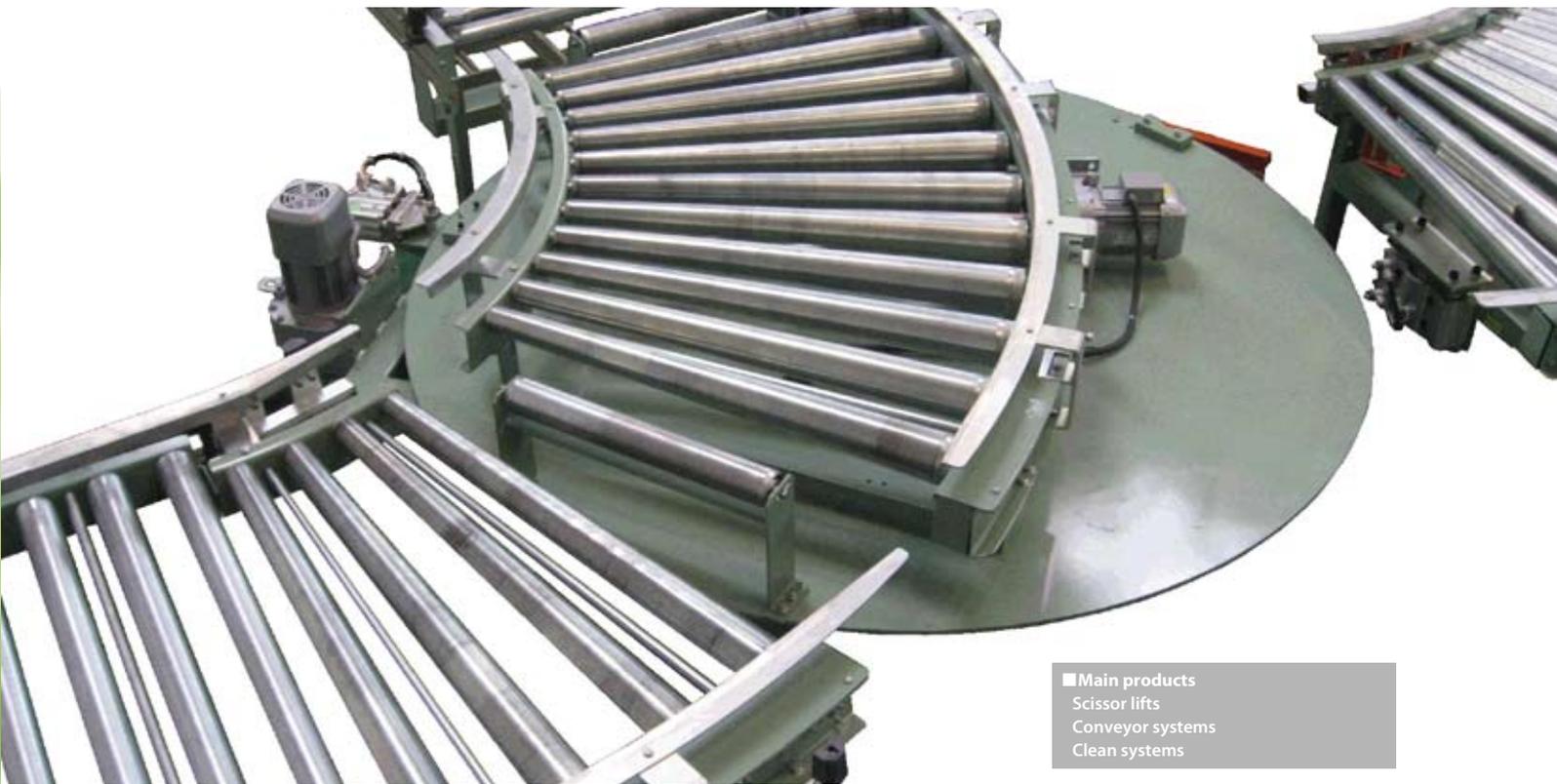
In fiscal 2015, sales of water treatment equipment and VOC gas purification equipment were sluggish. Meanwhile, medium- and large-scale dust collectors were sold steadily and small-scale general purpose dust collectors for machine tools increased their sales. Additionally, aftermarket maintenance parts contributed to an increase in sales. As a result, sales increased by 13.2% from the previous fiscal year to ¥9,944 million. Operating income remarkably



improved to ¥725 million, an increase of 156.3% from the previous fiscal year.



DEO THERMO ECR, a new compact exhaust gas purification system



- Main products
- Scissor lifts
- Conveyor systems
- Clean systems

Material Handling

To help our customers improve efficiency of material handling, Sinto engages in three businesses such as scissor lift, conveyor and clean system. A variety of scissor lifts and conveyors and our original clean systems were born in the course of creating a new "Joint" connecting vertically and horizontally points of conveyance making full use of mechatronics technology. Taking advantage of technology and experience accumulated in the past 60 years, Sinto is contributing to the rationalization, automation and productivity improvement of conveyance and transfer in the industrial field on a global basis.

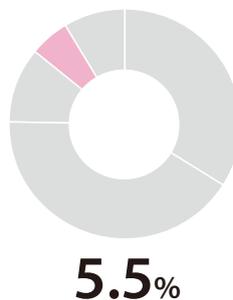
In the sector of scissor lifts, Sinto offers safety as well as value including high-durability and high-precision in the manufacturing process in the industries ranging from automobile to IT and precision machinery. Recently, scissor lifts are more widely used for e.g. lifting of wheelchair and caring bathtub in the sector of care welfare and lifting type stage setting in the sector of entertainment.

Conveyor systems are widely used in the physical distribution industry and in production lines of various manufacturing industries called production physical distribution. We design and manufacture case and pallet flow conveyors as key machines of physical distribution based on the roller conveyor.

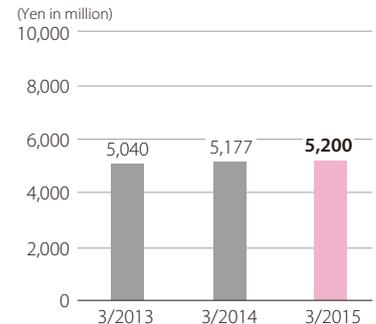


Accurate handling system for use in clean rooms during manufacturing liquid crystal glass boards and semiconductive wafers

Sales by Division



Sales

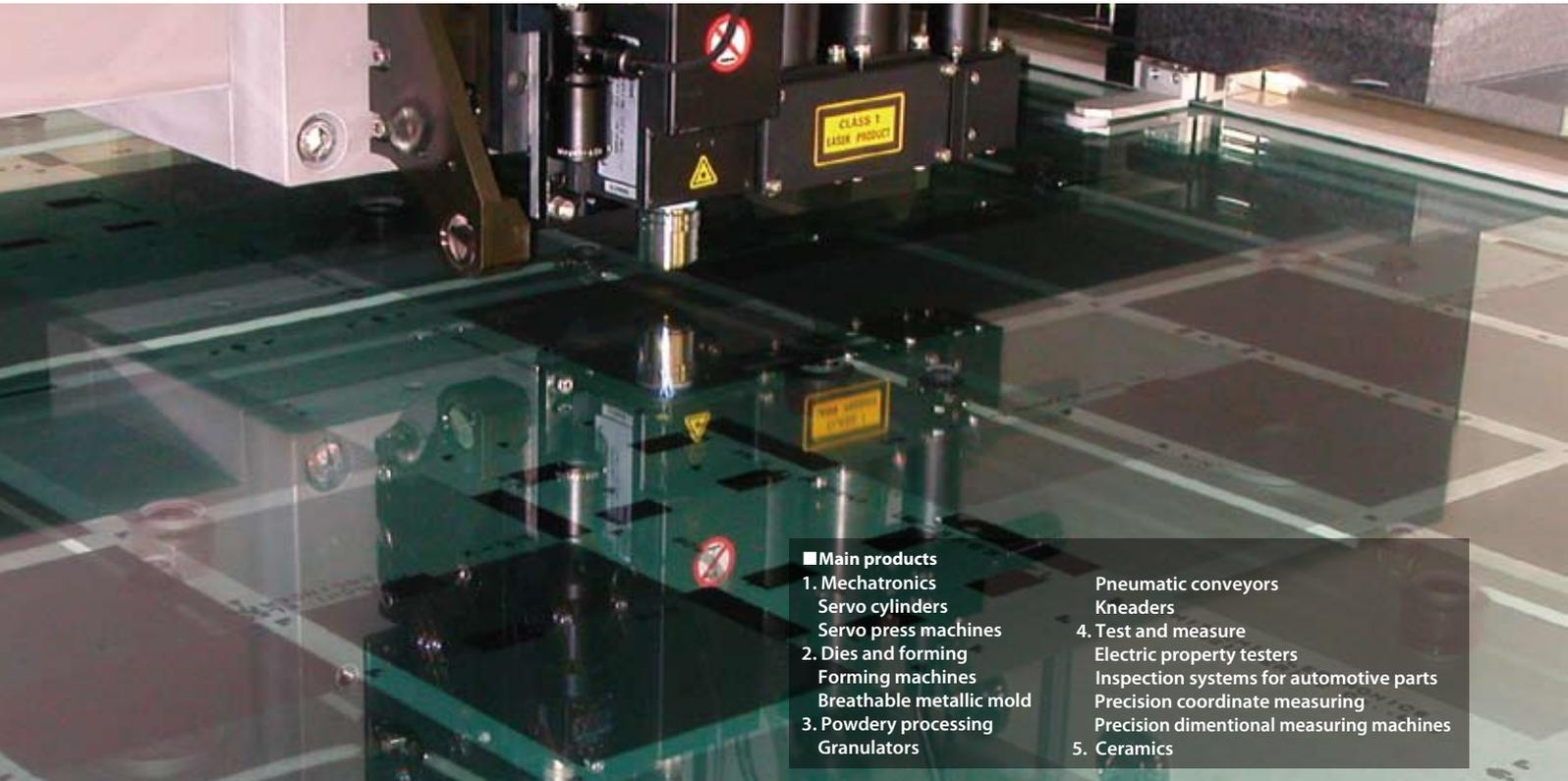


In the field of clean flow system, we provide high precision handling systems for the clean room used in the manufacturing process of liquid crystal glass substrates and semi-conductor wafers. We design and manufacture clean loaders and unloaders for LC panels consisting of an original clean robot as a core machine, EFEM for semi-conductor wafers and load ports.

In fiscal 2015, driving system conveyors for the distribution and food-related industry, wheelchair lifts for welfare and medical care remained steady. Scissor lifts for the industry of machine tool showed an upward trend, while sales of conveyors for automobile parts were stagnant in the North American market. As a result, sales increased by 0.4% from the previous fiscal year to ¥5,200 million. Operating income recorded ¥186 million, a remarkable increase from the previous fiscal year due to a reduction of selling and administrative expenses.

Business Segments

■ Foundry ■ Surface Treatment ■ Environmental Equipment ■ Material Handling ■ Special Equipment



- Main products
- 1. Mechatronics
 - Servo cylinders
 - Servo press machines
 - 2. Dies and forming
 - Forming machines
 - Breathable metallic mold
 - 3. Powdery processing
 - Granulators
 - Pneumatic conveyors
 - Kneaders
 - 4. Test and measure
 - Electric property testers
 - Inspection systems for automotive parts
 - Precision coordinate measuring
 - Precision dimensional measuring machines
 - 5. Ceramics

Special Equipment

We provide sophisticated technology to peripheral industries including mechatronics, mold and molding, powder processing and ceramics.

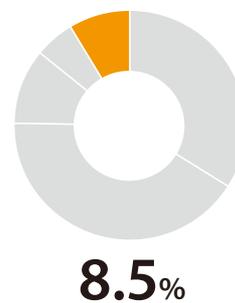
The mechatronics technology of Sinto started with measurement and control systems for the foundry equipment and expanded its applications to semi-conductor- and LC-related equipment, test and inspection device, robots and servo cylinders. Also, a variety of Sinto's unique technologies are used in the field of plastic forming machines for automobile interior parts and ceramic precision parts. Especially, the mechatronics technology of Sinto have developed and launched onto the market ultra-precision heating press responding to the market needs for higher precision and more energy saving, and high speed processing hot press with high-throughput for fuel battery.

In the field of electric characteristic measuring device, we have also developed and commercialized a dynamic characteristic inspection device. This device is the most important item of the power device and measures switching efficiency from a transient characteristic at the time of ON - OFF operation.

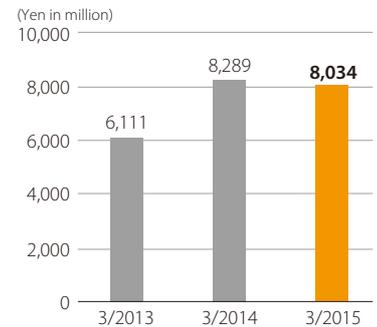
We will improve usability related to production technology at various production sites and enhance customer satisfaction. Furthermore, we will satisfy next-generation needs responding to new energy potentially existing in the electricity base recently receiving more and more attention. We will contribute to the electric power society in the future.

From a few years ago, Sinto can also provide an accurate coordinate and dimension measuring instrument capable of giving stable figures in the field of cutting-edge technology requiring dimension measurement in the range of micrometer to nanometer. We will

Sales by Division



Sales



combine these various technologies and increase the sophistication of manufacturing core technologies in the industries of energy, electronics and recycling wherein technological innovation will further progress.



Precision liner scale

In fiscal 2015, servo-cylinders for production equipment of automobile parts remained strong. Large-scale granulation systems for recycling of resources contributed to an increase in sales. However, precision measuring instrument for organic LE decreased in sales. As a result, sales of this segment decreased by 3.1% from the previous fiscal year to ¥8,034 million. Operating loss posted ¥390 million, compared with a surplus of ¥53 million in fiscal 2014.

Global Development

Overseas main manufacturing and sales bases — 25 bases in 11 countries —

Equity participation in Frohn GmbH

In May 2014 Sinto took a stake in Frohn GmbH that is engaged in manufacturing and selling surface processing products centering on blasting media and steel shot. The company is one of the top brands in the markets of Asia, Europe and North America and provides high quality products satisfying the strict quality standards of the industries including aircraft and electricity. Through partnership with Frohn GmbH we will expand our surface treatment business.



Acquisition of Technical Metal Finishing, Inc.

Sinto America, Inc., one of our group companies in America purchased Technical Metal Finishing, Inc. The company has strength not only in the aerospace field, but also in the entrusted shot peening processing in the medical field. Furthermore, we are sure that the company will provide a foothold for its customers to advance into the Asian market. We expect that the new member of the Sinto Group will accelerate the growth of the value-added business of entrusted processing.



Equity participation in Laempe & Mössner GmbH

In May 2015 Sinto took a stake in Laempe & Mössner GmbH in Germany that is a leader in core molding machines. The company has excellent engineering technology and process in the production of cores, in particular, handling technologies. Through our equity participation in Laempe & Mössner with its strong brand image in the global marketplace and extensive track-record of products delivered, we will be able to expand our product line of core molding machines and strengthen sales in Asia. For Laempe & Mössner, this is a synergistic arrangement of mutual benefit as they will be able to take advantage of our global network in sales, sourcing and manufacturing. After our equity participation, the name of Laempe & Mössner GmbH has been changed to Laempe Mössner Sinto GmbH.



Exhibitions in the global market

In fiscal 2015, we participated in major exhibitions held in China, Thailand, Indonesia, India, Turkey, Brazil and Mexico. We exhibited our strategic products with our affiliate in each country under the slogan of "One Global Sinto." We will positively use these kinds of exhibitions as a place for marketing, sales promotion and increased awareness of "Sinto Brand."

Metal+Metallurgy China 2014



Sinto group companies in China and Heinrich Wagner Sinto Maschinenfabrik GmbH in Beijing, China
May 19 - 22, 2014

METALEX 2014



Thai Sintokogio Co., Ltd. and Siembrator Co., Ltd. in Bangkok, Thailand
November 19 - 22, 2014

INDOMETAL 2014



PT. Sinto Indonesia in Jakarta, Indonesia
December 11 - 13, 2014

IFEX 2015



Sinto Bharat Manufacturing Private Limited in Greater Noida, India
February 27 - March 1, 2015

ANKIROS 2014



Sintokogio Co., Ltd. and Heinrich Wagner Sinto Maschinenfabrik GmbH in Istanbul, Turkey
September 11 - 13, 2014

METALURGIA2014



Sinto Brazil Products Limitada in Santa Catarina, Brazil
September 16 - 19, 2014

FUNDIEXPO 2014



Roberts Sinto De Mexico in Monterrey, Mexico
September 24 - 26, 2014



Siambrator's staff with children in orphanage home

Connection with Community

Our production and service bases are located around the world. We conduct activities to deepen our bond (Kizuna) with the local community through such bases and help our customers to realize stable operations. To fulfill our responsibilities as a global enterprise, we conduct sound business activities, while carrying out various social contributions to become an enterprise rooted in the local community.

■ Voluntary activities at an elementary school in Thailand

All employees of Thai Sinto (TI) toiled hard to conduct voluntary activities at an elementary school near Ayutthaya. They installed a handmade sink cabinet in the school lunchroom. Additionally, they repaired and repainted tables and chairs, welded parts of which had come off due to rust. TI started these voluntary activities in the wake of flooding that occurred in Thailand three years ago. Since then all employees have been continuing to support the neighboring area with the slogan of “Mutual cooperation to help people in trouble.”



■ Altstadtfest in Germany

Heinrich Wagner Sinto Maschinenfabrik GmbH (HWS) participates in the Altstadtfest (Old town festival) held in Bad Laasphe every year. To deepen exchanges with the regional community, HWS sets up an open-air stall where Okonomiyaki and Yakisoba are provided as a taste of Japan. This time was the 23rd participation. The proceeds gained from the festival were donated to two local Kindergartens.



■ Participation in “Delivery of briquettes with love” in Korea

As part of the year-end charity campaign, Korea Sinto Co., Ltd. participated in the event called “Delivery of briquettes with love” in December. 20 officers and employees joined the event and delivered 5,000 pieces of briquettes to be used for heater to disadvantaged families.



■ Conveying the pleasure of manufacturing in Japan

To help young people responsible for the next generation get more interested in and more understand science and technology, every year we hold various events where they can interact with science and technology. In January 2014 “Youngsters’ Science Festival 2014” was held in Toyohashi. We presented a hands-on workshop for casting that is a root of our business. Experiencing casting, participants from these areas shared the pleasure of manufacturing with us. It was really a good opportunity for us to deepen exchange with people in these areas.



Corporate Governance and Risk Management

To achieve fair and highly transparent management, we will reinforce the structure of corporate governance and continue to be an enterprise trusted by our stakeholders.

Corporate governance

We develop our organizational structure to improve management transparency and respond flexibly and promptly to changes in the business environment, while enhancing the effectiveness of corporate governance.

The Board of Directors contains two external directors, one who was newly appointed in June, 2014. The Board of Directors always tries to fulfill its management supervision function through active deliberations. Furthermore, both two external directors and two external corporate auditors are independent executives and in a position of auditing and supervising our management objectively. The Nomination and Compensation Committee is established as an organization within the Board of Directors. The majority of the Committee members consists of external executives and deliberates on nomination of directors and auditors and appointment of candidates for retirement to be submitted to the shareholders' meeting, evaluation of directors and annual amount of their remunerations. After that the Committee submits the result of such deliberation to the Board of Directors.

The Board of Auditors audits the performance of duties by the directors, prepares an audit report and decides the content of an agenda item concerning nomination and dismissal of accounting auditors, etc. Furthermore, we develop a system to support the duties of auditors pursuant to an amendment to the Companies Act.

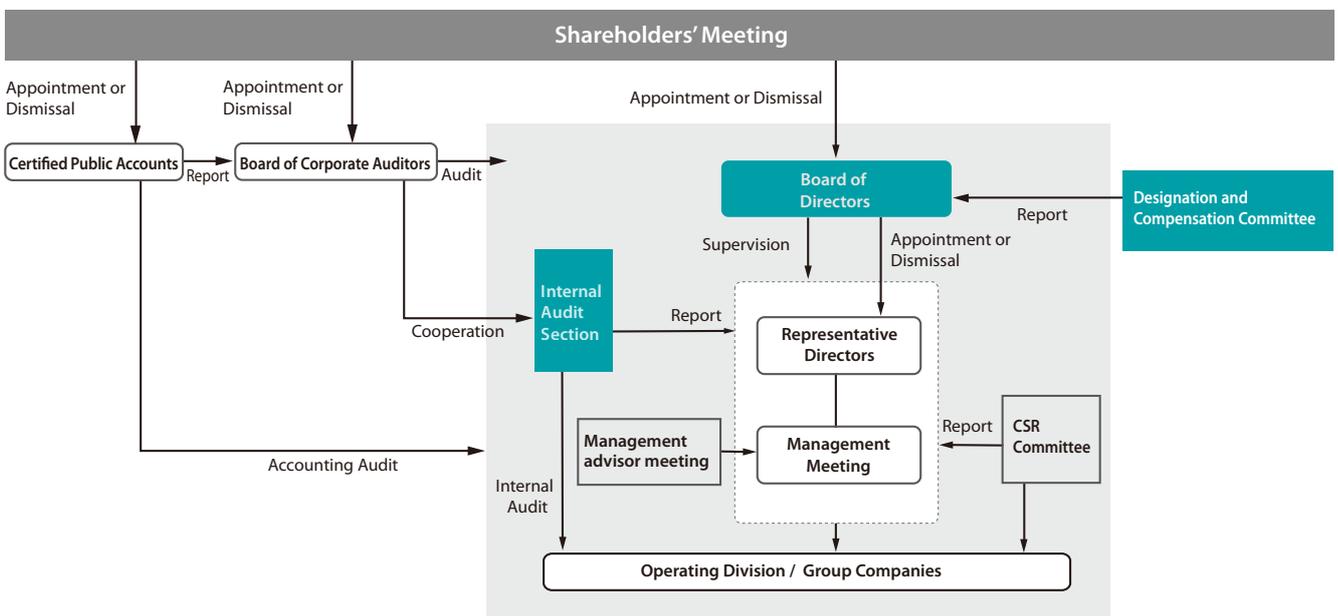


Reception at Toyokawa Works

Internal control

We develop and administer "A basic policy for internal control system" to ensure appropriate business execution throughout the Sinto Group. Under the reporting system of internal control based on the Financial Instruments and Exchange Act, our internal audit section audits first at regular intervals if the internal control is developed and administered properly, and then we receive an assessment report from our auditing firm. Finally, we submit an internal control report to the Financial Services Agency.

Structure of Corporate Governance (as of June 24, 2015)





Disaster drill



Training for use of AED (Automated External Defibrillator)

■ BCP(Business Continuity Plan)

In recent years, large-scale natural disasters have occurred often. As a result, many people are showing increasing interest in disaster prevention and mitigation. We formulated “BCP (Business Continuity Plan)” for performing a supply responsibility to our customers. We are continuing to tackle activities for disaster prevention and mitigation. We regard the well-being of each employee and his/her family as the top priority. As such, we have introduced a safety confirmation system for quickly confirming their safety. Furthermore, we regularly provide training and exercise to ensure that each employee can gain skills of initial firefighting and life-saving and rescue.

■ Approach to promotion of compliance

To realize the corporate philosophy, satisfy our customers’ expectations and earn our customers’ trust, we established a guidebook of “Sinto Corporate Ethics and Guidelines for Conduct” as standards of daily behavior and thinking for all employees of the Sinto Group. We regard this guidebook as a basic policy for compliance. We encourage all employees to become conscious of the guidebook whenever they perform their duties. Furthermore, we will try to improve knowledge and manner through continued education and training, and achieve the corporate philosophy.

■ Reinforcement of information security

To protect and manage our information asset, we have designed a basic policy for information security and standards for protecting information security. At the same time, we have defined and administered compliance rules. To disseminate these compliance rules throughout the company, they are available for inspection on our internal electronic bulletin board. Furthermore, we review the compliance rules in accordance with introduction and revision of infrastructure for information system.

For example, we maintain and improve information security measures by adding rules concerning mobile information terminal that is now being widely used.

■ Speak-up system

We operate the “Speak-up Desk (hotline) under the Speak-up System” intended for all domestic companies. Any activities that may be fraudulent can be reported directly to the desk. As from January 2014, in addition to the existing desk within the company, our external law firm is available as another desk. We formulated internal rules to prevent reporters and consulters from being treated unfavorably. Furthermore, we are establishing an atmosphere where the speak-up system can function properly.

Employees

We are working to create a safe and comfortable work place environment filled with hope and trying to enhance a feeling of solidarity between all Sinto group companies through our internal newsletter titled "Sinto Insight."



Sinto Insight editor members from all overseas group companies at Toyokawa Works

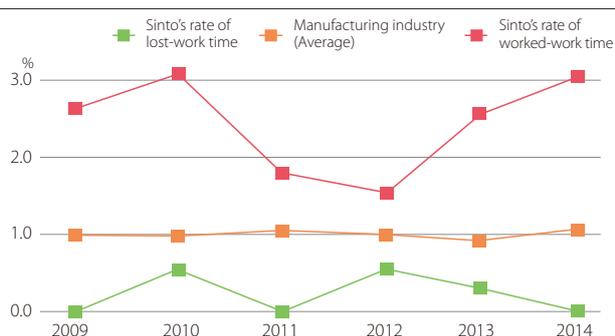
Reinforcement of human resources development for work safety

We have obtained JISHA* Standards certification for OSHMS* at seven domestic business places. As a result, the work environment where employees can conduct occupational safety and health activities has been taking firm root at these business places. In February 2015 Toyokawa Works attained 7 million accident-free work-hours and received an Accident-Free Record Certificate - Class 3 from the Labour Standards Bureau of the Ministry of Health, Labor and Welfare. This certification shows no industrial accident causing absence from work for one day or more and residual disability for a period of 6 years and 4 months due to our intensive efforts after occurrence of industrial accident causing absence from work in August 2008. With the slogan of "Safety comes first", we will continue efforts for achievement of zero industrial accident.

*JISHA: Japan Industrial Safety and Health Association

*OSHMS: Occupational Safety and Health Management System

Transition of rate of lost-work time and worked-work time



Support for employees' self-improvement

We think that human resources are a source of company growth. We hope that all employees work vibrantly with dreams (objectives). We are defining such thought as "Katsujinshugi" for activating human resources and constructing an educational system containing various training programs for the growth of employees.

To respond to accelerating globalization in recent years, we are focusing on cultivation of global human resources. We are providing language and cross-cultural management training for employees expected to work globally. Additionally, we are developing a global challenge system for assisting employees in studying at an overseas university or research institute by their own intention and supporting their spirit of challenge.

Senior Vitalization System

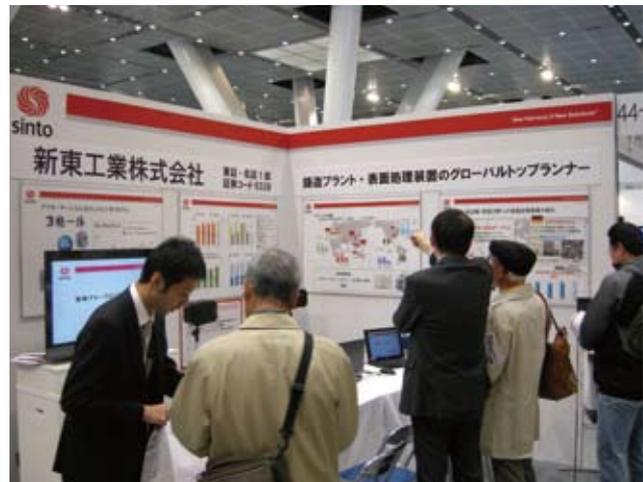
We strongly desire that retirees aged 65 years old and over enjoy a more fulfilling life. To help them live a useful and healthy life, we introduced "Senior Vitalization System" in January 2015. The purpose of this system is that we offer works in units of 2 hours for retirees to do casually, take advantage of knowledge, experience and skills acquired while working for Sinto and find their life worth living through such works. Many retirees have been using this system since its introduction. The system leads to provide an opportunity for retirees to communicate and vitalize a workplace.

Shareholders, Investors and Suppliers

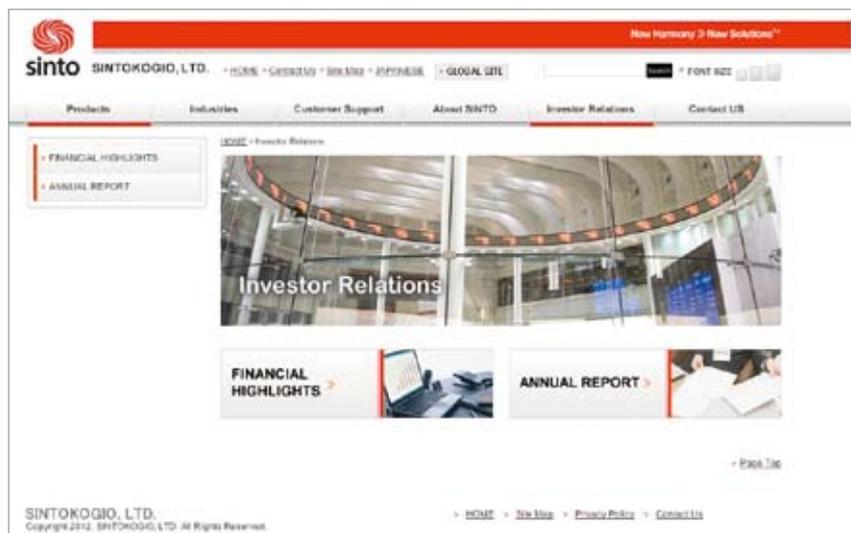
We are disclosing information to shareholders and investors in a timely manner. Also, we are building a relationship of trust with suppliers by increasing their understanding of our philosophy.

Fair and adequate disclosure of information and IR activities

To increase management transparency, we are trying to enhance active information disclosure. According to the intended use we prepare disclosure-related materials including “Business Report” and “Annual Report” introducing the business activities and performance of the Sinto Group in a manner that is easy to understand. We are also trying to positively disclose information about products, services and the company on the Website in a timely manner.



Sinto booth at information session to shareholders



Development of CSR activities to suppliers and subcontractors

We are striving for CSR activities together with our suppliers and subcontractors. We formulated “CSR Guidelines for Suppliers and Subcontractors.” Since then we have been disseminating and promoting our attitude toward “Safety and Quality”, “Green Procurement” and “Compliance” at the biannual seminar held for our suppliers and subcontractors. As for efforts for a natural disaster, we conduct mutual safety confirmation training in the event of a disaster four times a year to enhance awareness of such safety confirmation system and safety itself. We will continue these activities.



Seminar for suppliers and subcontractors

Basic policy for procurement

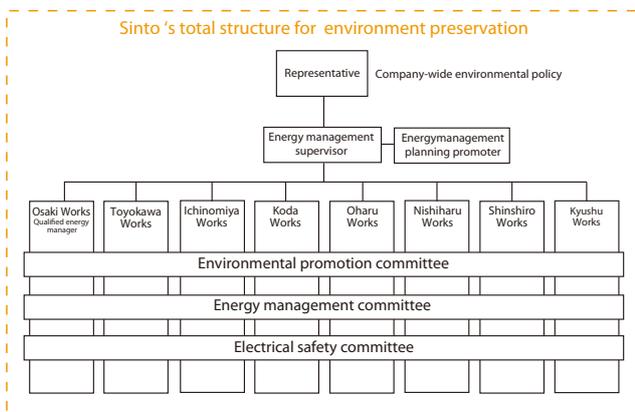
1. Open and fair trading
Regardless of nationality, size of enterprise and presence and absence of trading, we will purchase materials on an open, fair and impartial basis.
2. Mutual trust
We will promote long-term mutual prosperity through trading based on mutual trust with our suppliers and subcontractors.
3. Promotion of green procurement
We will positively purchase parts and materials with less environmental load.
4. Legal compliance
We will observe social norms including laws and conditions, and internal rules and procure materials accordingly.

Environment

Environmental activities are just our business. According to the environmental policy of the Sinto Group, we are producing the environmental conscious products and are continuously trying to reduce the environmental load in all areas of our corporate activities.

Structure for promoting environment preservation

According to our environmental policy, we are making efforts toward environmental preservation. These efforts are promoted within the frameworks of each business place involved in on-site efforts, the environmental promotion committee controlling such efforts in a cross-sectorial manner, the energy management committee and the electrical safety committee under administration of the energy management supervisor based on the Energy Saving Act.



Environmental costs

In promoting environmental management we are correctly grasping and analyzing the costs of investment and expenses related to environmental preservation. Furthermore, we are working to reflect investment effect and cost effectiveness in management decision-making.

Environmental costs

Period: April 1, 2014 – March 31, 2015

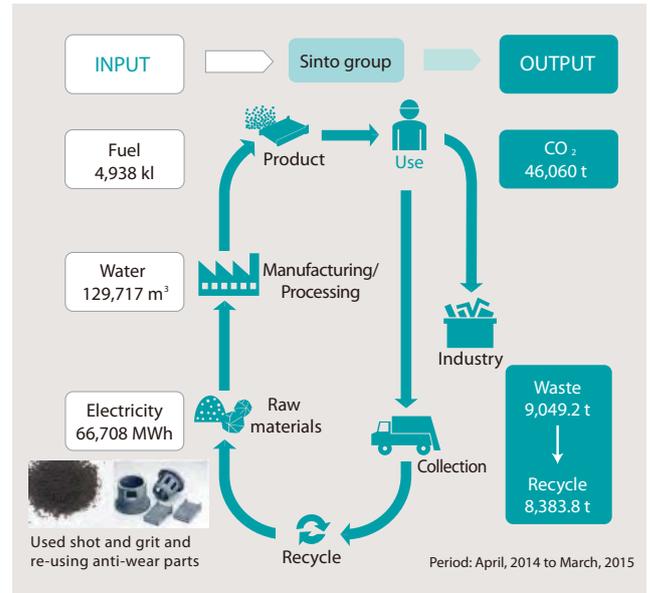
(Unit: Yen in thousands)

Category	Amount
Environmental loss	0
Maintenance costs	29,146
Environmental investment	2,367
Total	31,513

Calculated on "Environmental Accounting Guidelines" issued by the Ministry of the Environment

Environmental performance

We are trying to reduce wasteful energy use by grasping input and output of energy and resources used in our business activities at all domestic business places.

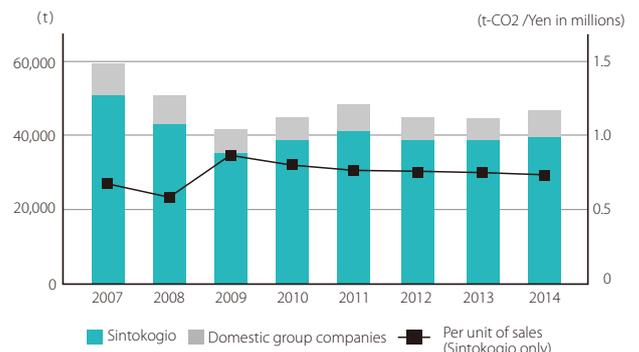


Reduction activities of CO₂ emissions

In cooperation with our domestic group companies we are trying to reduce CO₂ emissions by "Eco-Rally Activities" encouraging a review of electric consumption in production and an environmentally conscious behavior in the daily life by each employee.

Target for CO₂ emission reduction of Sintokogio and domestic group companies
1% less compared with the previous year

CO₂ amount emitted by Sinto domestic companies including Sintokogio, Ltd.



Environment protection activities

Energy-saving measures at a factory

At Shinshiro Works mercury lamps in the factory were replaced with metal halide lamps. As a result, the annual amount of electric power consumption reduced by 21,000kWh. To illuminate only a required place when necessary, we have decreased the number of fluorescent lamps that can be switched on by a switch. We are working on such energy-saving activities close to us.



Replacement of mercury lamps to metal halide lamps

Community-based environmental beautification activities

At each workplace the staff in charge of environmental activities promotion plays a central role in cleaning the surrounding area and road at regular intervals. This activity serves to enhance employees' environmental awareness and promote beautification of the surrounding area.



Clean-up of surrounding road

Environmentally conscious products

Under the policy of providing "Safety and Environmental-friendly Products", we are promoting recycling in product development, etc.

Flaskless molding machine

Adoption of aeration sand filling technology

Technology for fluidizing and filling sand into every corner and pocket of mold

- Noise 75dB (A), Vibration Zero
- Energy consumption

Air consumption reduced by 70% compared to our conventional machine

Annual reduction of CO₂ emissions compared to our conventional machine

FCMX	40 tons reduced in CO ₂ equivalent per year
FBOX	6 tons reduced in CO ₂ equivalent per year



FBOX, a flaskless molding machine



FCMX, a flaskless molding machine

Activities by overseas group companies

Each of overseas group companies selects and works for at least one subject relating to environment protection activity such as reduction of energy consumption or waste amount or recycling activity every year. Since this activity was expanded to overseas group companies, their environment consciousness and actual results have been improved.

We continue this activity with overseas group companies and aim mainly the reduction of electric energy consumption which leads to CO₂ emission reduction. In addition we will focus on reviewing the compliance of environmental regulations applied in each country where overseas group company is located.

Case of Taiwanbrator, Co., Ltd.

Target: Reduction of electric energy consumption in factory

Action 1: Replacement of 108 mercury lamps with 54 metal halide lamps

Action 2: Installation of electrical windows for daylighting during daytime

Through two actions, the total electric energy consumption was reduced by 147,600kwh from 201,600kwh to 54,000kwh.



Brighter inside of factory

Financial Data

Consolidated Balance Sheets

As of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 6)
	March 31 2015	March 31 2014	March 31 2015
ASSETS			
Current Assets:			
Cash and cash equivalents	¥ 25,563	¥ 19,303	\$ 212,724
Short-term investments	10,321	8,072	85,892
Notes and accounts receivable:			
Trade notes	8,952	8,141	74,497
Trade accounts	22,113	21,272	184,015
Allowance for doubtful accounts	(288)	(213)	(2,399)
Subtotal	30,777	29,201	256,113
Inventories	10,816	9,679	90,007
Deferred tax assets	1,117	1,079	9,299
Other current assets	1,538	1,259	12,803
Total current assets	80,134	68,595	666,841
Property, Plant and Equipment:			
Land	7,594	6,836	63,201
Buildings and structures	25,635	23,596	213,326
Machinery, equipment and vehicles	25,613	24,217	213,144
Construction in progress	709	391	5,902
Others	5,073	4,847	42,222
Total	64,627	59,888	537,797
Accumulated depreciation	(35,431)	(33,210)	(294,840)
Net property, plant and equipment	29,196	26,678	242,956
Investments and Other Assets:			
Investment securities	30,202	24,965	251,328
Deferred tax assets	252	217	2,100
Other assets	6,530	6,451	54,347
Total investments and other assets	36,985	31,634	307,775
TOTAL	¥ 146,315	¥ 126,908	\$ 1,217,573

See notes to consolidated financial statements.
(Concluded)

Consolidated Balance Sheets

As of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 6)
	March 31 2015	March 31 2014	March 31 2015
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Short-term borrowings (Note 3)	¥ 1,665	¥ 1,313	\$ 13,855
Current portion of bond due within one year	66	132	551
Notes and accounts payable:			
Trade notes	7,039	2,615	58,583
Trade accounts	6,714	11,195	55,871
Subtotal	13,754	13,811	114,455
Income taxes payable	976	789	8,126
Advances received	3,514	3,449	29,244
Other current liabilities	10,170	6,604	84,632
Total current liabilities	30,146	26,100	250,865
Long-Term Liabilities:			
Bond (Note 3)	-	66	-
Long-term borrowings (Note 3)	11,479	7,665	95,528
Net defined benefit liability	794	1,565	6,607
Directors' and corporate auditors' retirement benefits	356	300	2,963
Deferred tax liabilities	7,279	5,052	60,577
Other long-term liabilities	981	1,043	8,168
Total long-term liabilities	20,890	15,692	173,845
Contingent Liabilities (Note 4)			
Net Assets (Note 5):			
Common stock	5,752	5,752	47,867
Additional paid-in capital	6,269	6,269	52,175
Retained earnings	64,446	62,291	536,291
Less: Treasury stocks	(1,309)	(1,308)	(10,896)
Total shareholders' equity	75,158	73,005	625,438
Net unrealized gain on available-for-sale securities	10,692	6,431	88,980
Deferred gain or loss on hedges	(16)	0	(140)
Foreign currency translation adjustments	4,217	2,282	35,098
Remeasurements of defined benefit plans	729	188	6,067
Total accumulated other comprehensive income	15,622	8,902	130,005
Minority interests in consolidated subsidiaries	4,496	3,206	37,419
Total net assets	95,278	85,114	792,863
TOTAL	¥ 146,315	¥ 126,908	\$ 1,217,573

See notes to consolidated financial statements.
(Concluded)

Consolidated Statements of Income

Years Ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 6)
	Year ended March 31 / 2015	Year ended March 31 / 2014	Year ended March 31 / 2015
Net Sales	¥ 93,258	¥ 89,105	\$ 776,052
Cost of Sales	66,659	63,722	554,708
Gross Profit	26,598	25,382	221,343
Selling, General and Administrative Expenses	23,220	21,545	193,228
Operating Income	3,378	3,836	28,115
Other Income (Expenses):			
Interest and dividend income	690	557	5,743
Interest expense	(168)	(160)	(1,398)
Gain on sales of securities – net	9	0	81
Gain on redemption of investment securities	94	157	785
Loss on valuation of securities	-	(11)	-
Gain (Loss) on sales of property, plant and equipment	1	(8)	14
Equity in earnings of non-consolidated subsidiaries and affiliated companies	53	445	447
Other – net	1,020	655	8,494
	1,702	1,634	14,168
Income before Income Taxes and Minority Interests	5,081	5,471	42,283
Income Taxes:			
Current	1,792	1,443	14,912
Deferred	249	884	2,075
Total	2,041	2,328	16,988
Income before Minority Interests	3,039	3,143	25,295
Minority Interests in Gain Earnings of Consolidated Subsidiaries	402	318	3,346
Net Income	¥ 2,637	¥ 2,824	\$ 21,948

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Years Ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 6)
	Year ended March 31 / 2015	Year ended March 31 / 2014	Year ended March 31 / 2015
Income before Minority Interests	¥ 3,039	¥ 3,143	\$ 25,295
Other Comprehensive Income			
Net unrealized gain on available-for-sale securities	4,263	1,365	35,478
Deferred gain or loss on hedges	(16)	0	(140)
Foreign currency translation adjustments	1,976	3,812	16,447
Share of unrealized gain or loss on investments accounted for using the equity-method	229	436	1,909
Total other comprehensive income	6,992	5,614	58,190
Comprehensive Income	¥ 10,032	¥ 8,757	\$ 83,485
Attributable to:			
Shareholders of Sintokogio, Ltd.	9,387	8,161	78,118
Minority interests	644	595	5,366

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Years Ended March 31, 2015

Millions of Yen

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Subtotal
Balance at April 1, 2014	5,752	6,269	62,541	(1,308)	73,255
Net increase/decrease during the fiscal year					
Cash dividends			(732)		(732)
Net income			2,637		2,637
Purchase of treasury stocks				(1)	(1)
Reissuance of treasury stocks					
Net increase/decrease during the fiscal year					
Total increase/decrease during the fiscal year			1,904	(1)	1,903
Balance at March 31, 2015	5,752	6,269	64,446	(1,309)	75,158

	Accumulated other comprehensive income					Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized gain on available-for-sale securities	Deferred gain or loss on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Subtotal		
Balance at April 1, 2014	6,431		2,281	188	8,902	3,206	85,364
Net increase/decrease during the fiscal year							
Cash dividends							(732)
Net income							2,637
Purchase of treasury stocks							(1)
Reissuance of treasury stocks							
Net increase/decrease during the fiscal year	4,260	(16)	1,935	540	6,719	1,290	8,010
Total increase/decrease during the fiscal year	4,260	(16)	1,935	540	6,719	1,290	9,913
Balance at March 31, 2015	10,692	(16)	4,217	729	15,622	4,496	95,278

Thousands of U.S. Dollars (Note 6)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Subtotal
Balance at April 1, 2014	47,867	52,175	520,442	(10,885)	609,599
Net increase/decrease during the fiscal year					
Cash dividends			(6,099)		(6,099)
Net income			21,948		21,948
Purchase of treasury stocks				(11)	(11)
Reissuance of treasury stocks					
Net increase/decrease during the fiscal year					
Total increase/decrease during the fiscal year	–	–	15,849	(11)	15,839
Balance at March 31, 2015	47,867	52,175	536,291	(10,896)	625,438

	Accumulated other comprehensive income					Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized gain on available-for-sale securities	Deferred gain or loss on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Subtotal		
Balance at April 1, 2014	53,523	–	18,982	1,571	74,086	26,679	710,365
Net increase/decrease during the fiscal year							
Cash dividends							(6,099)
Net income							21,948
Purchase of treasury stocks							(11)
Reissuance of treasury stocks							
Net increase/decrease during the fiscal year	35,456	(140)	16,107	4,495	55,918	10,740	66,659
Total increase/decrease during the fiscal year	35,456	(140)	16,107	4,495	55,918	10,740	82,497
Balance at March 31, 2015	88,980	(140)	35,098	6,067	130,005	37,419	792,863

See notes to consolidated financial statements.
(Concluded)

Consolidated Statements of Cash Flows

Years Ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 6)
	Year ended March 31 / 2015	Year ended March 31 / 2014	Year ended March 31 / 2015
Operating Activities:			
Gain before income taxes and minority interests	¥ 5,081	¥ 5,471	\$ 42,283
Adjustments for:			
Depreciation and amortization	2,784	2,622	23,172
Increase (decrease) in net defined benefit liability	–	(417)	–
Increase (decrease) in directors' and corporate auditors' retirement benefits	69	34	580
Loss (gain) on disposal of property, plant and equipment	(1)	8	(14)
Loss (gain) on sale of marketable securities	(97)	(83)	(812)
Decrease (increase) in trade receivables	362	1,268	3,016
Decrease (increase) in inventories	(336)	1,521	(2,803)
Increase (decrease) in trade payables	(482)	(487)	(4,019)
Income taxes – paid	(1,694)	(1,247)	(14,100)
Other – net	(557)	(1,515)	(4,641)
Total adjustment	(579)	1,705	(4,818)
Net cash provided by operating activities	4,502	7,176	37,465
Investing Activities:			
Proceeds from sales of property, plant and equipment	133	44	1,110
Purchases of property, plant and equipment	(3,094)	(3,603)	(25,752)
Purchases of securities	(1,401)	(2,464)	(11,664)
Proceeds from sales of securities	723	2,596	6,024
Other – net	(1,292)	(3,761)	(10,753)
Net cash provided in investing activities	(4,931)	(7,189)	(41,035)
Financing Activities:			
Increase (decrease) in short-term borrowings - net	4	(821)	38
Proceeds from long-term loans payable	4,724	1,104	39,316
Repayment of long-term debt	(692)	(574)	(5,763)
Proceeds from issuance of bond	–	–	–
Payment of bond retirement	(132)	(232)	(1,103)
Dividend paid	(733)	(733)	(6,101)
Other – net	(266)	(239)	(2,218)
Net cash provided by financing activities	2,904	1,498	24,167
Effect of Exchange Rate Changes on Cash and Cash Equivalents			
	200	1,658	1,669
Net Increase (Decrease) in Cash and Cash Equivalents	2,675	148	22,266
Cash and Cash Equivalents, Beginning of Year	19,303	18,856	160,631
Cash and Cash Equivalents, End of Year	¥ 22,063	¥ 19,303	\$ 183,598

See notes to consolidated financial statements

Notes to Consolidated Financial Statements Year Ended March 31, 2015

1. Basis of Consolidated Financial Statements

Consolidated financial statements include the accounts of Sintokogio, Ltd. (the "Company") and its subsidiaries. The consolidated financial statements are prepared in conformity with Japanese generally accepted accounting principles. Certain items presented in the original consolidated financial statements have been reclassified for easier comprehension by readers unfamiliar with Japanese accounting practices.

2. Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements as of March 31, 2015 include the accounts of the Company and its significant 38 (35 in 2014) subsidiaries (together, the "Group"). Investments in 9 (9 in 2014) non-consolidated subsidiaries and 5 (3 in 2014) associated companies are accounted for by the equity method. Investment in the remaining associated company is stated at cost as the effect on consolidated financial statements is not material.

b. Inventories

Finished goods and work-in-process are mainly valued at cost, determined by the individual identification method. Raw materials and supplies are stated at cost mainly determined by the semiannual average cost method.

c. Property, Plant and Equipment

Property, plant and equipment are valued at acquisition cost. Depreciation is mainly calculated using the declining-balance method based on the estimated useful life of the item.

d. Marketable Securities and Investment Securities

Securities are classified as held-to-maturity debt securities or available-for-sale securities. The held-to-maturity debt securities are stated at the amortized cost. Securities with market values in available-for-sale securities are stated at market value. The difference between cost and market value is shown as "Net unrealized gain (loss) on available-for-sale securities" in a separate component of net assets. Available-for-sale securities whose fair value is not readily determinable are stated at cost determined by the moving-average method.

e. Income Taxes

Deferred tax assets and liabilities are to reflect the impact of temporary difference between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

3. Interest-bearing Debts

On March 31, 2015 and 2014, Interest-bearing debts were as follows:

		Million of Yen		Thousands of U.S. Dollars	
		3/2015	3/2014	3/2015	3/2014
Current Liabilities:					
Short-term borrowings	Sintokogio, Ltd.	¥	—	¥	—
	Consolidated Subsidiaries		1,665		1,313
	Total		1,655		1,313
				\$	13,855
Current portion of bond due within one year	Sintokogio, Ltd.	¥	66	¥	132
	Consolidated Subsidiaries		—		—
	Total		66		132
				\$	551
Long-term Liabilities:					
Bond	Sintokogio, Ltd.	¥	—	¥	66
	Consolidated Subsidiaries		—		—
	Total		—		66
				\$	—
Long-term borrowings	Sintokogio, Ltd.		10,000		6,000
	Consolidated Subsidiaries		1,479		1,665
	Total		11,479		7,665
				\$	83,215
					12,312
					95,528

4. Contingent Liabilities

On March 31, 2015 and 2014, contingent liabilities consisted of the following:

		Million of Yen		Thousands of U.S. Dollars	
		3/2015	3/2014	3/2015	3/2014
Notes sold with recourse (Note 1)		¥	423	¥	173
Notes endorsed (Note 2)			28		54
				\$	3,523
					238

Notes 1. Notes liquidated at discount 2. Notes endorsed for payments

5. Shareholders' Equity

Common stock: Authorized

March 31, 2014 and 2015: 230,476 thousand shares

Issued

March 31, 2014 and 2015: 56,554 thousand shares

6. U.S. Dollar Amounts

The Company maintains its consolidated accounting records in Japanese yen. Japanese yen are translated to U.S. dollars for easier comprehension by the reader. The exchange rate used is ¥120.17=\$1.00 on March 31, 2015. The inclusion of such amounts is not intended to imply that the Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

7. Subsequent Events (Sintokogio, Non-consolidated)

Appropriation of retained earnings: During the board of directors meeting held on May 21, 2015, the board of directors decided the following appropriation of retained earnings as of March 31, 2015.

	Million of Yen	Thousands of U.S. Dollars
Appropriations for cash dividend	380	3,162

Corporate Information

Corporate Data

Headquarters 1-11-11, Nishiki, Naka-ku, Nagoya 460-0003, Japan
 Tel: +81-52-582-9211 Fax: +81-52-586-2279
 Website: <http://www.sinto.co.jp> Global <http://www.sinto.com>

Manufacturing Facilities Toyokawa, Kota, Nishiharu, Oharu, Osaki,
 Ichinomiya, Shinshiro, Kyushu
 Establishment October 2, 1934
 Paid-in Capital ¥5,752 million
 Common Stock Authorized 230,476,000
 Issued and Outstanding 56,554,009
 Stock Listings Tokyo, Nagoya
 Number of Employees 3,849 Consolidated, 1,619 Sintokogio, Ltd.
 Number of Shareholders 4,882



Shintokogio Toyokawa Works

Board of Directors and Corporate Auditors (as of June 24, 2015)

Chairman	Masayuki Hirayama	Director	Moriyasu Izawa
President	Atsushi Nagai	Director	Shinji Takahashi
Senior Managing Director	Shuji Hirai	Director	Yatsuka Taniguchi
Senior Managing Director	Ikuhisa Uratsuji	Director	Masatoshi Ozawa* ¹
Managing Director	Tsuneyasu Kuno	Director	Yasuhito Yamauchi* ¹
		Auditor	Toshinobu Natsume
		Auditor	Kazuaki Kawakami
		Auditor	Toshihisa Shibata* ²
		Auditor	Yasumasa Karaki* ²
Honorary Chairman	Yuzuru Nagai		

*1 external director

*2 external corporate auditor

Major Shareholders

Name of Major Shareholders	Number of Shares Held (in thousands)
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	2,289
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	2,276
MEIJI YASUDA LIFE INSURANCE COMPANY	2,276
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	1,782
RESONA BANK, LIMITED	1,668
THE NAGAI FOUNDATION FOR SCIENCE AND TECHNOLOGY	1,405
GOLDMAN SACHS & CO. (REGULAR ACCOUNT)	1,011
SINTO SUPPLIER STOCK OWNERSHIP	1,004
MIZUHO CORPORATE BANK, LTD.	1,001
GOLDMAN SACHS INTERNATIONAL	973

One Global Sinto Network

Overseas subsidiaries

Asia



Taiwan Founded in 1968
Taiwan Sintong Machinery Co., Ltd.



Taiwan Founded in 1977
Taiwanabrator Co., Ltd.



Korea Founded in 1970
Korea Sinto Co., Ltd.



China Founded in 1993
Qingdao Brator Abrasive Co., Ltd.



China Founded in 1996
Qingdao Sinto Machinery Co., Ltd.



China Founded in 2004
Wuxi Tai Sintong Machinery Co., Ltd.



China Founded in 2008
Sintokogio (Kunshan) Co., Ltd.



China Founded in 2010
Zhejiang Sinto Abrasive Co., Ltd.



China Founded in 2013
Guangzhou Xin Zhongtong Machinery Co., Ltd.



Thailand Founded in 1988
Siambrator Co., Ltd.



Thailand Founded in 1996
Thai Sintokogio Co., Ltd.



India Founded in 2012
Sinto Bharat Manufacturing Private Limited



Indonesia Founded in 2012
PT. Sinto Indonesia

Europe



Germany Founded in 1983
Heinrich Wagner Sinto Maschinenfabrik GmbH

America



Brazil Founded in 1974
Sinto Brasil Produtos Limitada



U.S.A. Founded in 1991
Sinto America, Inc.
Roberts Sinto Corporation



U.S.A. Equity participation 1998
SandMold Systems, Inc.



U.S.A. Equity participation 2011
National Peening, Inc.



U.S.A. Founded in 2013
CTP Sinto America, LLC



U.S.A. Equity participation in 2014
Technical Metal Finishing, Inc.



Mexico Founded in 2007
Roberts Sinto De Mexico,
S. De R. L. De C. V.

Overseas affiliated companies

Europe



Austria Equity participation in 2010
Chemisch Thermische Prozesstechnik GmbH



Germany Equity participation in 2014
Frohn GmbH



Germany Equity participation in 2015
Laempe Mössner Sinto GmbH

Domestic

Meikikou Corporation
Sinto Information Systems, Ltd.

Sinto Engineering, Ltd.
Fujiwa Denki, Ltd.

Sinto V-Cerax, Ltd.
Daito Kihan, Ltd.

Toju Kosan, Ltd.
Sinto S-Precision, Ltd.

CFS, Ltd.

SINTOKOGIO, LTD.

1-11-11, Nishiki, Naka-ku,

Nagoya 460-0003, Japan

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<http://www.sinto.com>