



# 59th Financial Report

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April 1, 2014 – March 31, 2015

Report to Shareholders

**QSO**

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**Quality, Safety & Originality**  
Ensuring an Affluent Future  
with Reliable Quality



**Maezawa Kyuso Industries Co., Ltd.**

# ● To Our Shareholders

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We are pleased to present the financial report for the 59th fiscal year (April 1, 2014 to March 31, 2015), which sets out an overview of our business and financial results.

Under our corporate policy of pursuing “Quality, Safety & Originality,” the Company is developing business activities to provide “clean, safe and pure water.” In addition, as a company that plays a leading role in the water service industry, which is the lifeline of our society, we aim to fulfill our social responsibilities and contribute to the prosperity of local communities.

During the consolidated fiscal year under review, Japan’s economy saw a gradual recovery on the back of improved corporate earnings and the Bank of Japan’s additional monetary stimulus. The sense of economic uncertainty, however, has grown, reflecting flat personal consumption and a slowdown in overseas economies.

In the water supply equipment industry in which our Group operates, the operating environment turned difficult because of the suppression of new housing investment after the consumption tax hike and a reduction in the number of bids.

Given these conditions, our Group devoted our efforts to securing market share through improved sales and marketing capabilities, expanding sales channels for housing products, and tapping into demand for the reconstruction effort in the Tohoku region. Nevertheless, there was a prolonged drop in demand after an end to rush demand ahead of the consumption tax hike, while prices of major raw materials soared higher on the weaker yen and market changes. As a result, net sales declined year on year by 4.5% to 24,366 million yen and ordinary income dropped 14.8% year on year to 1,783 million yen.

In the current fiscal year and thereafter, we will work continuously to boost our corporate performance and improve our value, to meet shareholder expectations.

We look forward to the continued support and guidance of all our shareholders.

**Haruki Yamamoto**  
President

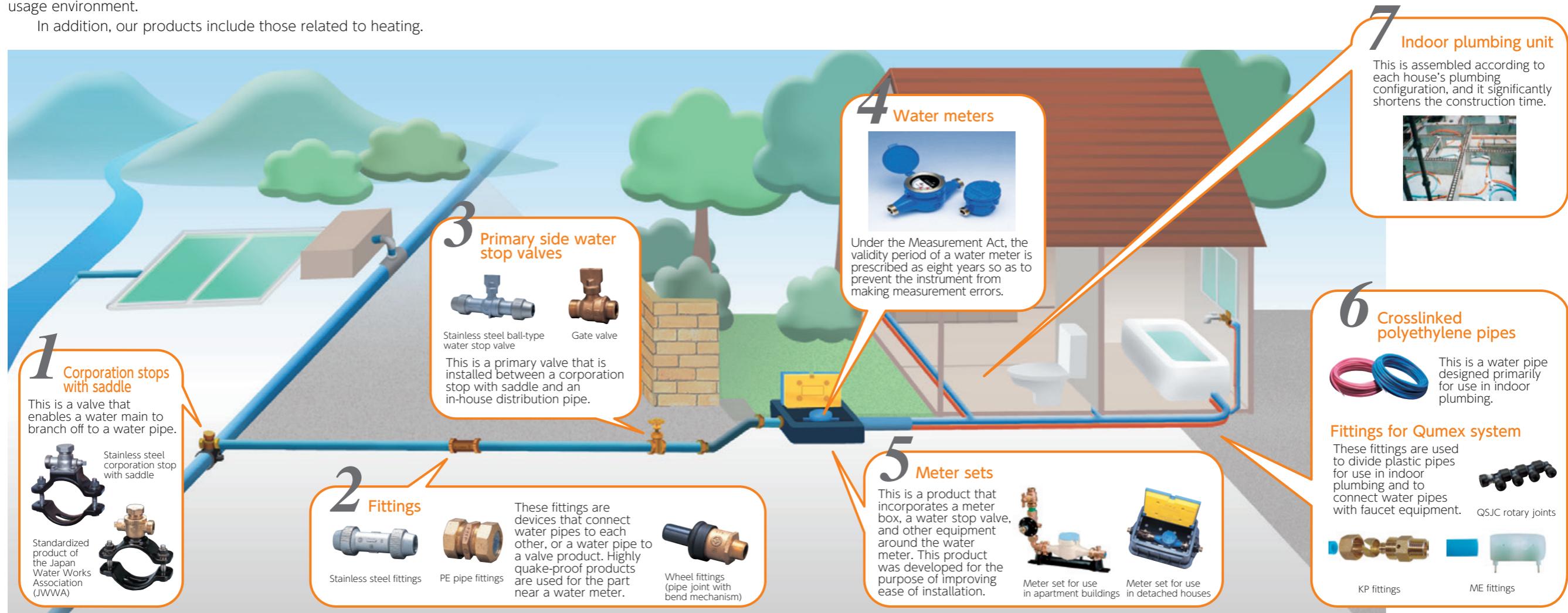


## Connecting water with households for half a century

Our products are being used in all parts of the waterworks infrastructure, from water mains to home faucets.  
 Our product lineup also includes quake-proof and heat-resistant products, according to the intended use and usage environment.  
 In addition, our products include those related to heating.

## Quality, Safety & Originality

“Quality is personality, safety is cooperation, and originality is reform.”



Net sales

**24,366** million yen

(down 4.5% year on year)

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Ordinary income

**1,783** million yen

(down 14.8% year on year)

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Net income

**1,014** million yen

(down 21.3% year on year)

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Net income per share

**84.31** yen

# Consolidated Financial Statements (Summary)

## ● Balance Sheets

(Millions of yen)

	2014 (As of March 31)	2015 (As of March 31)
<b>Assets</b>		
Current assets	24,700	25,103
Fixed assets	12,521	12,529
<b>Total assets</b>	<b>37,222</b>	<b>37,632</b>
<b>Liabilities</b>		
Current liabilities	6,720	6,221
Fixed liabilities	742	711
<b>Total liabilities</b>	<b>7,462</b>	<b>6,933</b>
<b>Net assets</b>		
Shareholders' equity	28,809	29,444
Accumulated other comprehensive income	949	1,254
<b>Total net assets</b>	<b>29,759</b>	<b>30,698</b>
<b>Total liabilities and net assets</b>	<b>37,222</b>	<b>37,632</b>

## ● Statements of Income

(Millions of yen)

	2014 (Year ended March 31)	2015 (Year ended March 31)
Net sales	25,527	24,366
Cost of sales	18,465	17,670
Gross profit	7,062	6,696
Selling, general and administrative expenses	5,129	5,103
Operating income	1,932	1,593
Non-operating income	187	218
Non-operating expenses	27	27
Ordinary income	2,092	1,783
Extraordinary income	60	2
Extraordinary loss	18	52
Income before income taxes	2,134	1,733
Income taxes—current	821	681
Income taxes—deferred	23	37
<b>Net income</b>	<b>1,289</b>	<b>1,014</b>

## ● Statements of Cash Flows

(Millions of yen)

	2014 (Year ended March 31)	2015 (Year ended March 31)
Cash flows from operating activities	162	901
Cash flows from investing activities	(280)	(848)
Cash flows from financing activities	(421)	(421)
Effect of exchange rate changes on cash and cash equivalents	173	188
Net increase (decrease) in cash and cash equivalents	(366)	(180)
Cash and cash equivalents at beginning of year	10,531	10,165
Cash and cash equivalents at end of year	10,165	9,984

### ◆ Hosted a booth at the Nagoya Water Works Exhibition

In October 2014, the Nagoya Water Works Exhibition, hosted by the Federation of Japan Water Industries, was held concurrently with the Japan Water Works Association's Annual Conference at Port Messe Nagoya.

The theme of this year's trade fair was maintaining the reliability of water works for generations to come by improving earthquake resistance and upgrading facilities. With the latest technologies, products and control systems on display, our booth focused on our meter sets that make it easy to replace meters and carry out water pipe work.

Until now equipment around the water meter, including meter box, water stop valve, check valve and various joints, has been combined individually based on each installation site. However, we have combined these into a single set in our pursuit of greater usability and easier installation. At our booth, we spoke with trade fair visitors about our broad lineup of products that are perfect for upgrading facilities at work sites.



## Company Profile (As of March 31, 2015)

Name	Maezawa Kyuso Industries Co., Ltd.
Head office	2-13-5 Takaban, Meguro-ku, Tokyo 152-8510, Japan
Paid-in capital	3,358.9 million yen
Establishment	July 15, 1937
Foundation	January 23, 1957
Number of employees	388 (Non-consolidated)

## Board of Directors and Corporate Auditors (As of June 25, 2015)

President	Haruki Yamamoto
Director	Toshiya Hori
Director	Hideaki Murata
Director	Yuichi Taniai
Director	Chikashi Maeda
Director	Yoshiki Danbara
Director (external)	Hiroshi Shidehara
Standing Audit & Supervisory Board Member	Isao Oozu
Standing Audit & Supervisory Board Member	Takashi Kitamura
Audit & Supervisory Board Member	Hiroshi Fujita
Audit & Supervisory Board Member	Toshiyasu Kanno

## Group Companies

QSO Industrial Co., Ltd.
Maezawa Kyuso (Nanchang) Co., Ltd.
QSO Service Co., Ltd.

## Stock Information (As of March 31, 2015)

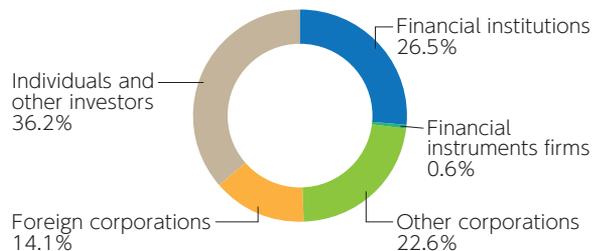
(1) Shares authorized for issuance	47,000,000
(2) Shares issued and outstanding (Excluding 466,022 shares of treasury stock)	12,500,000
(3) Number of shareholders	8,520

## Major Shareholders

Name	Shares (thousands)	Equity stake (%)
Maezawa Industries, Inc.	624	5.18
Maezawa Kasei Industries Co., Ltd.	624	5.18
Resona Bank, Ltd.	500	4.15
Sumitomo Mitsui Banking Corporation	500	4.15
Maezawa Kyuso Industries Employees' Shareholding Association	495	4.11
Nippon Life Insurance Company	366	3.04
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	339	2.82
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	319	2.65
Japan Trustee Services Bank, Ltd. (Trust Account)	311	2.59
The Dai-ichi Mutual Life Insurance Company	288	2.39

(Notes) 1. The Company holds 466,022 shares of treasury stock, but it is excluded from the major shareholders listed above (the top 10 major shareholders).  
2. Equity stakes are calculated with 466,022 shares of treasury stock excluded.

## Share Distribution by Type of Shareholders



(Note) Share distribution by type of shareholder was calculated with 466,022 shares of treasury stock excluded.

# Shareholders' Memo

Business year	From April 1 to March 31 of the following year
Annual meeting of shareholders	June each year
Date of record	Year-end dividends March 31 Interim dividends September 30
Administrator of the register of shareholders	Mitsubishi UFJ Trust and Banking Corporation
Account management institution for the special account	Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Division
Address	7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, Japan TEL: 0120-232-711 (Toll free)
Share unit number	100 shares
Method of public notice	Electronic public notice If the Company is unable to give an electronic public notice because of an accident or any other unavoidable reason, public notice will be given in the Nihon Keizai Shimbun. Advertising URL: <a href="http://www.qso.co.jp/">http://www.qso.co.jp/</a>

Changes in shareholder address, designation of an account for remittance of dividend payments, requests for purchase of odd-lot shares, and other share-related procedures are handled in principle by the account management institutions (securities firms, etc.) where shareholders have accounts. For the procedure for changing an address, etc., please contact the securities or other firms where you have your account. Regarding the procedures related to shares registered in the special account, please contact Mitsubishi UFJ Trust and Banking Corporation, which has been appointed as the account management institution for the special account.

## Special Benefits for Shareholders Provided Again This Year

The secret behind the delicious *Koshihikari* rice produced in the Tokachimachi district is the melted snow from the surrounding mountains and rivers. The area is known for having among the heaviest snowfall of any region in Niigata Prefecture. Winter snowfall melts in the spring and turns into springwater, providing rice paddies with an unending supply of water. The difference in daytime and nighttime temperatures in summer and autumn gives the rice an even greater depth of taste. It is these natural conditions, found only in the Tokachimachi district, that make it possible to grow delicious *Koshihikari*.

A gift of this rice from the Tokachimachi district, considered to be of superior taste even among Niigata Prefecture standards, will be delivered to our shareholders starting in early November again this year (based on the record date as of March 31, 2015).

### (Standard for Gift-Giving)

We provide a gift to shareholders whose names are registered in the registry of shareholders as of March 31 each year based on the following standard:

3-kg *Unuma-Koshihikari* for holders of 100 shares or more

5-kg *Unuma-Koshihikari* for holders of 1,000 shares or more



Quality, Safety & Originality