The figures for these Financial Statements are prepared in accordance with the accounting principles based on Japanese law. Accordingly, they do not necessarily match the figures in the Annual Report issued by the Company, which present the same statements in a form that is more familiar to foreign readers through certain reclassifications or summarization of accounts.

Consolidated Settlement of Accounts for the Fiscal Year Ended March 31, 2015

[Japanese Standards]

Shiseido Company, Limited

Listing: Tokyo Stock Exchange, First Section (Code Number: 4911)
URL: http://www.shiseidogroup.com
Representative: Masahiko Uotani, Representative Director, President & CEO
Contact: Tetsuaki Shiraiwa, General Manager, Investor Relations Department
Tel. +81-3-3572-5111

Annual Meeting of Shareholders: June 23, 2015 (plan)
Filing of Securities Report: June 23, 2015 (plan)
Start of cash dividend payments: June 24, 2015 (plan)
Supplementary materials prepared: Yes (Supplementary information will be uploaded to the corporate website on Monday, April 27, 2015.)
Financial results information meeting held: Yes (for institutional investors, analysts, etc.)

1. Performance in the Fiscal Year Ended March 31, 2015 (April 1, 2014–March 31, 2015)

* Amounts under one million yen have been rounded down.

(1) Consolidated Operating Results

(Millions of yen; percentage figures denote year-on-year change)

	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal Year Ended Mar. 2015	777,687 [+2.1%]	27,613 [–44.4%]	29,239 [–43.1%]	33,668 [+28.8%]
Fiscal Year Ended Mar. 2014	762,047 [+12.4%]	49,644 [+90.6%]	51,426 [+81.0%]	26,149 [—]

Note: Comprehensive income:
Fiscal year ended Mar. 2015: ¥70,668 million (–22.1%)
Fiscal year ended Mar. 2014: ¥90,722 million (+353.9%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income/ Total Assets	Operating Income/ Net Sales
Fiscal Year Ended Mar. 2015	84.44	84.30	9.4%	3.6%	3.6%
Fiscal Year Ended Mar. 2014	65.65	65.54	8.4%	6.8%	6.5%

Reference: Equity in earnings of affiliates:
Fiscal year ended Mar. 2015: ¥212 million
Fiscal year ended Mar. 2014: ¥82 million

(2) Consolidated Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal Year Ended Mar. 2015	823,636	409,369	47.0%	970.00
Fiscal Year Ended Mar. 2014	801,346	358,707	42.2%	849.42

Reference: Equity at year-end (consolidated):
Fiscal year ended Mar. 2015: ¥386,860 million
Fiscal year ended Mar. 2014: ¥338,561 million

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Year-End
Fiscal Year Ended Mar. 2015	32,134	11,538	(58,419)	100,807
Fiscal Year Ended Mar. 2014	84,320	(16,799)	(47,462)	110,163

2. Cash Dividends

	Cash Dividends per Share (Yen)					Total Dividends Paid (Full Year) (Millions of Yen)	Payout Ratio (Consolidated)	Dividends Paid/ Net Assets (Consolidated)
(Cut-off Date)	1Q	2Q	3Q	Year-End	Full Year			
Fiscal Year Ended Mar. 2014	—	10.00	—	10.00	20.00	7,968	30.5%	2.5%
Fiscal Year Ended Mar. 2015	—	10.00	—	10.00	20.00	7,975	23.7%	2.2%
Fiscal Year Ending Dec. 2015 (plan)	—	10.00	—	10.00	20.00		79.8%	

Note: Figures for cash dividends per share (year-end), cash dividends per share (full year), total dividends paid (full year), payout ratio (consolidated), and dividends paid/net assets (consolidated) for the year ended March 2015 are based on estimated figures as of April 27, 2015, the date of this report's issue.

3. Projections for the Fiscal Year Ending December 2015 (April 1–December 31, 2015)

(Millions of yen, except per share figures; percentage figures denote year-on-year change)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income per Share (Yen)
First Half Ending Sept. 2015	390,000 [+6.7%]	3,000 [–72.6%]	3,000 [–73.9%]	(3,500) [—]	(8.78)
Fiscal Year Ending Dec. 2015	730,000 [—]	28,000 [—]	28,000 [—]	10,000 [—]	25.07

The Company plans to change its fiscal year-end from March 31 to December 31, effective the period ending December 2015, subject to approval at the Ordinary General Meeting of Shareholders, scheduled for June 23, 2015. For the Company and subsidiaries with March 31 fiscal year-ends, therefore, fiscal 2015 will be the nine-month period from April 1 to December 31, 2015. The fiscal periods for subsidiaries with December 31 fiscal year-ends will remain unchanged (January 1–December 31, 2015).

[Reference]

Percentage figures below (adjusted % increase/decrease) represent year-on-year changes based on adjusted figures for the nine-month period (April 1–December 31, 2014) for the Company and subsidiaries with March 31 fiscal year-ends.

(Millions of yen)

Net sales	Operating income	Ordinary income	Net Income Attributable to Owners of Parent
¥730,000 [+7.8%]	¥28,000 [+31.9%]	28,000 [+22.7%]	¥10,000 [–63.7%]

Notes

(1) Changes in significant subsidiaries during period (changes in specific subsidiaries due to change in scope of consolidation): None

(2) Changes in accounting policies; changes in accounting estimates; restatements

1) Changes in accounting policies due to amendment of accounting standards: Yes
2) Other changes in accounting policies: Yes
3) Changes in accounting estimates: Yes
4) Restatements: None

For more information, please refer to "(Changes in Accounting Policies and Accounting Estimates)" on page 25.

(3) Shares outstanding (common stock) at year-end

1. Number of shares outstanding (including treasury stock)
   Fiscal year ended Mar. 2015: 400,000,000
   Fiscal year ended Mar. 2014: 400,000,000
2. Number of treasury shares outstanding
   Fiscal year ended Mar. 2015: 1,173,894
   Fiscal year ended Mar. 2014: 1,422,159
3. Average number of shares over period
   Fiscal year ended Mar. 2015: 398,704,603
   Fiscal year ended Mar. 2014: 398,300,719

Note: For information on number of shares used as basis for calculating net income per share, please refer to "(Per-Share Data)" on page 31.

[Reference] Summary of Nonconsolidated Results

Performance in the Fiscal Year Ended March 31, 2015 (April 1, 2014–March 31, 2015)

* Amounts under one million yen have been rounded down.

(1) Nonconsolidated Operating Results

(Millions of yen; percentage figures denote year-on-year change)

	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal Year Ended Mar. 2015	241,099 [+10.0%]	19,074 [+215.2%]	39,933 [+68.8%]	30,498 [+97.0%]
Fiscal Year Ended Mar. 2014	219,219 [–0.5%]	6,051 [+84.4%]	23,663 [–12.6%]	15,482 [–23.0%]

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal Year Ended Mar. 2015	76.49	76.36
Fiscal Year Ended Mar. 2014	38.87	38.81

(2) Nonconsolidated Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal Year Ended Mar. 2015	601,186	346,843	57.5%	867.04
Fiscal Year Ended Mar. 2014	603,317	326,061	53.9%	815.70

Reference: Equity at year-end:
Fiscal year ended Mar. 2015: ¥345,799 million
Fiscal year ended Mar. 2014: ¥325,120 million

Implementation status of review procedures
At the time of disclosure of this report, review procedures for financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

Appropriate use of business forecasts; other special items
In this document, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements. Please refer to "(Outlook for the Fiscal Year Ending December 2015)" on page 9 for information on preconditions underlying the above outlook and other related information.

Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

Review of Performance in the Fiscal Year Ended March 2015

In the fiscal period under review (year ended March 31, 2015), the economic situation in Japan was characterized by continued moderate recovery underpinned by government economic measures. However, the recovery in personal consumption was weak, affected by uncertain consumer sentiment stemming from rising prices in the wake of a weakened yen in the second half. By contrast, the world economy showed modest overall recovery despite the ongoing impact of the European debt problem and a slowdown in economic growth in China. Both the Japanese and overseas cosmetics markets are closely linked with economic conditions in their respective countries. In Japan, although signs of recovery appeared toward the second half, the cosmetics market was significantly impacted in the first half of the period by a recoil following a rush in demand ahead of the consumption tax hike, resulting in a year-on-year decline in the annual growth rate. European cosmetics markets remained mostly unchanged year on year, while markets in the Americas and Asia maintained steady growth.

In this environment, the Company positioned fiscal 2014 as a year of preparing for drastic reforms. Specifically, we are targeting three major priorities: "strengthening marketing execution and brand capabilities from the customer's perspective," "reforming our organization and corporate culture," and "reinforcing our operational foundation." We also formulated a new long-term vision and a medium-term business plan due to start in fiscal 2015. These are encapsulated in VISION 2020, a medium-to-long-term strategy announced on December 17, 2014.

As a result, the Group posted consolidated net sales of ¥777.7 billion, up 2.1% from the previous year. Domestic sales declined 3.1% year on year, to ¥365.6 billion, due to a recoil following a rush in demand ahead of the consumption tax hike. Overseas sales edged down 0.9% on a local-currency basis, but after translation into yen, overseas sales grew 7.1%, to ¥412.1 billion, owing to the yen's depreciation. Operating income fell 44.4% year on year, to ¥27.6 billion. Domestic factors included a decline in the marginal gain stemming from the net sales decline, as well as an increase in personnel expenses stemming from higher bonus payments in Japan due to achievement of previous-year performance targets. Overseas factors included stepped-up marketing investments, costs related to optimization of market inventories in Asia, centered on China, and increased expenses associated with problems at our U.S. distribution center. Ordinary income declined 43.1%, to ¥29.2 billion. Despite the decrease in operating income and an impairment loss on customer-related intangible assets of Bare Escentuals, Inc., however, net income grew 28.8%, to ¥33.7 billion, thanks to extraordinary income associated with the sale of the ***DECLÉOR*** and ***CARITA*** brands to L'Oréal S.A. The operating margin was 3.6%, ROE was 9.4%, and the ratio of overseas sales to net sales was 53.0%.

Consolidated Performance

(Sales) (Millions of yen)

	Fiscal Year Ended Mar. 2015	Share of Total (%)	Fiscal Year Ended Mar. 2014	Share of Total (%)	Year-on-Year Increase/Decrease		% Change in Local Currency Terms
					Amount	% change	
Domestic Cosmetics Business	339,294	43.6%	349,718	45.9%	–10,424	–3.0%	–3.0%
Global Business	427,899	55.0%	402,213	52.8%	+25,685	+6.4%	–1.3%
Others	10,493	1.4%	10,114	1.3%	+379	+3.7%	+3.7%
Sales Total	777,687	100.0%	762,047	100.0%	+15,640	+2.1%	–2.0%

Domestic Sales	365,615	47.0%	377,272	49.5%	–11,657	–3.1%	–3.2%
Overseas Sales	412,072	53.0%	384,774	50.5%	+27,297	+7.1%	–0.9%

(Income)

	Fiscal Year Ended Mar. 2015	Ratio to Net Sales (%)	Fiscal Year Ended Mar. 2014	Ratio to Net Sales (%)	Year-on-Year Increase/Decrease	
					Amount	% change
Domestic Cosmetics Business	30,039	8.8%	39,460	11.2%	–9,420	–23.9%
Global Business	(4,687)	–1.1%	7,659	1.9%	–12,347	—
Others	2,234	14.6%	2,081	13.8%	+153	+7.4%
Elimination/Corporate	26	—	442	—	–415	—
Operating Income Total	27,613	3.6%	49,644	6.5%	–22,030	–44.4%
Ordinary Income	29,239	3.8%	51,426	6.7%	–22,186	–43.1%
Net Income	33,668	4.3%	26,149	3.4%	+7,519	+28.8%

[Review by Reportable Segment]

Domestic Cosmetics Business

(Sales)

Sales in the Domestic Cosmetics Business declined 3.0%, to ¥339.3 billion. In both the cosmetics business and healthcare business categories, sales decreased year on year, due to the significant impact of the recoil following a rush in demand ahead of the consumption tax hike in March 2014. However, the cosmetics business showed an upturn in the second half, driven mainly by mid-priced and high-priced products, owing to renewal of brands/lines and introduction of new lines. In October 2014, moreover, cosmetics were added to the list of items available free of consumption tax for overseas tourists visiting Japan, resulting in a significant increase in inbound sales. These and other factors brought positive signs in the second half as we approached fiscal 2015.

In the cosmetics business, we continued a marketing reform project that started in fiscal 2013, and in fiscal 2014 we launched the ICHIGAN Project, in which all employees—including R&D, product development, production, and corporate staff, as well as salespeople—unite in an ongoing effort to deliver brand value to customers. As a result, we achieved positive outcomes, including growth in over-the-counter sales of the ***ELIXIR*** moisture-retention line for adults desiring supple skin and the high-quality ***MAQuillAGE*** makeup line that provides adults with new levels of beauty. Moreover, ***PRIOR,*** a comprehensive brand for seniors that was launched following a relentless pursuit of insights from female seniors, was well received. We also posted healthy sales of the top-end brand ***clé de peau BEAUTÉ*** and the global brand ***SHISEIDO.***

As the above shows, our mid-priced and high-priced products are showing recovery, but sales of low-priced cosmetics, toiletries (such as shampoos), and men’s items struggled in a harsh competitive environment, which poses a challenge. The ICHIGAN Project, which is producing positive outcomes as part of our marketing reform project, will not end until it reaches a successful conclusion. Indeed, we will promote “ICHIGAN marketing” in which the entire Group stands united in constantly conveying brand value to customers, in order to boost sales by reinforcing low-priced products, toiletries, and men’s items, where issues remain. With this in mind, we renewed the ***TSUBAKI*** haircare brand in March 2015.

Sales in the healthcare business declined year on year, due mainly to the impact of the recoil following a rush of demand ahead of the consumption tax hike. However, we enjoyed increased sales of two brands—***The Collagen*** line of beauty foods and ***IHADA*** medical-use products for treating facial skin problems—which were comprehensively renewed.

(Operating income)
The Domestic Cosmetics Business segment posted a 23.9% decline in operating income, to ¥30.0 billion. This was due mainly to a marginal loss stemming from lower sales, as well as increased personnel expenses caused by higher bonuses.

[Global Business]

(Sales)
Sales in the Global Business segment decreased 1.3% on a local-currency basis. After translation into yen, however, sales were up 6.4%, to ¥427.9 billion, owing to the yen's depreciation.

In the Americas, the makeup artist brand ***NARS*** and the fragrance business again performed well. Other drivers of sales growth included the global brand ***SHISEIDO***, which recorded a hit with the launch of ***ULTIMUNE*** beauty essence in 2014, and ***bareMinerals***, which benefited from a favorable response for ***bareSkin***, its first liquid foundation.

In Europe, we struggled in some major nations, such as Germany and Italy, due to challenging market conditions. However, ***narciso rodriguez*** and other designer fragrance brands performed well.

In the top-priority market of China, we sought to rebuild our business by launching a customer segmentation project aimed at conducting marketing activities from a consumer-focused viewpoint while rearranging our a brand portfolio. We also continued optimizing market inventories in China. In other Asian markets, as well, we similarly promoted optimization of market inventories, resulting in a year-on-year decline in local-currency sales in the Asian region. Although sales have decreased temporarily, we now have a framework in place in which over-the-counter sales and product shipments are soundly connected, which will enable us to carve a growth trajectory in fiscal 2015 and thereafter.

With respect to emerging nations, we made good progress in Indonesia, where we began selling our products in 1958. Our business there, via distributors, has performed well and delivered healthy sales growth. During the year, we established a subsidiary and commenced direct operations in Indonesia, with the aim of reinforcing our business foundation. As of December 31, 2014, the global brand ***SHISEIDO*** had a presence in 89 nations and regions (including Japan).

In the professional business, where we have focused on market cultivation in Asia since 2010, we continued posting high sales growth in China, South Korea, and Taiwan. However, the revenue decrease due to sale of the ***DECLÉOR*** and ***CARITA*** brands had a significant impact, causing an overall year-on-year sales decline in this business.

(Operating Income)
This segment posted an operating loss of ¥4.7 billion due to various factors. These included increased marketing investments, increased expenses associated with problems at our U.S. distribution center, provision for returned products in Greece, and costs related to optimization of market inventories in China and elsewhere in Asia.

[Others]

(Sales)
Sales in the Others segment grew 3.7%, to ¥10.5 billion. This year-on-year increase stemmed from a healthy performance by the Frontier Science Division, as well as growth in the food and beverage business, where both restaurants and retail delivered solid results.

Shiseido Parlour Co., Ltd., a subsidiary in the restaurant business, sought to develop dedicated products for airport shops. As a result, its retail division performed well, including at department stores, railway stations, and airports. Its restaurant division also posted increased sales, with Shiseido Parlour recording the highest net sales in its history. Meanwhile, French restaurant L'Osier, which reopened in October 2013 after renovation, reported a healthy performance again in fiscal 2014, resulting in a year-on-year sales increase for the Group's food and beverage business.

The Frontier Science Division posted a year-on-year increase in sales. The Frontier Science Division posted growth in sales. In addition to bio-hyaluronic acid, a raw material for cosmetics and pharmaceuticals, sales of ***2e*** and ***NAVISION*** cosmetics for medical institutions, derived from our beauty care skin research, remained strong.

(Operating income)

Segment operating income rose 7.4%, to ¥2.2 billion, owing to an increase in the marginal gain stemming from higher sales.

Outlook for the Fiscal Year Ending December 2015

Consolidated performance forecasts for the year ending December 2015 are based on the nine-month period (April–December) for the Company and subsidiaries with March 31 fiscal year-ends, and the 12-month period (January–December) for subsidiaries with December 31 fiscal year-ends, due to a planned change in fiscal year period.

Consolidated Net Sales

(Billions of yen)

	Fiscal Year Ending Dec. 2015 (Estimate)	(Reference) Fiscal Year Ended Mar. 2015 (Adjusted)	Adjusted Year-on-Year Increase/ Decrease	Year Ended Mar. 2015 (Result)
Japan Business	259.0	240.5	+7.7%	332.2
Global Business	457.5	424.3	+7.8%	427.9
Others	13.5	12.7	+6.4%	17.6
Net Sales	730.0	677.5	+7.8%	777.7
Domestic Sales	285.0	265.9	+7.2%	365.6
Overseas Sales	445.0	411.6	+8.1%	412.1

Consolidated Income

(Billions of yen)

	Fiscal Year Ending Dec. 2015 (Estimate)	Percent of Net Sales	(Reference) Fiscal Year Ended Mar. 2015 (Adjusted)	Percent of Net Sales	Adjusted Year-on-Year Increase/ Decrease	Year Ended Mar. 2015 (Result)
Operating Income	28.0	3.8%	21.2	3.1%	+31.9%	27.6
Ordinary Income	28.0	3.8%	22.8	3.4%	+22.7%	29.2
Net Income Attributable to Owners of Parent	10.0	1.4%	27.5	4.1%	–63.7%	33.7

	Fiscal Year Ending Dec. 2015 (Estimate)	Fiscal Year Ended Mar. 2015 (Result)	Year-on-Year Increase/Decrease
Return on Equity (ROE)	2.6%	9.4%	—
Net Income per Share (Yen)	25.07	84.44	—
Payout Ratio consolidated	79.8%	23.7%	—
Dividends per Share (Yen):			
Interim	10.00	10.00	—
Year-End	10.00	10.00 (plan)	—

Notes: 1. Figures for “(Reference) Fiscal Year Ended March 2015 (Adjusted)” and “Adjusted Year-on-Year Increase/Decrease” have been adopted to the nine-month period (April 1–December 31, 2014) for the Company and subsidiaries with March 31 fiscal year-ends.

2. Effective the fiscal year ending December 2015, the Company has partially reorganized its business segment classification method, ahead of a new organizational system to start in the year ending December 2016. Under the change, the former “Domestic Cosmetics Business” and “Global Business” segments will become the “Japan Business” and “Global Business” segments. Some subsidiaries, previously included under the “Domestic Cosmetics Business” segment, will now be included under the “Global Business” or “Others” segment. Figures for the previous year have been rearranged using a simplified method to reflect this change.

Due to recovery of our domestic business and efforts to rebuild our business in China, we forecast consolidated net sales of ¥730.0 billion (up 7.8% year on year, after adjustment). Despite stepped-up marketing investments, we expect to post a marginal gain on the net sales increase. Accordingly, we forecast operating income of ¥28.0 billion (up 31.9% after adjustment), ordinary income of ¥28.0 billion (up 22.7% after adjustment), and net income of ¥10.0 billion (down 63.7% after adjustment).

Outlook for the Year Ending December 2015 by Reportable Segment

Japan Business

In fiscal 2015, we expect the domestic cosmetics market to expand moderately in line with economic recovery. In this environment, we will expedite brand reinforcement aimed at expanding market share. At the same time, we will focus on inbound sales and the digital business, we anticipate significant future growth. For the year, we forecast segment sales of ¥259.0 billion (up 7.7% after adjustment) and a year-on-year increase in segment income.

Global Business

In Europe, we expect conditions in the cosmetics market to remain difficult due to the impact of the debt crisis. In the Americas, however, the cosmetics market is expected to maintain moderate growth. In Asia, meanwhile, we look forward to continued market growth, especially in China. In this environment, we will continue working to rebuild our China business. At the same time, we will promote brand reinforcement matched to the attributes of each area. We will also focus on the high-growth travel retail market. Through these efforts, together with foreign exchange factors, we forecast segment sales of ¥457.5 billion (up 7.8% after adjustment) and a year-on-year increase in segment income.

Others

Going forward, we will continue striving to reinforce our presence in the frontier science division, which is underpinned by cosmetics raw materials, medical-use pharmaceuticals, chromatography-related machinery, and cosmetics for medical institutions. We forecast segment sales of ¥13.5 billion (up 6.4% after adjustment) and a year-on-year increase in segment income.

We base our predictions on exchange rates of ¥115 per U.S. dollar, ¥130 per euro, and ¥18.0 per Chinese yuan.

(Reference)

[Overseas Sales (by Destination)]

(Millions of yen)

	Fiscal Year Ended March 2015	Share of Total (%)	Fiscal Year Ended March 2014	Share of Net Sales (%)	Year-on-Year Increase/Decrease		
					Amount	% change	% change in local currency terms
Americas	133,088	17.1%	118,682	15.6%	+14,406	+12.1%	+3.5%
Europe	108,936	14.0%	102,137	13.4%	+6,798	+6.7%	–1.4%
Asia/Oceania	170,046	21.9%	163,954	21.5%	+6,092	+3.7%	–3.7%
[Incl. China]	[114,776]	[14.8%]	[111,495]	[14.6%]	[+3,281]	[+2.9%]	[–4.8%]
Overseas Sales	412,072	53.0%	384,774	50.5%	+27,297	+7.1%	–0.9%

(2) Analysis of Financial Position

As of March 31, 2015, total assets amounted to ¥823.6 billion, up ¥22.3 billion from a year earlier. This was due mainly to the impact of the weak yen. Total liabilities declined ¥28.4 billion, due mainly to redemption of bonds and repayment of borrowings. Net assets increased ¥50.7 billion due to a number of factors. These included an increase in shareholders' equity (as net income outweighed cash dividend payments), as well as a rise in valuation difference on available-for-sale securities, which included foreign currency translation adjustments stemming from the yen's depreciation. Accordingly, the equity ratio at fiscal year-end was 47.0%, up from 42.2% a year earlier.

Net cash provided by operating activities amounted to ¥32.1 billion. Net cash provided by investing activities totaled ¥11.5 billion, due largely to the sale of businesses handling the ***DECLÉOR*** and ***CARITA*** brands. Net cash used in financing activities was ¥58.4 billion, due mainly to redemption of bonds and repayment of long-term debt. As a result, cash and cash equivalents at end of period stood at ¥100.8 billion, down ¥9.4 billion from the beginning of the period.

Consolidated Cash Flows (Summary)

(Billions of yen)

Cash and cash equivalents at beginning of term	110.2
Net cash provided by operating activities	32.1
Net cash used in investing activities	11.5
[Investments in fixed assets]	[(26.8)] *
Net cash used in financing activities	(58.4)
Effect of exchange rate changes on cash and Cash equivalents	4.8
Net change in cash and cash equivalents	(9.9)
Cash and cash equivalents at end of term	100.8

*Investments in Fixed Assets (Billions of yen)

Acquisition of property, plant, and equipment	(15.6)
Increase in intangibles	(5.2)
Long-term prepaid expenses	(5.9)

As shown below, the equity ratio was in the 40% range based on book value and the 100% range based on market price. The debt repayment term (3.3 years) is generally regarded as a safe level.

Cash Flow Indexes

	Fiscal Year Ended Mar. 2011	Fiscal Year Ended Mar. 2012	Fiscal Year Ended Mar. 2013	Fiscal Year Ended Mar. 2014	Fiscal Year Ended Mar. 2015
Equity Ratio (%)	41.6	40.3	40.1	42.2	47.0
Equity Ratio Based on Market Price (%)	77.5	78.9	73.8	90.3	103.3
Debt Repayment Term (Years)	2.9	3.5	4.4	1.8	3.3
Interest Coverage Ratio (Times)	32.8	27.3	22.5	47.5	24.2

Notes:
1. Equity ratio: (Net assets –Subscription rights to shares – Minority interests) / Total assets
   Equity ratio based on market price: Market value of total stock / Total assets
   Debt repayment term: Interest-bearing debt / Operating cash flows
   Interest coverage ratio: Operating cash flows / Payment of interest expenses
2. Each index is calculated based on consolidated financial figures.
3. Market value of total stock is calculated by multiplying the closing stock price at the end of the term by the number of shares outstanding at the end of the term (after deduction of treasury stock).
4. Interest-bearing debt refers to all liabilities listed in Consolidated Balance Sheets that incur interest. For payment of interest expenses, amounts shown in the Consolidated Statements of Cash Flows are used.

(3) Basic Shareholder Return Policy; Cash Dividends

Our total shareholder return policy emphasizes maximizing returns to shareholders through direct means, in addition to generating medium- and long-term share price gains. To this end, our fundamental policy is to deploy to growth-oriented strategic investments to drive increases in earnings and improvements in capital efficiency, which will lead to medium- and long-term increases in dividends and higher share prices.

Our medium-term profit return objective is to achieve a consolidated dividend payout ratio of 40%. To this end, we will maintain dividend payments in a stable and consistent manner. With respect to share buybacks, we will act appropriately while considering free cash flow levels and the market environment.

For the fiscal year ended March 2015, the Company plans to declare a year-end dividend of ¥10.00 per share, as originally planned. Coupled with the ¥10.00 interim dividend, this will bring total annual dividends to ¥20.00 per share. As a result, the consolidated payout ratio will be 23.7%.

In the fiscal year ending December 2015, we plan to pay both interim and year-end dividends of ¥10.00 each, for annual dividends of ¥20.00.

(4) Business and Other Risks

Business and other risks that could potentially affect the Shiseido Group are described in its most recent Securities Report (filed on June 25, 2014). Since there are no major changes, that section has been omitted from this report.

(Company Website)

http://www.shiseidogroup.jp/ir/library/syoken/pdf/2013/1403all.pdf (Japanese only)

2. The Shiseido Group

For details about major changes in subsidiaries during the period, please refer to "(Basis of Presenting Consolidated Financial Statements)" under "(5) Notes Concerning Consolidated Financial Statements" on page 25.

3. Management Policies

(1) Basic Corporate Policies

In April 2015, Shiseido partially modified its corporate philosophy, consisting of “Our Mission,” “Our Values,” and “Our Way.”

“Our Mission” describes Shiseido’s corporate mission, which is “to inspire a life of beauty and culture.” This covers various domains related to beauty while keeping cosmetics as our core business. To make “Our Mission” clearer, we decided to adopt a richer English translation of the Japanese version, which we left unchanged. In “Our Values,” we have changed the composition to place more emphasis on “innovation” and foster a strong awareness among employees that “innovation generates growth.” “Our Way” sets out standards of behavior to which each and every employee of the Shiseido Group should conform. We modified “Our Way” to clarify our commitment to “walking together with consumers” and also to emphasize our dedication to creating shared value together with all stakeholders.

Guided by our new corporate philosophy, we will inspire a life of beauty and culture with all consumers in this ever-changing world, and realize a sustainable society in which people find happiness through beauty. In these ways, we will deliver sustained improvements in corporate value. By making a “consumer-focused viewpoint” the core foundation of all activities, we will ensure that Shiseido remains a shining light 50 and 100 years into the future.

[Our Mission]

We cultivate relationships with people
We appreciate genuine, meaningful values
We inspire a life of beauty and culture.

[Our Values]

In Heritage, Excellence
In Diversity, Strength
In Innovation, Growth

[Our Way]

All members of Shiseido Group pursue
shared and sustainable growth with all stakeholders.

With Consumers
With Business Partners
With Employees
With Shareholders
With Society and the Earth

(2) Medium-to-Long-Term Strategies and Targets

On December 17, 2014, Shiseido announced its medium-to-long-term strategy, entitled VISION 2020. Positioning 2020 as a turning point for the Group, VISION 2020 outlines what initiatives need to be undertaken and what kind of company we should become by 2020.

Specifically, we will strive to become “a company filled with energy,” “a company overflowing with youthful spirit,” “a company that is a topic of conversation around the world,” “a company inspiring to, and admired by, younger generations,” and “a company driven forth by diverse cultures.” By achieving these goals, we will become a company whose existence is valued by society and build a foundation enabling us to keep shining 100 years into the future. To this end, we will broaden our business domains to cover peripheral businesses associated with inspiring a life of beauty and culture, while maintaining cosmetics as our core. We will also pursue business globalization and work to reinforce our innovation capability, which is the source of Shiseido’s competitive strength.

In quantitative terms, we have set consolidated operating income of ¥100 billion or higher and ROE of 12% or higher as our targets for fiscal 2020. To achieve these targets, we will aim to increase consolidated net sales to the ¥1 trillion level.

As for specific strategies, we have positioned the three years from fiscal 2015 through fiscal 2017 as period for reconstructing our business foundation. During this time, we will reinforce our brands, expand marketing and R&D investments, reform our organizational and personnel systems, and strengthen our China, Asia, travel retail, and e-commerce businesses while implementing companywide structural reforms. We have positioned the subsequent three years from fiscal 2018 through fiscal 2020 as a period for pursuing new strategies aimed at expediting growth. During that time, we will introduce new brands, target M&As, secure ongoing investment returns, build a global organization, cultivate emerging markets and untapped areas, and reassess/innovate our business model.

(3) Issues to Address

[Three-year period from fiscal 2015 through 2017]

The three years from fiscal 2015 through fiscal 2017 is a period for reconstructing our business foundation. In fiscal 2015 and 2016, we will step up investments in marketing and R&D to build a foundation for delivering growth. At the same time, we will continue structural reforms aimed at securing the funds to make such investments. We will focus particular efforts on making advances as a “global marketing company” pursuing companywide marketing initiatives, while strengthening innovation to create new levels of value for customers and reinforcing organizational and personnel systems to support such efforts.

Over the three-year period, we will position our domestic business as our income foundation and our overseas business as the growth driver. In fiscal 2017, the final year of the period, we have set the following consolidated targets: Net sales of ¥900 billion or higher, operating income of ¥50-60 billion, and ROE of 9–10%.

[Rebuild brand portfolio to meet needs of active consumers]

As society and consumption activities diversify, the profile of “active consumers” who make their own independent choices is increasing. To meet the needs of such consumers, it is important to build brands that connect with customers and earn their continued loyalty. By concentrating on brands that reflect the value basis desired by customers, while streamlining and integrating brands that are duplicated in our portfolio and do not effectively meet customer needs, we will make efficient brand investments that address broad-ranging needs and thus build stronger brands.

To this end, we will entrench life cycle management for our brands, including by clarifying rules for brand discontinuation, and strictly select only brands that can achieve predetermined levels of sales and profitability. If we require brands to address customer needs that are not included in our portfolio, we will also consider acquiring brands through M&As.

In addition, we will strengthen the identity and image of our flagship ***SHISEIDO*** brand. For a start, we have modified the design of the corporate logo to convey stronger feelings of being active, uplifting, forward-looking, and brimming with energy, and thus enhance corporate brand presence. From the perspective of brand image consistency, meanwhile, we studied the scope of usage of the company name of SHISEIDO, and decided to limit its usage to two brands: the ***SHISEIDO*** global brand and ***SHISEIDO Professional.*** For other brands/lines, such as ***MAQuillAGE*** and ***ELIXIR,*** we will emphasize brand value by placing their respective brand/line names and logos up front.

Our beauty consultants stand at the front lines in conveying brand value to customers and play a key role in brand reinforcement. We will reassess our beauty consultant systems in Japan and China with the aim of energizing our beauty consultants and attracting talented human resources. In Japan, we will emphasize recruitment of full-time employees and appointment of fixed-term contract employees to full-time positions. We will also modify our evaluation and incentive systems so we can reward beauty consultants who have produced good results.

[Shift to new matrix organizational structure]

In fiscal 2015, we will begin shifting to a new matrix organizational structure based on a brand axis and a region axis, with a view to full-scale implementation in fiscal 2016. This entails reforms aimed at fostering strong brands and undertaking marketing optimized for each geographical area, under our “Think global, act local” approach.

Based on consumers’ point-of-purchase type, we will divide the Company’s businesses into brand businesses, including prestige, cosmetics, personal care, and professional. And we will divide our worldwide regions and markets into the following areas—Japan, China, Asia, America, Europe, and travel retail. Under this framework, we will build an optimal organizational structure by combining each respective part.

In shifting to the new matrix organizational structure, we will prioritize four key factors: local/hands-on policy, flatness, speed, and accountability. Rather than creating “local sales companies” in each region as we have done in the past, we will introduce a “regional headquarters system” in which each headquarters has responsibilities and authority for all business activities in its region. By making maximum use of local needs and know-how, we will build systems enabling R&D, product development, marketing, and sales activities to be handled locally.

As part of this, the product development, marketing, and sales functions—currently split between head office and the sales company—will be centralized at the Group’s Japan regional headquarters.

[Strengthen R&D to generate innovation]

With respect to R&D, we will leverage our advanced basic technologies to promote innovative product development while pursuing connection and integration with our marketing team. At present, annual R&D expenses equate to 1.8% of consolidated net sales, but we plan to raise this ratio to 2.5% by 2020 while increasing the number of worldwide research personnel to 1,500 from the current level of around 1,000.

We will also promote localization even in the R&D field. To this end, we will expand the scale of our research facilities—in Japan, China, Southeast Asia (Thailand), Europe (France), and the United States—in order to build a system for conducting R&D in various world regions based on customer insights. In these ways, we will improve our ability to develop products reflecting local needs and strengthen links with our local market activities.

At the same time, we will continue positioning Japan as the origin for basic and foundational research, which supports future growth, and we will rigorously reinforce our capabilities in this field. As for new research, we will establish a Global Innovation Center (tentative name) in the Yokohama Minato Mirai 21 District. By attracting highly diverse R&D personnel and bringing together intelligence from around the world, we will expedite creation of innovations. The Global Innovation Center (tentative name) is scheduled to open at the end of fiscal 2018.

[Build growth foundation; restructure to generate investment resources]

Going forward, we will powerfully advance our structural reforms, commenced in fiscal 2014, across all world regions. By fiscal 2017, we will come up with ¥30–40 billion to cover the cost of this initiative (total of basic costs, marketing costs, inventory and supply chain management costs, back office costs, and personnel/productivity costs).

Investment resources derived from these structural reforms will be allocated to store establishment and direct customer interface, such as offering product samples and sales promotions, as well as to R&D investments, in order to expedite revenue growth.

[Establish global compliance]

In order for a corporation to be valued by society and achieve sustained growth, the society and global environment to which it belongs must be in sound condition. To continue shining brightly 100 years into the future, the Shiseido Group must not only emphasize sound development of business operations and protection of the global environment. It must also share common ground with customers and other business partners and work to resolve problems jointly with them. In line with globalization of the supply chain, it becomes more and more important to procure materials that guarantee safe, high-quality products while avoiding various issues arising at our business partners. To address this situation, we formulated and are enforcing the Shiseido Group Supplier Code of Conduct, which covers six key items: human rights, legal compliance, labor practices, protection of intellectual property and maintenance of confidentiality, protection of the environment, and fair operating practices. We have signed memorandums of understanding with suppliers in Japan and overseas to ensure compliance with this code of conduct. In Japan, we confirm the compliance status of major business partners through questionnaires and other means.

Shiseido Group companies confront a variety of risks around the world. We are working to build and maintain a system capable of identifying, evaluating, and preempting such risks, while swiftly minimizing damage from risks that materialize. We have also set up multiple in-house help lines and internal reporting channels aimed at swiftly identifying and preventing fraudulent behavior.

All of the Shiseido Group's compliance activities, including the aforementioned initiatives, are supervised by the CSR Committee under the direct jurisdiction of the Board of Directors. Going forward, we will monitor ongoing changes in the situation and devise countermeasures as necessary as we reinforce our compliance system globally.

[Addressing social issues and expectations]

Shiseido promotes two types of CSR activities: "Fundamental CSR" focusing on minimizing risk to protect corporate value and assure business continuation, and "Unique Shiseido CSR" activities that increase corporate value and link it to business growth. Our Unique Shiseido CSR activities include proposing new concepts of beauty and abundant lifestyles, as well as social contribution initiatives, and identifies three priority areas in which the Group can deploy its strengths: "women and cosmetics (beauty care)," "culture," and "the environment."

As a signatory to the Women's Empowerment Principles (WEPs), a set of international guidelines, Shiseido regards playing a leading role in elevating the social status of women and supporting their advancement as an important part of its mission. We also promote joint male-female participation, reflected in our 30% target for women in leadership roles in the Group's Japanese operations by fiscal 2016. In addition, we support the efforts of female researchers specializing in natural science with the aim of fostering the next generation of leading women researchers. Since 2013, Shiseido has supported the social advancement of women in agricultural villages in Bangladesh as part of a project subsidized by the Japan International Cooperation Agency (JICA), and we will continue our activities in the future. By empowering local women, these activities help drive our company's own innovation. Indeed, our activities have led to good outcomes, including our development of sunscreen whose UV protective effects do not decline, even following contact with water or perspiration.

"Environmental responses covering the entire product life cycle" represent a core pillar of our environmental activities. To this end, we will continue actively developing and adopting refillable products. In addition, we will continue worldwide initiatives aimed at cutting carbon dioxide emissions and protecting biodiversity.

On the cultural front, as well, we will continue supporting the arts and culture through sponsorships and the like.

4. Basic Approach to Selection of Accounting Standards

The Shiseido Group applies Japanese accounting standards. We believe that financial statements based on Japanese accounting standards provide appropriate disclosure of the Group's business results, financial position, and cash flow status.

With respect to applying International Financial Reporting Standards (IFRS), we are currently considering IFRS application while monitoring convergence with Japanese standards, revisions of IFRS itself, and the impact of changes in standards and the responses to such changes on our operations.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015
Assets		
Current assets		
Cash and deposits	95,774	103,603
Notes and accounts receivable – trade	138,282	131,951
Securities	33,129	18,266
Inventories	90,244	106,696
Deferred tax assets	26,568	32,240
Other	20,076	24,046
Allowance for doubtful accounts	(1,487)	(1,733)
Total current assets	402,588	415,069
Non-current assets		
Property, plant and equipment		
Buildings and structures	166,117	163,777
Accumulated depreciation	(103,099)	(101,389)
Buildings and structures, net	63,018	62,388
Machinery, equipment and vehicles	91,092	86,840
Accumulated depreciation	(78,320)	(72,784)
Machinery, equipment and vehicles, net	12,771	14,056
Tools, furniture and fixtures	74,194	79,683
Accumulated depreciation	(52,108)	(54,892)
Tools, furniture and fixtures, net	22,086	24,790
Land	30,853	30,256
Leased assets	7,359	6,678
Accumulated depreciation	(4,492)	(2,935)
Leased assets, net	2,867	3,743
Construction in progress	3,282	1,752
Total property, plant and equipment	134,879	136,986
Intangible assets		
Goodwill	63,377	64,453
Leased assets	586	635
Trademark right	55,173	58,005
Other	47,595	44,027
Total intangible assets	166,732	167,121
Investments and other assets		
Investment securities	26,889	29,234
Long-term prepaid expenses	11,994	12,842
Deferred tax assets	33,118	37,960
Other	25,200	24,483
Allowance for doubtful accounts	(56)	(62)
Total investments and other assets	97,145	104,458
Total non-current assets	398,758	408,567
Total assets	801,346	823,636

(Millions of yen)

	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015
Liabilities		
Current liabilities		
Notes and accounts payable – trade	50,945	34,460
Electronically recorded obligations - operating	—	25,980
Short-term loans payable	6,727	27,187
Commercial papers	—	602
Current portion of bonds	50,000	40,000
Current portion of long-term loans payable	5,926	5,952
Lease obligations	1,400	1,873
Accounts payable – other	48,043	35,329
Income taxes payable	17,503	16,210
Provision for sales returns	11,084	15,101
Provision for bonuses	18,094	17,012
Provision for directors' bonuses	290	182
Provision for risk and liabilities	486	649
Provision for structural reforms	122	10
Deferred tax liabilities	35	39
Other	39,123	44,788
Total current liabilities	249,783	265,381
Non-current liabilities		
Bonds payable	40,000	—
Long-term loans payable	49,714	28,831
Lease obligations	2,149	2,450
Liability for retirement benefits	60,825	77,704
Provision for loss on guarantees	350	350
Provision for environmental measures	395	395
Provision for structural reforms	1,061	1,005
Deferred tax liabilities	33,413	33,198
Other	4,945	4,949
Total non-current liabilities	192,855	148,885
Total liabilities	442,638	414,267
Net assets		
Shareholders' equity		
Capital stock	64,506	64,506
Capital surplus	70,258	70,258
Retained earnings	203,452	218,757
Treasury shares	(2,682)	(2,214)
Total shareholders' equity	335,535	351,308
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,544	6,443
Foreign currency translation adjustment	19,690	48,544
Accumulated adjustments for retirement benefit	(20,207)	(19,435)
Total accumulated other comprehensive income	3,026	35,552
Subscription rights to shares	941	1,043
Minority interests	19,204	21,465
Total net assets	358,707	409,369
Total liabilities and net assets	801,346	823,636

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015
Net sales	762,047	777,687
Cost of sales	189,559	196,433
Gross profit	572,487	581,254
Selling, general and administrative expenses	522,843	553,640
Operating income	49,644	27,613
Non-operating income		
Interest income	985	1,194
Dividend income	624	565
Share of profit of entities accounted for using equity method	82	212
Rental income	890	1,006
Subsidy income	687	874
Foreign exchange gain	739	—
Other	1,164	1,085
Total non-operating income	5,173	4,938
Non-operating expenses		
Interest expenses	1,731	1,207
Foreign exchange loss	—	657
Other	1,660	1,447
Total non-operating expenses	3,391	3,312
Ordinary income	51,426	29,239
Extraordinary income		
Gain on transfer of business	—	22,268
Gain on sales of non-current assets	6,664	4,422
Gain on sales of investment securities	648	233
Total extraordinary income	7,313	26,923
Extraordinary losses		
Impairment loss	969	2,531
Structural reform expenses	5,555	3,273
Loss on liquidation of subsidiaries and associates	—	125
Loss on disposal of non-current assets	1,704	1,164
Loss on sales of investment securities	6	29
Loss on valuation of investment securities	76	0
Total extraordinary losses	8,312	7,125
Income before income taxes and minority interest	50,427	49,038
Income taxes – current	22,155	20,230
Prior-year corporate taxes, etc.	1,700	—
Income taxes – deferred	(2,164)	(7,419)
Total income taxes	21,690	12,811
Income before minority interests	28,736	36,227
Minority interests in income	2,587	2,558
Net income	26,149	33,668

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015
Income before minority interests	28,736	36,227
Other comprehensive income		
Valuation difference on available-for-sale securities	814	2,842
Foreign currency translation adjustment	60,698	30,822
Remeasurements of defined benefit plans, net of tax	391	773
Share of other comprehensive income of entities accounted for using equity method	81	2
Total other comprehensive income	61,986	34,441
Comprehensive income	90,722	70,668
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	84,750	66,193
Comprehensive income attributable to minority interests	5,971	4,474

(3) Consolidated Statements of Changes in Shareholders' Equity
(Fiscal Year Ended March 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	64,506	70,258	191,476	(3,697)	322,543
Effect of changes in accounting policies (cumulative)					—
Balance at beginning of term reflecting changes in accounting policies	64,506	70,258	191,476	(3,697)	322,543
Changes during term					
Dividend from retained earnings			(13,933)		(13,933)
Net income			26,149		26,149
Acquisition of treasury stock				(5)	(5)
Disposal of treasury stock			(234)	1,021	786
Change in consolidation scope					—
Noncontrolling interests, capital transactions, others			(5)		(5)
Changes during term not related to shareholders' equity					
Total changes during term	—	—	11,975	1,015	12,991
Balance at end of term	64,506	70,258	203,452	(2,682)	335,535

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Net unrealized gains or losses on securities	Translation adjustments	Accumulated adjustment related to retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of term	2,799	(37,832)	(440)	(35,474)	846	15,237	303,153
Effect of changes in accounting policies (cumulative)							—
Balance at beginning of term reflecting changes in accounting policies	2,799	(37,832)	(440)	(35,474)	846	15,237	303,153
Changes during term							
Dividend from retained earnings							(13,933)
Net income							26,149
Acquisition of treasury stock							(5)
Disposal of treasury stock							786
Change in consolidation scope							—
Noncontrolling interests, capital transactions, others							(5)
Changes during term not related to shareholders' equity	744	57,523	(19,767)	38,500	95	3,966	42,562
Total changes during term	744	57,523	(19,767)	38,500	95	3,966	55,554
Balance at end of term	3,544	19,690	(20,207)	3,026	941	19,204	358,707

(Fiscal Year Ended March 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	64,506	70,258	203,452	(2,682)	335,535
Effect of changes in accounting policies (cumulative)			(10,303)		(10,303)
Balance at beginning of term reflecting changes in accounting policies	64,506	70,258	193,149	(2,682)	325,231
Changes during term					
Dividend from retained earnings			(7,972)		(7,972)
Net income			33,668		33,668
Acquisition of treasury stock				(6)	(6)
Disposal of treasury stock			(93)	474	381
Change in consolidation scope			139		139
Noncontrolling interests, capital transactions, others			(133)		(133)
Changes during term not related to shareholders' equity					
Total changes during term	—	—	25,608	468	26,076
Balance at end of term	64,506	70,258	218,757	(2,214)	351,308

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Net unrealized gains or losses on securities	Translation adjustments	Accumulated adjustment related to retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of term	3,544	19,690	(20,207)	3,026	941	19,204	358,707
Effect of changes in accounting policies (cumulative)						(2)	(10,306)
Balance at beginning of term reflecting changes in accounting policies	3,544	19,690	(20,207)	3,026	941	19,201	348,401
Changes during term							
Dividend from retained earnings							(7,972)
Net income							33,668
Acquisition of treasury stock							(6)
Disposal of treasury stock							381
Change in consolidation scope							139
Noncontrolling interests, capital transactions, others							(133)
Changes during term not related to shareholders' equity	2,899	28,854	771	32,525	102	2,263	34,891
Total changes during term	2,899	28,854	771	32,525	102	2,263	60,967
Balance at end of term	6,443	48,544	(19,435)	35,552	1,043	21,465	409,369

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015
Cash flows from operating activities		
Income before income taxes and minority interests	50,427	49,038
Depreciation	33,618	33,353
Amortization of goodwill	4,571	4,726
Impairment loss	969	2,531
Loss (gain) on disposal of non-current assets	(4,960)	(3,257)
Loss (gain) on sales of investments in securities	(702)	(203)
Loss (gain) on valuation of investments in securities	76	0
Gain on business transfer	—	(22,268)
Increase (decrease) in allowance for doubtful accounts	213	260
Increase (decrease) in provision for sales returns	(580)	3,490
Increase (decrease) in provision for bonuses	4,482	(1,568)
Increase (decrease) in provision for directors' bonuses	21	(107)
Increase (decrease) in provision for risk and liabilities	1	219
Increase (decrease) in provision for structural reforms	(574)	(168)
Increase (decrease) in provision for retirement benefits	(45,042)	—
Increase (decrease) in net defined benefit liability	29,504	2,086
Increase (decrease) in provision for environmental measures	(49)	—
Decrease (increase) in prepaid pension costs	17,155	—
Interest and dividends income	(1,610)	(1,759)
Interest expense	1,731	1,207
Share of (profit) loss of entities accounted for using equity method	(82)	(212)
Decrease (increase) in notes and accounts receivable – trade	(3,000)	11,173
Decrease (increase) in inventories	7,827	(11,625)
Increase (decrease) in notes and accounts payable – trade	6,260	(8,586)
Other, net	1,980	(1,882)
Subtotal	102,239	56,446
Interest and dividend income received	1,461	1,709
Interest expenses paid	(1,775)	(1,328)
Income taxes paid	(17,605)	(24,693)
Net cash provided by (used in) operating activities	84,320	32,134

(Millions of yen)

	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015
Cash flows from investing activities		
Payments into time deposits	(22,273)	(17,777)
Proceeds from withdrawal of time deposits	17,702	17,412
Purchase of securities	(816)	—
Proceeds from sales of securities	883	1,300
Purchase of investment securities	(1,504)	(296)
Proceeds from sales of investments in securities	6,440	1,842
Proceeds from transfer of business	—	29,823
Purchase of property, plant and equipment	(17,964)	(15,610)
Proceeds from sales of property, plant and equipment	7,462	5,577
Purchase of intangible assets	(4,393)	(5,225)
Purchase of long-term prepaid expenses	(5,955)	(5,938)
Other, net	3,618	429
Net cash provided by (used in) investing activities	(16,799)	11,538
Cash flows from financing activities		
Increase (decrease) in short-term bank loans and commercial papers	(395)	23,039
Proceeds from long-term loans payable	22,874	—
Repayment of long-term loans payable	(52,496)	(20,917)
Redemption of bonds	—	(50,000)
Repayment of lease obligations	(2,222)	(2,012)
Purchase of treasury shares	(5)	(6)
Proceeds from disposal of treasury shares	786	381
Cash dividends paid	(13,949)	(7,988)
Cash dividends paid to minority shareholders	(2,053)	(914)
Net cash provided by (used in) financing activities	(47,462)	(58,419)
Effect of exchange rate changes on cash and cash equivalents	9,852	4,818
Net increase (decrease) in cash and cash equivalents	29,910	(9,927)
Cash and cash equivalents at beginning of period	80,253	110,163
Increase in cash and cash equivalents from newly consolidated subsidiary	—	571
Cash and cash equivalents at end of period	110,163	100,807

(5) Notes Concerning Consolidated Financial Statements

(Note on Going Concern Assumption)

Not applicable

(Basis of Presenting Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 92

Apart from the change described below, principal subsidiaries are listed in the Group's most recent Securities Report (submitted June 25, 2014). Since there are no other major changes, the list is omitted from this report. Please refer to the following website for the list of principal subsidiaries.

http://www.shiseidogroup.jp/ir/library/syoken/pdf/2013/1403all.pdf (Japanese only)

[Additions: 3 companies]

Three companies—Shiseido Middle East FZCO, Shiseido India Private Limited and PT Shiseido Cosmetics Indonesia—were established during the year and thus have been included in the scope of consolidation in the year under review.

[Exclusions: 5 companies]

All of the shares in Carita International S.A. and FIPAL S.A.S., as well as their three subsidiaries, were sold in the first two quarters of the year under review. Accordingly, those companies were excluded from the scope of consolidation in the year under review.

(2) Nonconsolidated subsidiaries

Major Company Name: Beauté Prestige International Ltd. (UK)

(Reasons for excluding nonconsolidated subsidiaries from scope of consolidation)

Since the company is small in scale or does not engage in full-scale operations, its combined assets, net sales, net income (the Company's interest share) and retained earnings (the Company's interest share) have a minimal effect on the Company's consolidated financial statements, and it is insignificant in general, it is not included in the scope of consolidation.

(Changes in Accounting Policies and Accounting Estimates)

<u>Changes in Accounting Policies</u>

Application of Accounting Standard for Retirement Benefits

With respect to "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), the Company has applied provisions stated in Clause 35 of the Retirement Benefits Accounting Standard and Clause 67 of the Guidance on Retirement Benefits, effective the first quarter of the year under review. Accordingly, the Company has reassessed the method for calculating retirement benefit obligations and current service costs, and changed the period reversion method for retirement benefit estimates from a straight-line basis to a benefit calculation basis. Application of discount rate has also been amended. Under the previous method, the discount rate was determined based on the average service period up to the estimated timing of benefit payment. Under the new method, differing discount rates will be used according to the estimated timing of benefit payment.

The Accounting Standard for Retirement Benefits is being applied transitionally as determined in its Clause 37. At beginning of the first quarter of the year under review, the effect of the change in accounting standard has been reflected as an increase or decrease in retained earnings.

This change caused the liability for retirement benefits to increase by ¥16,188 million, deferred tax assets to increase by ¥5,882 million, retained earnings to decrease by ¥10,303 million, and minority interests to decrease by ¥2 million in the year under review. It also caused consolidated net sales, operating income, ordinary income, and income before income taxes to each increase by ¥602 million.

The impact of this change on per-share figures is explained in the relevant section of this report.

Change in depreciation method for property, plant and equipment

To date, the Company and its domestic consolidated subsidiaries have mainly adopted the declining balance method for depreciation of buildings (excluding attached equipment) and property, plant and equipment (excluding leased assets). Effective the first quarter of the year under review, however, the straight-line method has been applied.

The Group expects long-term stability of equipment operation and securement of income stemming from drastic reassessments of its marketing style (including for existing fostered products) and business operational style. We also look forward to sustained growth in overseas markets, global advancement of our business, and stronger responsiveness and other factors. In order to make accounting processes consistent in this context, we conducted an examination of the depreciation method for property, plant and equipment. Accordingly, the Company and its domestic consolidated subsidiaries have adopted the straight-line method of depreciation used by its overseas consolidated subsidiaries. The Group believes that this method provides a more appropriate reflection of actual business conditions.

In the year under review, this change caused depreciation to decline by ¥1,124 million, and operating income, ordinary income, and income before income taxes to increase by ¥1,124 million.

The impact of this change on per-share figures is explained in the relevant section of this report.

Changes in Accounting Estimates

Change in estimation of useful lives and residual values of property, plant and equipment

Following the aforementioned change in depreciation method, the Group assessed the actual status of its operations and, effective the first quarter of the year under review, changed the method of estimating useful lives of certain property, plant and equipment to reflect such actual status. As for calculating residual values, the Company and its domestic consolidated subsidiaries have adopted the method of depreciating assets until the memorandum price is reached.

In the year under review, this change caused depreciation to increase by ¥49 million. It also caused consolidated net sales, operating income, ordinary income, and income before income taxes to each decrease by ¥49 million.

The impact of this change on per-share figures is explained in the relevant section of this report.

(Supplementary Information)

Change in legal taxation rate

March 31, 2015 saw the promulgation of the “Partial Revision of Income Tax Act” (Act No. 9 of 2015). Accordingly, the effective legal tax rate, used to calculate deferred tax assets and deferred tax liabilities, will decline from 36% (in the previous fiscal year) to 33% between April 1, 2015 and December 31, 2016 (the period in which the temporary difference and other items are expected to be abolished). As of January 1, 2017, it will be changed to 32%.

As result of the change, net deferred tax assets (after deducting deferred tax liabilities) at fiscal year-end decreased by ¥3,253 million, while income taxes (deferred) increased by ¥2,715 million and the valuation difference on available-for-sale securities increased by ¥357 million. The accumulated adjustment for retirement benefits increased by –¥896 million.

(Consolidated Statements of Income)

Business Transfer Income

Fiscal 2014 (April 1, 2014–March 31, 2015)

This resulted from the sale of the ***DECLÉOR*** and ***CARITA*** brands.

Impairment Losses

Fiscal 2014 (April 1, 2014–March 31, 2015)

These relate to impairment losses on overseas non-current assets.

Use	Type	Location
Business-use assets	Other intangible fixed assets, Buildings and structures, etc.	United States
Unutilized assets	Buildings and structures, etc.	Taiwan, etc.

The Shiseido Group pools its business-use assets according to the minimum independent cash-flow-generating unit, based on business classification. Unutilized assets are pooled according to individual property.

In the Global Business segment, customer-related intangible assets of Bare Escentuals, Inc. were subject to impairment tests based on U.S. accounting standards after comprehensive consideration of the situation in which that company’s net sales have fallen below projections. Consequently, such assets were devalued to their recoverable value, resulting in an extraordinary loss of ¥2,377 million. The recoverable value is measured as the usage value, at a discount rate of 11.5%.

Among business-use assets, the book values of buildings and structures have been devalued to their recoverable value, resulting in a ¥42 million extraordinary loss. The recoverable amount is estimated based on the expected selling price after calculating net sale value.

With respect to underutilized assets, Group assets that are no longer expected to be used in the future have been devalued to their recoverable value, resulting in a ¥111 million extraordinary loss. The recoverable amount is estimated based on the expected selling price after calculating net sale value.

Structural Reform Expenses

Fiscal 2014 (April 1, 2014–March 31, 2015)

Structural Reform Expenses refers to expenses related to “optimizing store-level inventories” (aimed at building a framework that prevents inventory accumulation) and to “strengthening human resource and personnel cost management.” These are part of one-time expenses pertaining to “structural reforms” (drastic reassessments of organization, infrastructure, and business administration aimed at building a robust business structure).

Expenses related to optimizing store-level inventories in China	¥1,197 million
Retirement premiums paid to early retirees	¥2,075 million

Loss on Liquidation of Subsidiary

Fiscal 2014 (April 1, 2014–March 31, 2015)

The Company reported a loss on liquidation of a subsidiary in Australia.

(Segment Information)

1. Overview of Reportable Segments

With respect to its reportable segments, the Company is able to obtain delineated financial data from among its structural units. Accordingly, its segments are subject to regular examination in order to assist decision-making on allocation of managerial resources and evaluation of business performance by the Board of Directors.

The Company’s main business is the production and sale of cosmetics. Under a business structure classified according to domestic and global regions, various business departments in the head office formulate comprehensive strategies and promote business activities. Consequently, the Company has classified its operations into two segments along geographical lines: Domestic Cosmetics Business and Global Business.

The Domestic Cosmetics Business segment includes the domestic cosmetics business (production and sale of cosmetics, cosmetic accessories, and toiletries), the healthcare business (production and sale of health & beauty foods and over-the-counter drugs), and the production and sale of non-Shiseido-brand products and mail-order products.

The Global Business segment covers the overseas cosmetics business (production and sale of cosmetics, cosmetic accessories, and toiletries) and the domestic and overseas professional business (production and sale of beauty salon products).

2. Method of Computing Sales, Income/Loss, Assets, Liabilities, and Other Items by Reportable Segment

The accounting treatment method for the Group’s reported business segments is generally the same as described in the Company’s most recent Securities Report (filed on June 25, 2014) and “Basis of Presenting Consolidated Financial Statements.” Also, segment income is based on operating income. The prices of inter-segment transactions and transfers are determined by price negotiations based on the Company’s submission of preferred prices after taking market conditions into account.

3. Sales, Income (Loss), Assets, and Other Items by Reportable Segment

Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)

(Millions of yen)

	Domestic Cosmetics Business	Global Business	Others Note: 1	Subtotal	Adjustment Note: 2	Total Note: 3
Net Sales						
Sales to Outside Customers	349,718	402,213	10,114	762,047	—	762,047
Intersegment Sales or Transfers	2,108	3,280	4,937	10,326	(10,326)	—
Total	351,826	405,494	15,052	772,373	(10,326)	762,047
Segment Income	39,460	7,659	2,081	49,201	442	49,644
Segment Assets	199,326	483,606	44,044	726,977	74,369	801,346
Other Items						
Depreciation and Amortization	12,770	19,856	965	33,592	26	33,618
Amortization of Goodwill	141	4,430	—	4,571	—	4,571
Increase in Tangible and Intangible Fixed Assets	14,318	15,098	199	29,616	—	29,616

Notes: 1. “Others” includes businesses not included in the reporting segments. These include the frontier sciences business (production and sale of cosmetic raw materials, medical-use drugs, medical cosmetics, precision and analytical equipment, etc.) and the restaurant business.

2. Below is a description of adjustments.

(1) The “Segment Income (Loss)” adjustment refers to intersegment transaction eliminations amounting to ¥442 million.

(2) The “Segment Assets” adjustment includes intersegment eliminations amounting to ¥2,421 million and companywide assets (not allocated to specific segments) totaling ¥76,790 million. Companywide assets consist mainly of assets not belonging to specific segments (cash and time deposits, short-term investments in securities, investments in securities, etc.) and assets related to administrative operations.

(3) The “Depreciation and Amortization” adjustment refers to depreciation expenses related to companywide assets and intersegment eliminations.

Long-term prepaid expenses are included in “Depreciation and Amortization” and “Increase in Tangible and Intangible Fixed Assets.”

3. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.

4. As stated in “Changes in Accounting Policies,” the Company has applied Accounting Standard for Retirement Benefits, effective the year under review (applied transitionally as determined in Clause 37 of said accounting standard). As a result, segment assets in the Domestic Cosmetics Business, Global Business, and Others segments decreased by ¥3,374 million, ¥193 million, and ¥165 million, respectively, in the year under review.

5. The Company has applied amended “Employee Benefits,” effective the year under review.

Fiscal Year Ended March 2015 (April 1, 2014–March 31, 2015)

(Millions of yen)

	Domestic Cosmetics Business	Global Business	Others Note: 1	Subtotal	Adjustment Note: 2	Total Note: 3
Net Sales						
Sales to Outside Customers	339,294	427,899	10,493	777,687	—	777,687
Intersegment Sales or Transfers	2,664	2,991	4,798	10,453	(10,453)	—
Total	341,958	430,891	15,291	788,140	(10,453)	777,687
Segment Income (Loss)	30,039	(4,687)	2,234	27,586	26	27,613
Segment Assets	206,493	514,006	42,519	763,019	60,617	823,636
Other Items						
Depreciation and Amortization	11,561	20,993	796	33,351	2	33,353
Amortization of Goodwill	141	4,584	—	4,726	—	4,726
Increase in Tangible and Intangible Fixed Assets	14,995	15,264	342	30,602	—	30,602

Notes: 1. "Others" includes businesses not included in the reporting segments. These include the frontier sciences business (production and sale of cosmetic raw materials, medical-use drugs, medical cosmetics, precision and analytical equipment, etc.) and the restaurant business.

2. Below is a description of adjustments.

(1) The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to ¥26 million.

(2) The "Segment Assets" adjustment includes inter-segment eliminations amounting to –¥2,294 million and companywide assets (not allocated to specific segments) totaling ¥62,912 million. Companywide assets consist mainly of assets not belonging to specific segments (cash and time deposits, short-term investments in securities, investments in securities, etc.) and assets related to administrative operations.

(3) The "Depreciation and Amortization" adjustment refers to depreciation expenses related to companywide assets and intersegment eliminations.

Long-term prepaid expenses are included in "Depreciation and Amortization" and "Increase in Tangible and Intangible Fixed Assets."

3. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.

4. As stated in "Changes in Accounting Policies," effective the end of the fiscal year under review, the Accounting Standard for Retirement Benefits is being applied transitionally as determined in its Clause 37. As a result, segment incomes for the Domestics Cosmetics Business, Global Business, and Others segments increased by ¥469 million, ¥124 million, and ¥8 million, respectively.

5. As stated in "Changes in Accounting Policies," the Company has changed the depreciation method for property, plant and equipment, effective the year under review. As a result, segment income in the Domestic Cosmetics Business, Global Business, and Others segments increased by ¥997 million, ¥100 million, and ¥26 million, respectively, in the year under review.

6. As stated in "Changes in Accounting Estimates," the Company has changed the method of estimating useful lives and residual values of property, plant and equipment, effective the year under review. As a result, segment income decreased by ¥20 million in the Domestic Cosmetics Business segment, increased by ¥17 million in the Global Business segment, and decreased by ¥46 million in the Others segment in the year under review.

(Per-Share Data)

(Yen)

Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)		Fiscal Year Ended March 2015 (April 1, 2014–March 31, 2015)	
Net assets per share	849.42	Net assets per share	970.00
Net income per share	65.65	Net income per share	84.44
Net income per share (fully diluted)	65.54	Net income per share (fully diluted)	84.30

Notes: 1. The basis for calculating net assets per share is shown below.

	Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)	Fiscal Year Ended March 2015 (April 1, 2014–March 31, 2015)
Total net assets (¥ millions)	358,707	409,369
Amount deducted from total net assets (¥ millions)	20,145	22,508
[Stock acquisition rights (¥ millions)]	(941)	(1,043)
[Minority interests (¥ millions)]	(19,204)	(21,465)
Net assets at term-end related to common stock (¥ millions)	338,561	386,860
Common stock at term-end used to calculate net assets per share (1,000 shares)	398,577	398,826

2. The basis for calculating net income/(loss) per share and fully diluted net income per share is shown below.

	Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)	Fiscal Year Ended March 2015 (April 1, 2014–March 31, 2015)
Net income/(loss) per share		
Net income/(loss) (¥ millions)	26,149	33,668
Amount not belonging to common stockholders (¥ millions)	—	—
Net income/(loss) related to common stock (¥ millions)	26,149	33,668
Average shares outstanding (1,000 shares)	398,300	398,704
Net income per share (fully diluted)		
Net income adjustment (¥ millions)	—	—
Increase in common stock (1,000 shares)	651	691
(Stock options made available through new share subscription rights) (1,000 shares)	(651)	(691)
Latent shares not included in fully diluted net income per share calculation due to lack of dilution effect.	Stock options made available through new share subscription rights (300 stock acquisition rights): 300 thousand shares of common stock	Stock options made available through new share subscription rights (300 stock acquisition rights): 300 thousand shares of common stock

3. As stated in "Changes in Accounting Policies," the Accounting Standard for Retirement Benefits is being applied transitionally as determined in its Clause 37. As a result of this change, net assets per share in the fiscal year under review decreased by ¥24.88, while net income per share and net income per share (fully diluted) increased by ¥0.96, compared with the previous method.

4. As stated in "Changes in Accounting Policies," the Company has changed the depreciation method for property, plant and equipment, effective the year under review. As a result of this change, net income per share and net income per share (fully diluted) increased by ¥1.81 and ¥1.80, respectively, compared with the previous method.

5. As stated in "Changes in Accounting Estimates," the Company has changed the method of estimating useful lives and residual values of property, plant and equipment, effective the year under review. As a result of this change, net income per share and net income per share (fully diluted) both decreased by ¥0.08 compared with the previous method.

(Important Subsequent Event)

Transfer of significant assets and sales of shares in important subsidiaries

On April 9, 2015, BEAUTÉ PRESTIGE INTERNATIONAL S.A. (BPI), an affiliate of the Company (Shiseido Company, Limited) entered into an agreement (the Agreement) with PUIG, S.L. (Puig) to transfer IP rights of Jean Paul GAULTIER (JPG) regarding fragrance products and other related activities, which BPI has been managing.

1. Reason for the transfer
   BPI has developed and distributed JPG fragrance products since 1991 under a license agreement (the License Agreement) for Class 3 products, the term of which is June 2016. Puig became the majority shareholder of the fashion house Jean Paul GAULTIER in 2011 and wants to develop and sell JPG fragrances on its own. Accordingly, BPI and Puig entered into the Agreement regarding the transfer of IP rights to JPG fragrances.

2. Name of counterparty to the Agreement
   PUIG, S.L.

3. Summary of properties and assets to be transferredc
   IP rights (trademarks, design rights, and copyrights) and shares of Noms de Code S.A.S. held by BPI and the Company. Noms de Code S.A.S. owns part of the IP rights.

4. Overview of the Agreement
   Agreements to transfer the properties and assets above and an early termination agreement of the License Agreement

5. Signing and closing date
   April 9, 2015 and January 4, 2016 (plan)

6. Transfer price
   IP rights and shares of Noms de Code S.A.S.: €69,500,000
   Extra bonus, which payment will be conditional upon the JPG fragrance's business result in fiscal 2015: Maximum of €20,000,000

7. Effect of the transfer on the Company's financial position, business results, and cash flows
   Items related to the transfer, including gain on sales and compensation for early termination of the License Agreement, are currently being computed.

Issue of domestic unsecured straight bonds

At its meeting on April 27, 2015, the Board of Directors reached a comprehensive resolution related to domestic unsecured straight bonds (see overview below).

(1) Total issue amount	Maximum of ¥40 billion (However, multiple issues can be made within this range.)
(2) Price	¥100.00 per bond (each bond is ¥100.00)
(3) Yield	Maximum of +1.0 percentage point over running yield of government bonds with same maturity
(4) Term	10 years (maximum)
(5) Redemption method	Lump sum payment upon maturity
(6) Issue period	Between resolution of Board of Directors and September 30, 2015
(7) Use of funds raised	Redemption of bonds, repayments of loans, etc.

5. Other

(1) Top Management Changes

Directors

[Change in Representative Director]
(Effective April 1, 2015)

Name	Former Title	New Title
Toru Sakai	Director Corporate Executive Officer	Representative Director Corporate Executive Officer

[New Candidate]
(To be appointed at the 115th Ordinary General Meeting of Shareholders scheduled for end of June 2015)

Title	Name
External Director	Yoko Ishikura

[Retiring]

Title	Name	Retirement Date
Representative Director	Carsten Fischer	March 31, 2015
Director	Yu Okazawa	Close of 115th Ordinary General Meeting of Shareholders scheduled for end of June 2015
External Director	Taeko Nagai	Close of 115th Ordinary General Meeting of Shareholders scheduled for end of June 2015

Audit & Supervisory Board Members

[New Candidate]
(To be appointed at the 115th Ordinary General Meeting of Shareholders and Subsequent Audit & Supervisory Board Meeting scheduled for end of June 2015)

Title	Name
Audit & Supervisory Board Member (Full-time)	Kyoko Okada

[Retiring]
(Effective at close of 115th Ordinary General Meeting of Shareholders scheduled for end of June 2015)

Title	Name
Audit & Supervisory Board Member (Full-time)	Yasuko Takayama

Corporate Officers

[Promotion]
(Effective April 1, 2015]

Title	Name	Main Responsibilities or Positions
Corporate Executive Officer	Yoichi Shimatani	Chief Research and Development Officer [Responsible for Research and Development]

[New Appointments]
(Effective April 1, 2015]

Title	Name	Main Responsibilities or Positions
Corporate Executive Officer	Ralph Ahrbeck	Chief Strategy Officer and President, China Region [Responsible for Corporate Strategy, China Business]
Corporate Officer	Jun Aoki	Chief People Officer [Responsible for Human Resources, General Manager of Human Resources Department]
Corporate Officer	Naoki Murakami	Senior Vice President, Prestige Brands, Japan Business Division [Responsible for Prestige Brands, Japan Business]
Corporate Officer	Yoshiaki Okabe	SHISEIDO Brand Director, Global Business Division [Responsible for SHISEIDO Brand]
Corporate Officer	Mikiko Soejima	Senior Vice President, Beauty, Japan Business Division [Responsible for the area of Beauty, Japan Business]
Corporate Officer	Shigeru Takano	Chairman and President, Shiseido China Co., Ltd. [Responsible for Shiseido China Co., Ltd.]
Corporate Officer	Mari Tamura	Assistant to Chief Officer of Global Business Division

[Retiring]
(Effective March 31, 2015)

Title	Name	Main Responsibilities or Positions
Corporate Senior Executive Officer	Carsten Fischer	Assistant to CEO Responsible for Strategic Projects
Corporate Executive Officer	Yu Okazawa	Chief Officer of China Business Division General Manager, Marketing Dvelopment Department, China Business Division
Corporate Executive Officer	Ryuichi Yabuki	Responsible for Sales of Domestic Cosmetics Business
Corporate Officer	Hiroshi Maruyama	Responsible for International Business Strategy and Marketing

[Reference]

Top Management Structure after closing of 115th Ordinary General Meeting of Shareholders scheduled for end of June 2015 (plan)

Directors

Title	Name	Main Responsibilities or Positions
Representative Director President & CEO	Masahiko Uotani	President and CEO Chairman of the Board [Responsible for Global Business and Corporate Communications]
Representative Director Corporate Executive Officer	Toru Sakai	President, Japan Region [Responsible for Japan Business, Health Care Business, and Digital Business] President and Representative Director, Shiseido Sales Co., Ltd.
Director Corporate Executive Officer	Tsunehiko Iwai	Chief Technology and Innovation Officer [Responsible for Research and Development, SCM, and Technical Strategy]
External Director (Independent)	Yoko Ishikura	Director, Independent Officer, Nissin Food Holdings Co., Ltd. Outside Director, Lifenet Insurance Company Outside Director, Sojitz Corporation Professor Emeritus, Hitotsubashi University
External Director (Independent)	Shoichiro Iwata	President & CEO, ASKUL Corporation
External Director (Independent)	Tatsuo Uemura	Professor, School of Law, Waseda University

Notes: 1. Representative directors are scheduled to be decided at the Board of Directors meeting held following the 115th Ordinary General Meeting of Shareholders in June 2015.

2. Independent: Shoichiro Iwata and Tatsuo Uemura are designated as independent directors under Article 436-2 of Securities Regulations of the Tokyo Stock Exchange, and are expected to be reappointed as independent directors following their election at the Ordinary General Meeting of Shareholders. Yoko Ishikura is expected to be designated as independent director following her appointment at the Ordinary General Meeting of Shareholders.

Audit & Supervisory Board Members

Title	Name	Main Responsibilities or Positions
Audit & Supervisory Board Member (Full-time)	Yoshinori Nishimura	—
Audit & Supervisory Board Member (Full-time)	Kyoko Okada	—
Audit & Supervisory Board Member (External) (Independent)	Akio Harada	External Director, Seiko Holdings Corporation External Director, Sumitomo Corporation External Director, Yamazaki Baking Co., Ltd. Representative Director, Young Men's Christian Association at the University of Tokyo, public interest incorporated foundation President, Japan Criminal Policy Society President, International Civil and Commercial Law Centre Foundation
Audit & Supervisory Board Member (External) (Independent)	Nobuo Otsuka	Chairman, Keiseikai Hospital Group
Audit & Supervisory Board Member (External) (Independent)	Eiko Tsujiyama	Professor, School of Commerce and the Graduate School of Commerce, Waseda University Outside Corporate Auditor, Mitsubishi Corporation Outside Director, ORIX Corporation Outside Corporate Auditor, Lawson, Inc. Outside Audit & Supervisory Board Member, NTT DoCoMo, Inc.

Note: Independent: Akio Harada, Nobuo Otsuka, and Eiko Tsujiyama are designated as independent directors under Article 436-2 of Securities Regulations of the Tokyo Stock Exchange.

Corporate Officers Not Serving Concurrently as Directors

Title	Name	Main Responsibilities or Positions
Corporate Executive Officer	Ralph Ahrbeck	Chief Strategy Officer and President, China Region [Responsible for Corporate Strategy, China Business]
Corporate Executive Officer	Chikako Sekine	Chief Beauty Officer [Responsible for the area of Beauty (Global & Japan), Beauty Creation, and Consumer Information]
Corporate Executive Officer	Yoichi Shimatani	Chief Research and Development Officer [Responsible for Research and Development]
Corporate Officer	Jun Aoki	Chief People Officer [Responsible for Human Resources, General Manager of Human Resources Department]
Corporate Officer	Jean-Philippe Charrier	President, Asia Pacific Region, and Senior Vice President, Global Professional Business [Responsible for Asia Pacific Business and Global Professional Business]
Corporate Officer	Takahiro Hayashi	Chief Creative Officer [Responsible for Corporate Culture and Advertising Creation]
Corporate Officer	Masaya Hosaka	Chief Technical Strategy Officer and Chief Quality Officer [Responsible for Technical Strategy, Quality Management, Pharmaceutical Affairs, and Frontier Science Business]
Corporate Officer	Kiyoshi Ishimoto	Chief Supply Chain Officer [Responsible for Production, Purchasing, and Logistics]
Corporate Officer	Norio Iwasaki	Senior Vice President, Personal Care Brands, Japan Business Division [Responsible for Personal Care Brands, Japan Business] President and Representative Director, FT Shiseido Co., Ltd.
Corporate Officer	Naoki Murakami	Senior Vice President, Prestige Brands, Japan Business Division [Responsible for Prestige Brands, Japan Business] President and Representative Director, Shiseido International Inc.
Corporate Officer	Yoshiaki Okabe	SHISEIDO Brand Director, Global Business Division [Responsible for SHISEIDO Brand]
Corporate Officer	Kazuhisa Shibata	Chief Administration Officer [Responsible for General Affairs, Legal Affairs, Executive Affairs, CSR, and Environment]
Corporate Officer	Mikiko Soejima	Senior Vice President, Beauty, Japan Business Division [Responsible for the area of Beauty, Japan Business]
Corporate Officer	Shigekazu Sugiyama	Senior Vice President, Cosmetics Brands, Japan Business Division [Responsible for Cosmetics Brands, Japan Business] President and Representative Director, Shiseido FITIT Co., Ltd.
Corporate Officer	Norio Tadakawa	Chief Finance Officer [Responsible for Finance, Information System Planning, and Internal Control]
Corporate Officer	Shigeru Takano	Chairman and President, Shiseido China Co., Ltd. [Responsible for Shiseido China Co., Ltd.]
Corporate Officer	Mari Tamura	Assistant to Chief Officer of Global Business Division