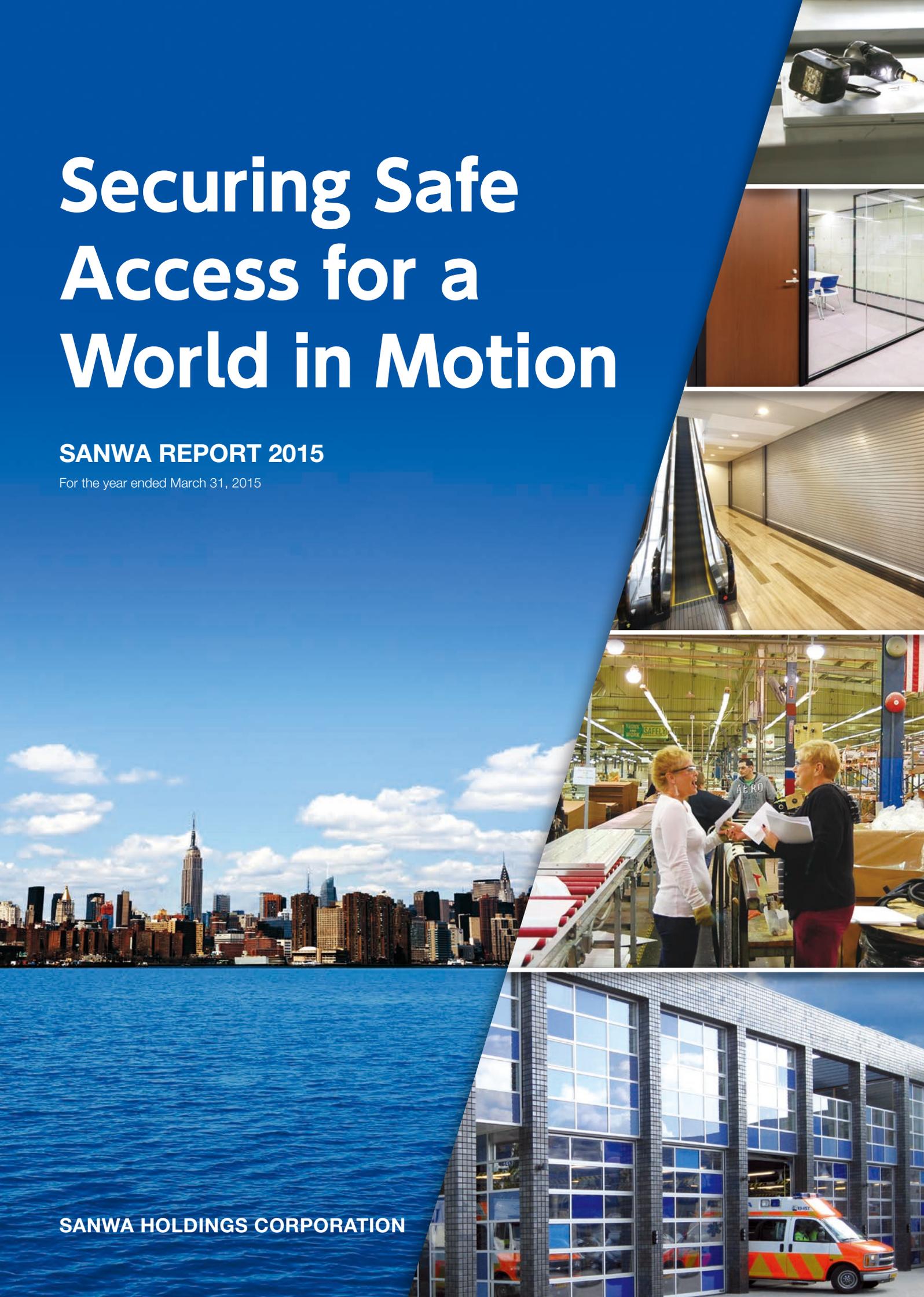


Securing Safe Access for a World in Motion

SANWA REPORT 2015

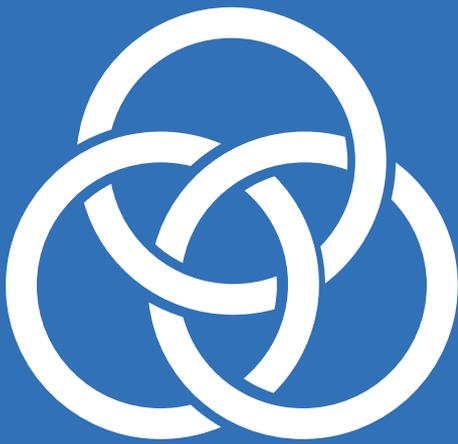
For the year ended March 31, 2015



SANWA HOLDINGS CORPORATION

Securing Safe Access for a World in Motion

Safety



Security

Convenience





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Forward-looking statements:
 This report includes forward-looking statements pertaining to expectations, plans, strategies, management goals, future performance, expenses, revenues, income and other forecasts formulated on past experiences. Forward-looking statements necessarily entail some degree of uncertainty, and the content conveyed in the results as well as underlying factors identified in the report may differ materially from actual results depending on changes in those factors.

Reporting period:
 Fiscal years are years ended March 31 of the following calendar year. For example, fiscal 2014 is the year ended March 31, 2015.

The Sanwa Group's mission is to offer products and services that provide safety, security and convenience to further contribute to the prosperity of society. To realize that mission and our three core values, we are conducting corporate activities that will increase our reliability in terms of business performance and management. For performance reliability, we are expanding our operations to take a major step forward as a major global player in the access systems industry based on our long-term management vision, Sanwa Global Vision 2020. Our efforts for management reliability are focused on strengthening corporate governance, risk management, compliance and other aspects of management. In promoting these initiatives, we will implement the Plan-Do-Check-Act (PDCA) cycle as we carry out consistent business processes from development, procurement and manufacturing to sales, installation, and maintenance and service.

Performance Reliability

Sanwa Global Vision 2020

To offer products and services that provide safety, security and convenience as a "Major Global Player" in the access systems industry.

Outline

Promote global management from the initial phase to the development phase

Targets

- 1 Become definite No. 1 brand in Japan, the U.S.A. and Europe
- 2 Establish a business model for service business
- 3 Expand shutter & door business in emerging markets, spotlighting Asia, and make them grow to be top brands
- 4 Promote realization of global synergy in global markets



Development

Residential Housing & Condominiums

Procurement

Offices, Stores

Manufacturing

Plan-Do-Check-Act

Our Mission

The Sanwa Group is committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society.

Our Values

- To deliver products and services to satisfy all customers.
- To become a true global player and be highly valued in each market in the world.
- To bring together the creativity of each individual in a team environment for the enhancement of corporate value.

Management Reliability

Corporate Governance

- Establish management systems with a high level of transparency and speed to continuously raise our corporate value as a global enterprise
- Make ongoing efforts to strengthen governance such as adoption of the executive officer system and the holding company structure

Risk Management

- Create a Group-wide risk management framework consisting of risk management guidelines and crisis management guidelines
- Implement measures to grasp, share and mitigate risks based on the policies in the risk management regulations

Compliance

- Establish a Compliance Code of Conduct defining the mission, philosophy and behavior guidelines of the Sanwa Group, and ensure that every employee is familiar with it
- Create a compliance framework under the leadership of the director in charge of CSR, and conduct ongoing checks and improvement efforts to comply with laws and assure quality



& Medical Facilities



Factories & Warehouses



Maintenance and Service

Sales

Installation

Maintenance and Service

Cycle

Europe

Net sales: **¥50.0 billion**
 Number of employees: **1,979**



Japan

Net sales: **¥198.5 billion**
 Number of employees: **3,005**



Novoferm Group

Novoferm GmbH
 Novoferm Siebau GmbH
 Novoferm Rixinger Türenwerke GmbH
 Novoferm Vertriebs GmbH
 Novoferm Tormatic GmbH
 Tor System Technik GmbH
 Docking Solution and Service GmbH
 Novoferm Nederland B.V.

Alpha Deuren International B.V.
 Novoferm France S.A.S
 Novoferm Schievano S.r.l.
 Novoferm UK Limited
 Novoferm Schweiz AG
 Novoferm Door Sp. zo.o.
 Novoferm Alsas S.A.

Sanwa Shutter Corporation

Showa Front Co., Ltd.
 Okinawa Sanwa Shutter Corporation
 Sanwa Tajima Corporation
 Sanwa Exterior Niigata Plant Co., Ltd.
 Venix Co., Ltd.
 Showa Kensan Co., Ltd.

Tajima Metalwork Co., Ltd.
 Yoshida Seisakusho Co., Ltd.
 Tajima Metalwork Kansai Co., Ltd.
 Hayashi Kogyo Co., Ltd.
 ACE Co., Ltd.
 Sanwa Electronics Engineering Co., Ltd.

Asia

Net sales: **¥5.2 billion**
 Number of employees: **678**

Shanghai Baosteel-Sanwa Door Co., Ltd.
 Novoferm (Shanghai) Co., Ltd.
 An-Ho Metal Industrial Co., Ltd.
 Vina-Sanwa Company Liability Ltd.
 Sanwa Shutter (H.K.) Ltd.
 Dongbang Novoferm Inc.

Note: All Group companies in Asia are equity-method affiliates.



Note: Segment sales include inter-segment sales.

Europe

We acquired Novoferm, the number-two door and garage-door manufacturer in Europe, in October 2003. Germany accounts for about half of Novoferm's sales, followed by France, Italy, the Netherlands and other countries. With our acquisition of Alpha Deuren International B.V. in June 2014, we also have the number-two market share in the European industrial sectional door market.



Japan

Sanwa Shutter holds the top market share for both heavy-duty and lightweight shutters. In addition, virtually all of its shutters and doors are made to order. With more than 3,000 installers across the country, it has built a robust installation network that allows it to respond to customers with a high degree of flexibility and expertise. Moreover, Sanwa Shutter actively conducts installer training programs to develop younger installers.



North America

Net sales: **¥98.5 billion**

Number of employees: **3,562**

Garage doors
No. 2

Commercial doors
No. 1

Shutters
No. 1

Overhead Door Corporation

Access Systems Division
Genie
Horton Automatics
TODCO
Creative Door Services

Sanwa Holdings Corporation

(As of March 31, 2015)

Established: April 10, 1956

Capital (paid-in): ¥38,413 million

Employees (consolidated): 8,546

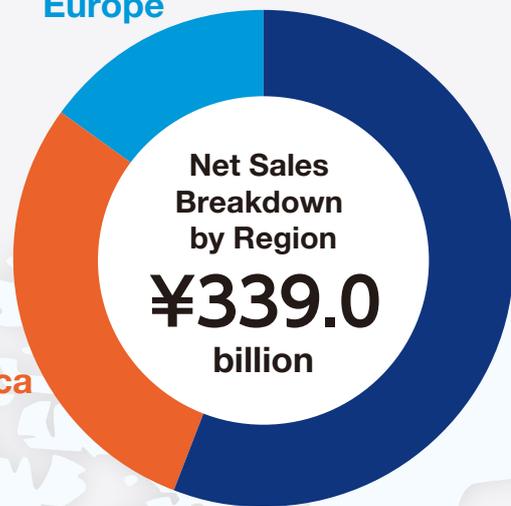


Europe

North America

Japan

Net Sales Breakdown by Region
¥339.0 billion



North America

In the steel door industry, Sanwa Shutter was a relative latecomer. It has expanded sales by responding flexibly to the requests of developers and design offices with heavy-duty steel doors, primarily individual front doors for condominium buildings, doors for medical and welfare facilities, and fire doors for commercial facilities and other buildings.

In 1996, we acquired Overhead Door Corporation of the United States, an industry pioneer established in 1921. This company has more than 400 authorized distributors throughout the United States, and its customers include major home improvement stores, large commercial facilities nationwide, construction companies, and installation companies that provide installation services directly to households. The company has maintained a leading market share in the garage door and commercial door industries since we acquired it.



Overseas Sales Ratio

43.9%

The Sanwa Group, beginning with the establishment of Sanwa Shutter (H.K.) in Hong Kong in 1986, has been ahead of its domestic industry peers in globalizing its operations.

Market Share (Japan)

Over 50%

Sanwa Shutter's lightweight shutters have led the industry since it began business in 1956, and currently have a market share of more than 50%.

Markets in Which We Are No. 1

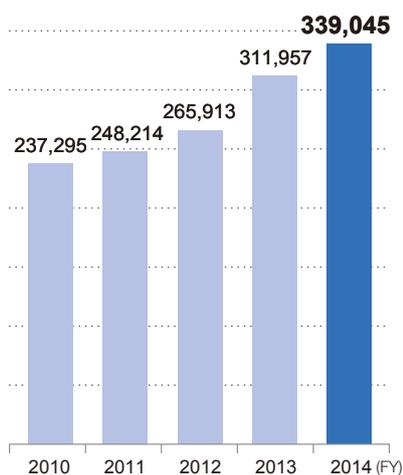
5 markets

One hallmark of the Sanwa Group is that many of our businesses hold the top share of their markets – five in Japan and two in the U.S.A.

Financial and Non-Financial Highlights

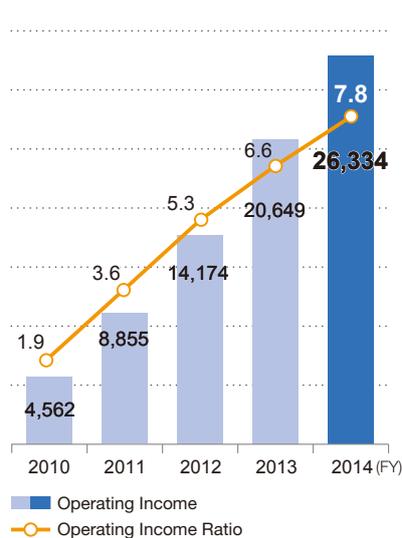
Net Sales

(Millions of yen)



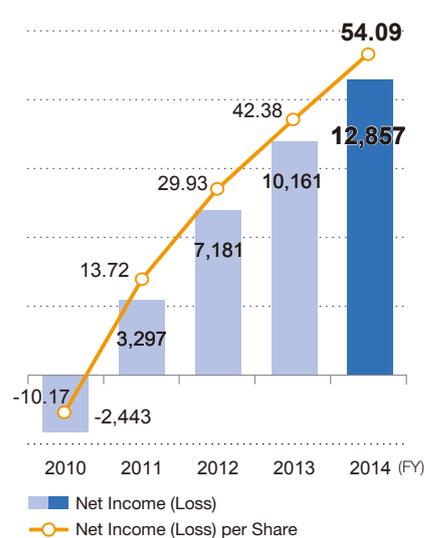
Operating Income & Operating Income Ratio

(Millions of yen / %)



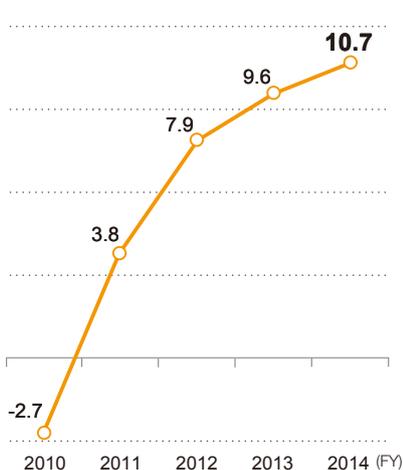
Net Income (Loss) & Net Income (Loss) per Share

(Millions of yen / Yen)



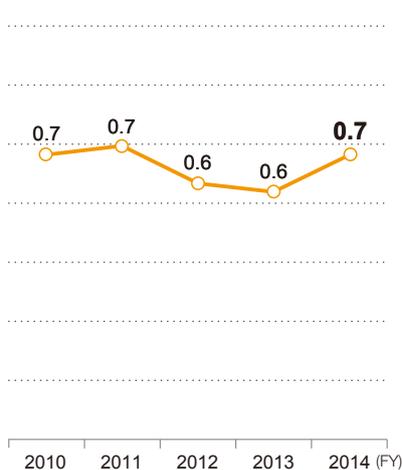
ROE

(%)



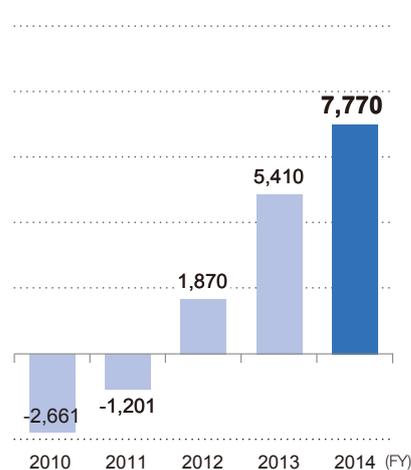
Debt / Equity Ratio

(Times)



Sanwa Value Added* (SVA)

(Millions of yen)



*Our unique indicator of added value

Number of Countries

25

countries & regions

The Sanwa Group has business operations in 25 countries and regions, and has established a powerful presence in its key regions of Japan, the U.S.A. and Europe.

Number of Production Bases

57

sites

With production bases located throughout the world, we are able to respond flexibly to customer requests.

Design Service Life (Sheet Shutters)

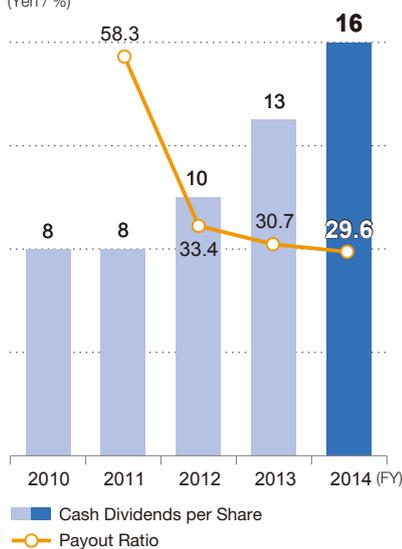
500,000

times

Our development operations work to increase the durability of our products to maintain safe, convenient opening and closing.

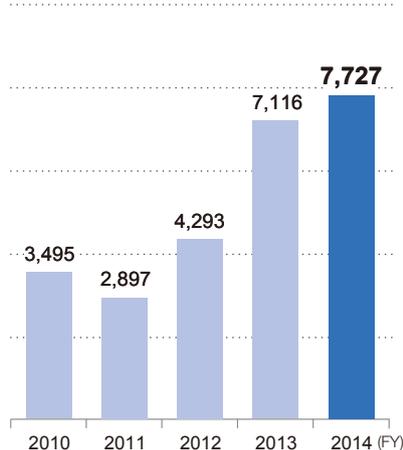
Cash Dividends per Share & Payout Ratio

(Yen / %)



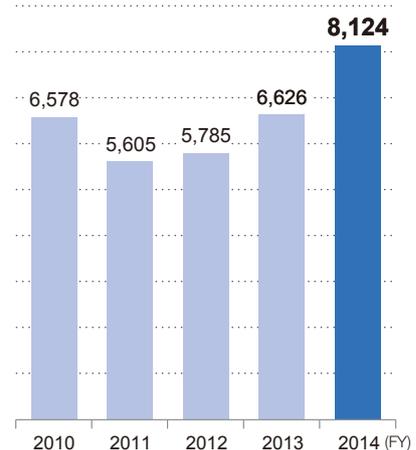
Capital Expenditures

(Millions of yen)



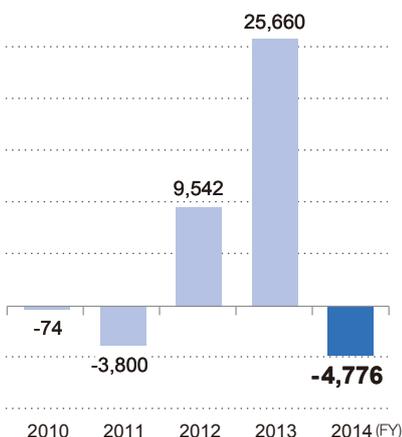
Depreciation and Amortization

(Millions of yen)



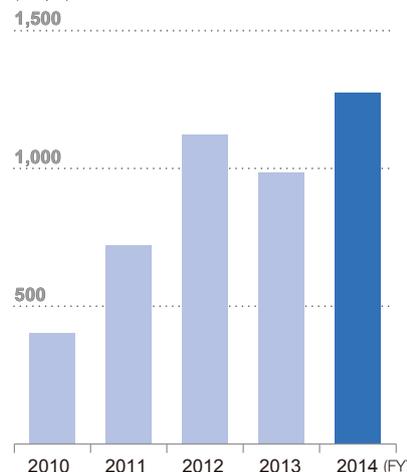
Free Cash Flow

(Millions of yen)

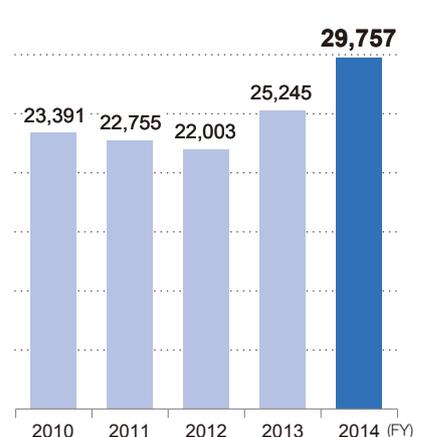


Number of Trainees at Installation Training Centers (Japan)

(People)

CO₂ Emissions (Japan)

(Tons)



Note: CO₂ emissions are calculated from the consumption amounts of electricity, gas, gasoline, diesel fuel and kerosene.

Sales and income reached record highs in fiscal 2014. We are positioning the Company for strong growth as we move toward our vision of becoming a major global player in the access systems industry. By doing so, we will protect people's lives and communities around the world as well as increase our corporate value.



Toshitaka Takayama
Representative Director,
Chairman & CEO



Tamotsu Minamimoto
Representative Director,
President & COO

The First Three-Year Plan (FY2013-FY2015)

We will improve profitability and boost growth potential to establish our business platform as a major global player.

The First Three-Year Plan is intended to establish the business platform for becoming a major global player in the access systems industry, the central objective in Sanwa Global Vision 2020. The plan contains five priority goals designed to strengthen our profitability and growth potential and lay the groundwork for future expansion.

The essence of our strategy is to further strengthen our core businesses in Japan, the U.S.A. and Europe, where we have established leading market positions. In addition to promoting business development by applying our strengths in each region, we will work to realize global synergies while making growth-oriented investments to broaden our business base. We are also seeking innovations that will support medium-to-long-term growth and are taking steps to expand into Asia and emerging markets.

■ Three Years for Establishing the Business Platform to Be a “Major Global Player”

- 1 Enhance leading positions in core businesses in Japan, the U.S.A. and Europe**
- 2 Establish a service-oriented business model**
- 3 Establish business foundations of Asian business**
- 4 Expand strategically into emerging markets**
- 5 Realize global synergies**

Review of Fiscal 2014

With record profit, we achieved the targets of the First Three-Year Plan a year ahead of schedule.

We made good progress in fiscal 2014, year two of the First Three-Year Plan, including new records for sales and operating income. With these results, we achieved the targets of the Plan a year ahead of schedule.

Net sales rose 8.7% year on year to ¥339.0 billion. Sales were up in all three of our key regions – Japan, the U.S.A. and Europe. Growth was led by operations in Japan, along with the strong contribution from the sales of Alpha Deuren International B.V., which we acquired in June 2014. Sales also benefited from the depreciation of the yen. Similarly, operating income increased in the three key regions, rising 27.5% to ¥26.3 billion. In addition to sales growth, this increase was attributable to price hikes in our Japan operations and cost reductions overseas. The cost of goods sold ratio improved 0.9 percentage point to 71.5%. As a result, net income increased 26.5% to ¥12.9 billion despite an extraordinary loss of approximately ¥3.0 billion

on land in Japan. Return on equity increased 1.1 percentage points to 10.7%, reaching double digits.

By segment, sales in Japan grew substantially, driven by strong performance throughout the year mainly by products for the non-residential market. Residential products were affected by the downturn in demand that followed the peak before the consumption tax increase, but the impact was small. In North America, commercial doors, garage doors, door openers and truck and trailer doors all performed well.

We increased dividends per share by ¥3 from fiscal 2013 to ¥16 (a payout ratio of 29.6%).

Initiatives Going Forward

We will step up our initiatives in line with the five priority goals.

Given the strong results in fiscal 2014, we will carry out aggressive initiatives in line with the priority goals of the First Three-Year Plan to further improve profitability and boost the growth potential of our businesses.

Enhance our leading positions in core businesses

In Japan, we will promote product diversification and strengthen installation expertise to achieve further growth. To diversify our product range, we will strengthen

■ FY2014 Results vs. Target Figures for the First Three-Year Plan

	FY2014 Results	First Three -Year Plan Target		Comments
Net sales	¥339.0 billion	¥325.0 billion	✓	Achieved (one year ahead of schedule)
Operating income	¥26.3 billion	¥23.0 billion	✓	Achieved (one year ahead of schedule)
Operating income ratio	7.8%	7.1%	✓	Achieved (one year ahead of schedule)
ROE	10.7%	11.7%		Improved to more than 10%, but was lower than the plan due to net asset increase related to Japanese yen depreciation
Debt / equity ratio	0.70 times	0.61 times		Procured funds ahead of schedule because of the lower interest rate
SVA	¥7.8 billion	¥5.0 billion	✓	Achieved (one year ahead of schedule)

collaboration among domestic Group companies, and also plan to expand sales of partitions and waterproof products and upgrade our production and supply systems.

In North America, we have set our sights on the targets of net sales of \$1.0 billion and operating income of \$100 million, and will carry out various measures with greater speed to achieve them. We will focus on expanding the door business and door opener business in the growing non-residential market by launching new products geared to market needs and implementing cost reduction initiatives. To improve business processes, we have already implemented a new Enterprise Resource Planning (ERP) system in two divisions and will roll the system out in other divisions as well.

The addition of Alpha Deuren International B.V. as a Group company will strengthen our operations in Europe. Besides the sales growth of Alpha Deuren itself, this addition will create synergy in areas such as complementary supply of products in existing businesses, optimization of sales and production, and reduction of distribution costs.

Establish a service-oriented business model

One objective of the First Three-Year Plan is to develop our business model by further strengthening our installation expertise, which encompasses construction, maintenance and service. This installation expertise is a clear competitive advantage, and was a major factor that enabled our business in Japan to grow in fiscal 2014 in difficult market conditions. I believe that the one who controls installation controls the access systems market, and therefore we will work to further strengthen our dominant service functions in Japan and overseas.

In Japan, we will implement ongoing measures to enhance and support training of installation technicians in accordance with the enactment of maintenance-related legislation. In North America, we will expand our sales network as part of our forward integration strategy. At the same time, we will work to expand our highly profitable installation and service business (for details, see the feature section, “Strengthening Our Installation and Service Business” on pages 12 to 14).

Establish business foundations of Asian business and expand strategically into emerging markets

The Sanwa Group is developing its business in Asia and expanding into emerging markets to support future growth. In Asia, we are taking measures to address priorities in each area, such as accepting orders from local companies as well as Japanese companies in the region, but the reality is that we have been slow to adapt to changes in the market environment. We will therefore work swiftly to optimize business models for local markets.

Realize global synergies

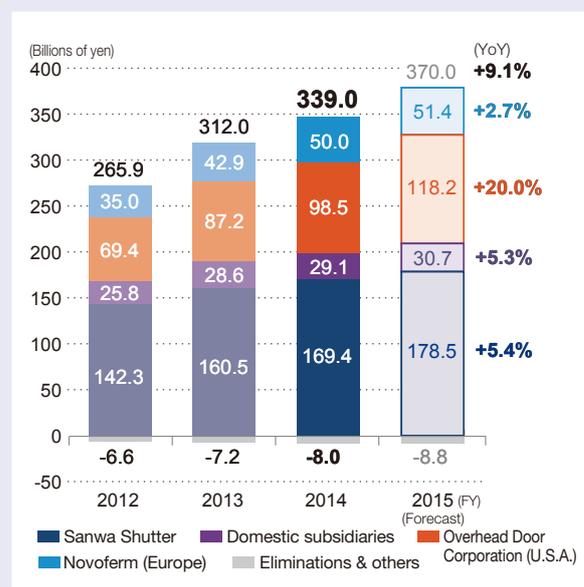
One key to becoming a major global player will be to maximize synergy in the Sanwa Group network. Currently, we are making steady progress in various collaborative efforts for strategic products using the development expertise of Group companies. Examples include development of a high-performance door at Overhead Door Corporation, with a market rollout planned in 2016, and the establishment of a joint procurement company in China in May 2015. We plan to accelerate creation of synergy for products, procurement and other areas.

FY2015 Forecast

	FY2013	YoY Change	FY2014	YoY Change	FY2015 (Forecast)	YoY Change
Net sales	¥312.0 billion	+17.3%	¥339.0 billion	+8.7%	¥370.0 billion	+9.1%
Operating income	¥20.65 billion	+45.7%	¥26.33 billion	+27.5%	¥28.0 billion	+6.3%
Net income	¥10.16 billion	+41.5%	¥12.86 billion	+26.5%	¥14.0 billion*	+8.9%
Cash dividends	¥13	+¥3	¥16	+¥3	¥20	+¥4

* Net income attributable to owners of the parent

Net Sales and Forecast by Sector



Performance Outlook for Fiscal 2015

With record sales and income expected once again, we will also enhance shareholder returns.

The outlook for the external environment in fiscal 2015, the year ending March 31, 2016, points to a recovery trend in the Japanese market and continued market strength in North America. Conditions in the European market, however, are expected to remain challenging. With the initiatives we described, the Sanwa Group will continue on a strong growth track, and we expect increases in sales and income in fiscal 2015.

We project net sales of ¥370.0 billion, an increase of 9.1% compared with the previous fiscal year. Our forecast calls for sales growth in Japan, the U.S.A. and Europe, driven by swift and steady implementation of initiatives in each region. We will execute future-oriented investments such as enhancing our installation expertise, primarily in Japan. As a result, we are planning on operating income of ¥28.0 billion, a year-on-year

increase of 6.3%, and net income attributable to owners of the parent of ¥14.0 billion, an increase of 8.9%.

Given our results to date, we intend to further increase returns to shareholders. Our policy of maintaining stable and increasing dividends while making investments to improve our financial position and strengthen our operating infrastructure will remain unchanged, but we plan to raise the target dividend payout ratio to 35% in fiscal 2015 from the previous target of 30%. We made this decision in light of the fact that we have established the foundation for growth and have ample cash reserves.

Based on the above forecast, we plan to increase the yearly dividend for fiscal 2015 by ¥4 to ¥20 per share (a payout ratio of 33.4%).

Enhancing Corporate Value

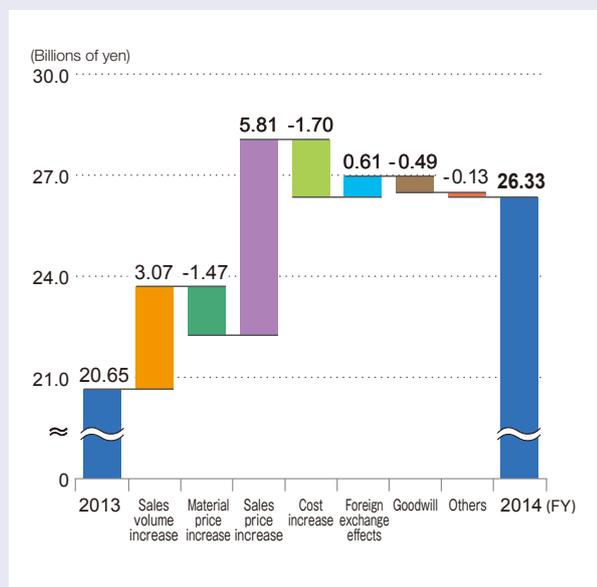
By fulfilling Sanwa Global Vision 2020, we will make people's lives and communities safer and more secure.

Through its products and services, the Sanwa Group protects people's lives and communities, and provides value in the form of safety, security and convenience. In other words, the Sanwa Group's role is to protect the world from disasters and flood damage and provide security with its access systems. For example, while our waterproof products, which we are currently focusing on, have received a positive response from customers, we believe we have an obligation as a leading company to provide these products to society.

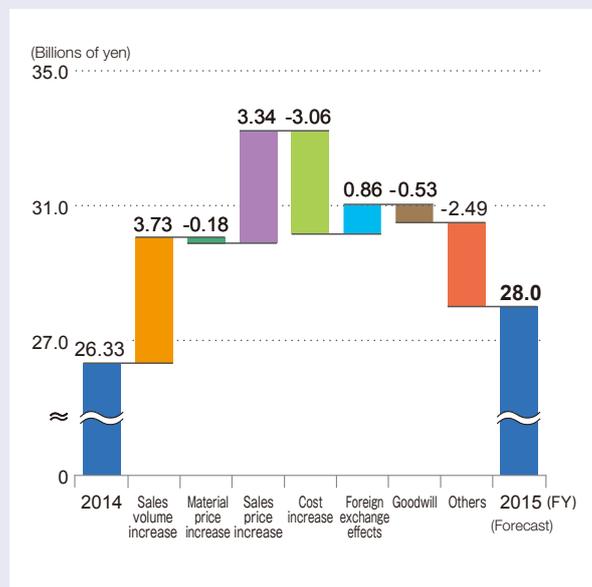
Through fulfillment of Sanwa Global Vision 2020, the Sanwa Group will aim to make people's lives and communities around the world safer and more secure. We see this as the fastest way to increase our corporate value.

We hope our shareholders will continue to give the Sanwa Group their support as we carry out these initiatives for growth.

FY2014 Results:
Factors Increasing / Decreasing Operating Income



FY2015 Forecast:
Factors Increasing / Decreasing Operating Income



Strengthening Our Installation and Service Business



Japan

Basic Policy in the Installation and Service Business

One of the Sanwa Group's priorities in its First Three-Year Plan is strengthening the installation and service business to further improve profitability and growth potential. In Japan in particular, our installation and maintenance expertise has enabled us to establish a vertically integrated business model that extends from manufacturing and sales to installation and service (maintenance), and will be a driver of future growth.

Value Generated by Installation and Service

The Sanwa Group is focusing on installation and service largely for two reasons. The first is that it increases value for customers. For the general contractors and builders that we contract with, having the product manufacturer assume responsibility for providing manpower and managing progress as well as installation quality offers a significant advantage. In addition, having a highly specialized product manufacturer handle maintenance and service after the project is complete increases the value provided to end users.

The other reason is the contribution of this business to the Sanwa Group's earnings. Reflecting the customer value described above, the volume of orders in the shutter and hinge door industry has been increasingly determined by the relative strength of installation and maintenance capabilities. In fact, since the global financial crisis of 2008, there has been a shakeout and a trend toward oligopoly in the access systems market, and this has had a significant impact on companies' installation capacity. Having strong installation and maintenance capabilities can add value to products, which leads to higher margins.

COLUMN

Preserving and Enhancing Installation and Maintenance Capabilities

Sanwa Shutter has established training infrastructure for technicians on a level and scale that are exceptional in the industry. Its training programs are designed to assess and improve the technical skills of each installation technician and continuously employ and develop them.

Technical training, which takes place primarily at the Installation Training Center established in 2008, includes New Installation Technician Training and Product Installation Certification Training that provides installation qualification for 73 products of 11 different types. Since 2010, Sanwa Shutter has had a rule that technicians cannot install any product without a qualification from the Product Installation Certification Training, and is standardizing installation technologies. With these programs, Sanwa Shutter provides training to upgrade the skills of more than 1,000 technicians each year.



Installation Training Center



For example, in fiscal 2014, Sanwa Shutter was able to raise its prices by taking on full-turnkey projects. As a result, its operating margin surpassed the 10% level, and was significantly higher than the industry average.

The Sanwa Group's Advantage

Installation and service expertise is a key to differentiation in the access systems market, and is an area in which the Sanwa Group has a strong advantage.

Sanwa Shutter's extensive network covering all of Japan forms a powerful infrastructure that is unrivaled in the industry. This network enables Sanwa Shutter to control installation progress at the work site in ways such as dispatching installation technicians from other regions to areas where installation projects are concentrated.

Moreover, Sanwa Shutter has approximately 3,200 installation technicians assigned to all of its sales bases (about 350 in total). Although many of these technicians do not have employment contracts with Sanwa Shutter, the company builds strong relationships with them as medium-to-long-term partners by providing incentives, training, education and other programs.

Priority Measures for the Future

In promoting product diversification, the Sanwa Group's basic strategy, improvement and standardization of installation and maintenance technologies will be essential, as will maintaining and enhancing our network of more than 3,000 installation technicians. Due to the amendment of the Building Standards Act in May 2014, operational inspections by government-accredited technicians will be required from June 2016 onward for fireproof shutters and fireproof doors of buildings to which certain conditions apply. Consequently, securing and strengthening installation technicians who will perform the inspection work will be even more important.

Therefore, in fiscal 2015, Sanwa Shutter revised installation unit prices, established a technician ranking system based on installation skills, and held an "Installation Technique Contest" as an initiative to strengthen installation expertise. The company also plans to further enhance its training system, social insurance system and independent support measures.

In the medium-to-long-term, Sanwa Shutter will promote further linkage and expansion of its nationwide direct sales network and installation network, and tap the existing building market in addition to new buildings. Sanwa Shutter will also aim to further increase the value it provides by breaking down market needs and proposing the required products and services to customers, including installation, as the number-one distributor in each area.



COLUMN

Installation Technique Contest

Sanwa Shutter held an "Installation Technique Contest" for heavy-duty shutters in April 2015 to promote improvement and standardization of installation techniques and increase the motivation of installation technicians.

In the contest, 24 technicians in 8 groups selected from around the country competed on quality, precision, safety and other categories in installation of fireproof shutters. The contest was held at an actual installation site (a distribution center) with the cooperation of the owner. Feedback from the participants was positive, and included comments that seeing top-level techniques encouraged them to grow, and they had a strong desire to participate the next time. Sanwa Shutter plans to conduct this contest again in the future.



Installation Technique Contest

Overseas

(North America)

Forward Integration Strategy in North America

The Sanwa Group acquired Overhead Door Corporation, which holds the top share of the commercial door market, in 1996. The company has since expanded its business scale in North America with acquisitions including the door business of Wayne Dalton Corporation in 2009. Today, the Sanwa Group is the number-one supplier of commercial sectional doors and shutters in the North American market. To reinforce that leading position, we are actively implementing a forward integration strategy, one of the priority goals in the First Three-Year Plan.

Overview of Forward Integration Strategy

Unlike in Japan, where direct sales, installation and service by the manufacturer are common, products in North America are mainly sold to distributors and dealers, who then handle installation work after the sale.

With our forward integration strategy, we are aiming to further build our presence by entering and expanding the installation and service business, which is highly profitable and able to withstand economic downturns. Our strategy will vary by region and business. For example, we may expand installation and service at existing sales center locations, or acquire distributors that also handle installation. By incorporating the end-user market, we expect dramatic growth to a scale several times compared with the market scale of product sales alone.

Regional Strategy

In the door business (Access Systems Division) and door opener business (Genie) in the U.S.A., we are steadily upgrading installation and service functions at directly managed sales bases in several dozen locations across the country.

Similarly, in the automatic door business (Horton) in the U.S.A., we are expanding in that market by acquiring distributors through an independent installation and service company (Door Services) operating under our umbrella. Since our acquisition targets are also major customers, we will only look to acquire distributors who want to sell. We began making acquisitions in 2011, ahead of our competitors, and five projects have already been completed. Currently, we are working on standardizing operations, which vary at each company.

In Canada, we acquired Creative Door Services, a shutter and commercial sectional door distributor, in 2011, and have gradually upgraded and expanded installation and service functions. This company sells products to and performs installation work for end users, and its sales have steadily grown since the acquisition.

Future Strategy

We expect further growth in the installation and service business in North America. To raise business efficiency in the future, we are considering options including integration of the installation and service business for doors and door openers in the U.S. with the business of Creative Door Services of Canada.

Overhead Door Corporation Acquisitions

Company	Acquisition Timing	Headquarters	Category	
Creative Door Services	December 2011	Alberta, Canada	Commercial door and garage door distributor	
Horton	Automatic Door Enterprises	January 2011	Pennsylvania, U.S.A.	Automatic door distributor
	Door Control Inc.	May 2012	Louisiana, U.S.A.	
	Advanced Door Automation	October 2012	North Carolina, U.S.A.	
	Texas Access Controls	May 2013	Texas, U.S.A.	
	Horton Automatics of Ontario	December 2014	Ontario, Canada	

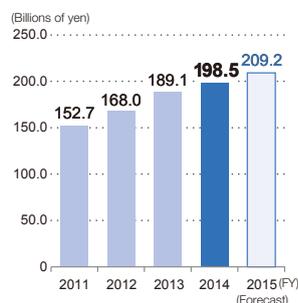
The map shows the geographical locations of the acquisitions. Creative Door Services is located in Alberta, Canada. Horton Automatics of Ontario is located in Ontario, Canada. Automatic Door Enterprises is located in Pennsylvania, U.S.A. Door Control Inc. is located in Louisiana, U.S.A. Texas Access Controls is located in Texas, U.S.A. Advanced Door Automation is located in North Carolina, U.S.A. The map also indicates the Main Territory of the Sanwa Group in North America.

The Sanwa Group has business operations in Japan, North America, Europe and Asia. The Group will continue to expand based on the characteristics of each country and region as it seeks to become a major global player.

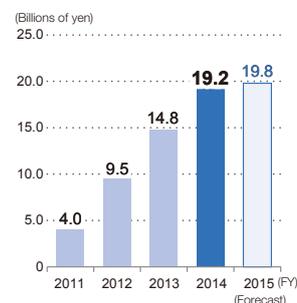
Japan

In Japan, the Sanwa Group's core products are heavy-duty shutters, lightweight shutters, commercial building and condominium doors and window shutters. Other products include partitions, aluminum store fronts and stainless steel products. In fiscal 2014, sales were up 5.0% to ¥198.5 billion, backed by strong demand in the non-residential construction market, and operating income increased dramatically by 29.7% to ¥19.2 billion.

Net Sales



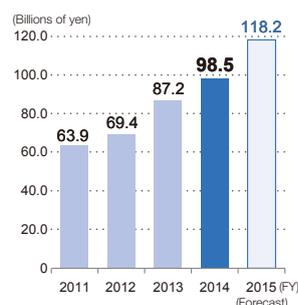
Operating Income



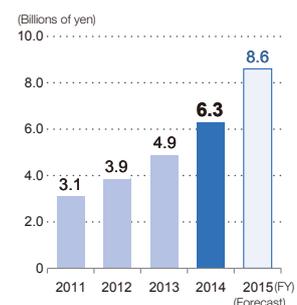
North America

Overhead Door Corporation conducts business in four areas – garage doors and commercial doors, automatic doors, door openers, and truck and trailer doors. It has established a particularly strong market position for shutters and commercial sectional doors. Fiscal 2014 sales increased 12.9% to ¥98.5 billion, with solid growth in both residential and non-residential products, and operating income expanded 29.4% to ¥6.3 billion.

Net Sales



Operating Income

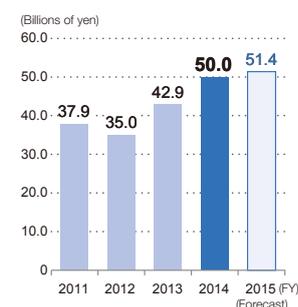


Exchange rate: FY2014, ¥106.46 to US\$1.00; FY2015, ¥120.00 to US\$1.00

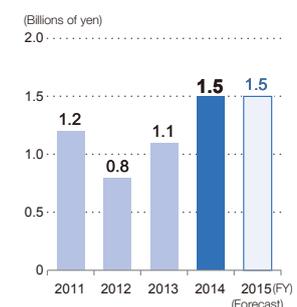
Europe

In Europe, Novoferm focuses mainly on the garage door, industrial door, and door and door frame businesses. Despite a weak market, fiscal 2014 sales increased 16.7% year on year to ¥50.0 billion, driven by the acquisition of Alpha Deuren International B.V., and operating income grew by a robust 39.7% to ¥1.5 billion.

Net Sales



Operating Income



Exchange rate: FY2014, ¥140.35 to €1.00; FY2015, ¥130.00 to €1.00

Asia

In Asia, the Sanwa Group conducts business through six equity method affiliates in China, South Korea, Hong Kong, Taiwan, Vietnam, and other countries and regions. In fiscal 2014, the Group initiated measures to establish its business infrastructure, but delays in responding to changes in the operating environment and addressing quality issues resulted in an operating loss of ¥180 million.

Japan

We are firmly establishing our diversified product range and strengthening installation capabilities to increase sales and profit through solid growth in each of our businesses.

Sanwa Shutter Corporation President **Toshifumi Nagano**



Industry Characteristics and Market Trends

The shutter industry in Japan is an oligopoly, with Sanwa Shutter Corporation and three other companies controlling about 90 percent of the market for heavy-duty shutters¹ and lightweight shutters.² Sales volume of heavy-duty shutters declined sharply beginning in the second half of 2008, but has been trending upward with the rebound in construction investment. Sales of lightweight shutters remain in a long-term downward trend, but in recent years lightweight shutters have been increasingly installed in garages of single-family detached homes.

By comparison, the hinge door industry is one with many smaller-scale manufacturers. The decrease in volume caused by the global recession continues unabated, but demand is expanding primarily for doors for offices and doors for medical and welfare facilities with the gradual recovery in the housing market and private sector capital investment.

Notes: 1. Relatively large shutters for buildings, factories, warehouses, etc.
2. Relatively small shutters for garages and shops

The Sanwa Group's Market Position and Strengths

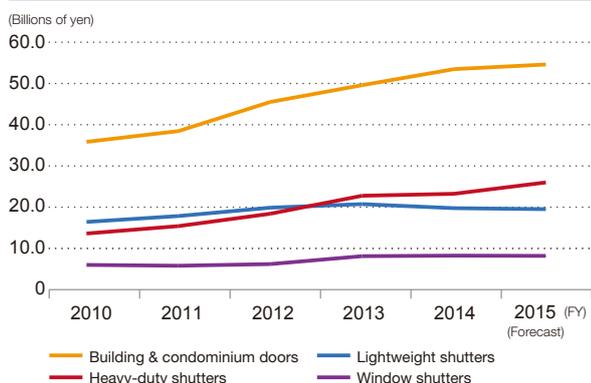
The Sanwa Group holds the number-one market share in Japan for heavy-duty shutters, lightweight shutters and steel doors.

Our business form is an advantage, as virtually all of our shutters and doors are made to order, and we are able to manufacture and install a wide variety of product types. With more than 3,000 installers across the country, we have built an unmatched and powerful installation network. This flexibility and expertise in installation and maintenance has led to responsiveness to market changes and higher profitability.

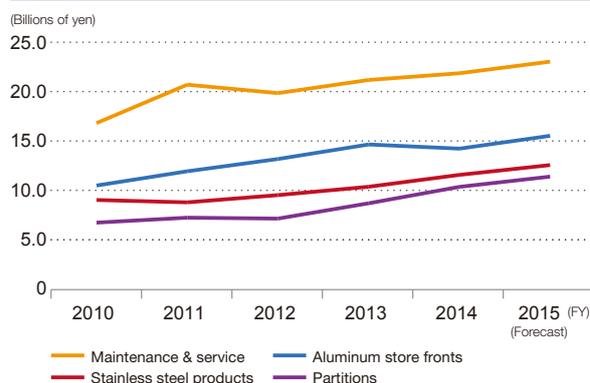
Review of Fiscal 2014

In fiscal 2014, the year ended March 31, 2015, some of our products were affected by the downturn in demand that followed the peak before the consumption tax hike. However, domestic Group sales increased 5.0% year on year to ¥198.5 billion, buoyed by solid demand in the non-residential market.

Sales by Product/Core Products



Sales by Product/Other Products



Building & condominium doors



Lightweight shutters



Heavy-duty shutters



Aluminum store fronts



Stainless steel products



Partitions



Operating income increased 29.7% year on year to ¥19.2 billion. Income was up significantly at Sanwa Shutter, reflecting improved selling prices due to a decrease in unprofitable projects as well as higher sales volume. Other subsidiaries in Japan also generally performed well.

Performance by Product

At Sanwa Shutter, sales of lightweight shutters decreased due to the downturn in demand following the peak before the consumption tax hike, but sales of other core products increased. The outlook for heavy-duty shutters turned positive after a rebound in unit prices, and sales of building and condominium doors expanded with growth in orders for offices and medical facilities. Sales of partitions increased strongly, reflecting our aggressive product diversification strategy. The maintenance and service business, which we have been emphasizing, expanded steadily as a result of enhanced marketing to property owners. At other subsidiaries in Japan, sales at Showa Front decreased, but Okinawa Sanwa Shutter and Sanwa Tajima each posted sales increases.

Fiscal 2015 Initiatives

We expect solid growth to continue at Sanwa Shutter. Sales of lightweight shutters are projected to increase slightly in comparison to fiscal 2014, when sales were impacted by the downturn following the peak before the consumption tax hike. Steady sales growth is also predicted for heavy-duty shutters, as Sanwa Shutter has already received many orders from customers including factories, distribution warehouses and large retail stores. For building and condominium doors, we forecast an increase in sales because of strong orders for office buildings and factories. Furthermore, we will enhance the lineup of partitions we offer, including steel and glass partitions and toilet partitions, to establish a more diverse product range. In the Water Guard series of waterproof products, which we introduced in 2014, we will expand the product lineup to drive sales growth. The Sanwa Group overall in Japan will continue the facility expansions initiated in fiscal 2014 to increase production capacity for partitions, steel doors, condominium doors and other products.

As a result, we project that net sales of Sanwa Group companies in Japan will increase 5.4% year on year to ¥209.2 billion in fiscal 2015. We are forecasting a 2.9% increase in operating income to ¥19.8 billion because of increased investment and higher labor costs and other expenses.

TOPICS

Launch of Watertight Products

In October 2014, Sanwa Shutter began sales of “Water Guard Waterproof Shutter” and “Double-tight Door.” These watertight products can be deployed easily, quickly and safely to prevent water from entering buildings during floods. Two additions to this product line, “Water Guard S Tight Door” and “Water Guard Θ -Sheet,” were released in April 2015, and are designed to prevent entry of water into buildings during disasters caused by torrential rainfall. Sanwa Shutter will continue to enhance its lineup of watertight products to provide safety, security and convenience.



Water Guard Double-tight Door



Water Guard S Tight Door



Water Guard Waterproof Shutter



Water Guard Θ -Sheet

North America

Our near-term focus is on growing profitable share in our core business by improving delivered quality, driving cost and complexity out of operations, and introducing new products. At the same time we continue to invest in implementing our new ERP system and developing our forward integration business platform, two strategic priorities that lay new foundation for our long-term success.

Overhead Door Corporation President & CEO **Dennis Stone**



Industry Characteristics and Market Trends

In Japan, the most common type of shutter is one in which the shutter is wound up and stored in a case installed above the opening. In North America, in addition to those types of shutters, there is also substantial demand for sectional doors, which are typically pieced together into horizontal panels and pulled up along a rail until they are level with the ceiling. We produce this type of door primarily as a standardized product.

Recent demand for garage doors and residential door openers has been strong as the residential market continues to recover. Demand is also expected to grow for commercial sectional doors, reflecting increasing investment in non-residential facilities such as distribution centers and factories. However, construction of schools, hospitals and other public facilities is expected to be slow due to cutbacks in government spending.

The Sanwa Group's Market Position and Strengths

In North America, Overhead Door Corporation (ODC), which

we acquired in 1996, is the Sanwa Group's main subsidiary, and conducts business in the U.S.A., Canada and Mexico. As an industry pioneer, this company has a powerful brand and is among the market share leaders in the shutter and commercial sectional door industry.

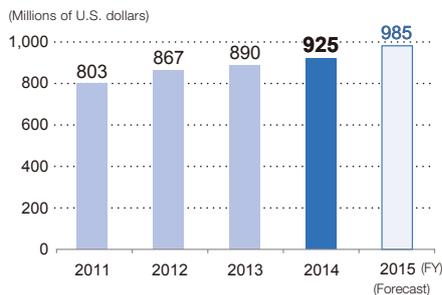
In the U.S.A., ODC has established its own sales network, and sells directly to major home improvement stores, large commercial facilities, construction companies and installation companies in addition to sales through more than 400 distributors, which is a major strength.

Review of Fiscal 2014

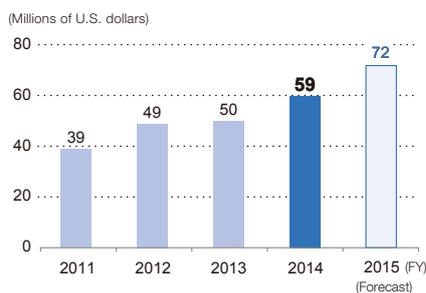
Sales in North America in fiscal 2014 increased 12.9% year on year to ¥98.5 billion, reflecting strong growth in sales of both residential and non-residential products as well as the depreciation of the yen. Sales rose 3.9% on a local currency basis.

Operating income increased 29.4% to ¥6.3 billion (19.1% on a local currency basis). This increase in income was attributable to higher sales volume and price increases,

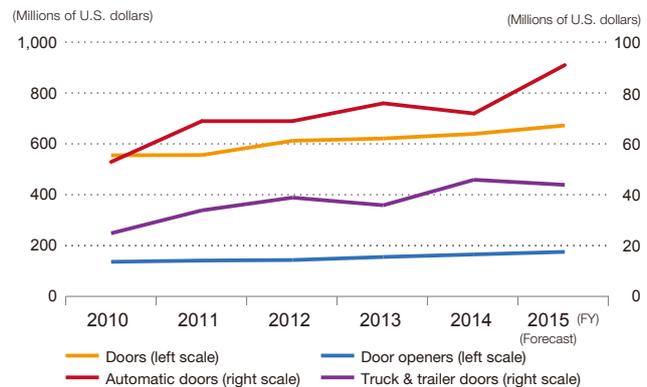
Net Sales



Operating Income



Net Sales by Product



Doors



Door openers



Automatic doors



as well as other factors including lower costs due to productivity improvements and the effect of foreign currency translation.

Performance by Product

The door business posted solid expansion in sales of both shutters and commercial sectional doors. Garage door sales benefited from business enhancements centered on new product introductions. Sales of shutters and commercial sectional doors also steadily increased.

In the door opener business, a mainstay business in North America, sales increased with steady growth in every sales channel. Priority measures, including the start of production in Mexico and sales throughout North America of lower-priced door openers developed jointly by ODC and Novoferm, progressed smoothly.



On the other hand, sales in the automatic door business of Horton Automatics decreased, due in part to shipping delays associated with the introduction of a new Enterprise Resource Planning (ERP) system. ODC acquired Horton Automatics of Ontario in December 2014 as part of its forward integration strategy.

Sales of TODCO brand truck and trailer doors rose substantially as a result of increased orders from large customers.

Fiscal 2015 Initiatives

In the door business, we expect growth in sales of garage doors, shutters and commercial sectional doors in a strong market environment. Solid sales growth is forecast in the door opener business due to the success of various initiatives. In the automatic door business, we are projecting strong sales growth with the emergence of the results of ODC's concentrated forward integration strategy, in addition to the dwindling effects of issues such as the delayed shipments caused by the introduction of the ERP system. We forecast a decrease in sales in the truck and trailer door business because of a decrease in orders from large customers, which boosted sales in fiscal 2014.

The overall outlook for sales of the North America segment is a 20.0% year-on-year increase in sales to ¥118.2 billion, and a 6.5% increase on a local currency basis. Operating income is forecast to increase 37.1% to ¥8.6 billion as a result of continued cost reductions and the weak yen in addition to volume growth.

TOPICS

Acquisition of Horton Automatics of Ontario

ODC acquired automatic door distributor Horton Automatics of Ontario (now under the trade name "Door Services of Canada Ltd.") in December 2014. In the automatic door business, ODC has been expanding through acquisition of distributors since 2011 as a forward integration strategy. ODC will continue to integrate the businesses it acquires to further advance that strategy.

Note: For details about ODC's forward integration strategy, refer to the section of the feature regarding overseas operations on page 14.

Company name	Horton Automatics of Ontario
Established	1987
Capital (paid-in)	CAD1,000
Employees	39

Note: The above information is as of the time of acquisition.

Europe

Our main objective for the coming years is profitable growth, despite market conditions which remain challenging. After our European business restructuring and the acquisition of Alpha Deuren in 2014, we are well prepared. The new European Norms provide us with opportunities to develop pan-European products and adopt a pan-European sales approach.

Novoferm Group CEO **Rainer Schackmann**



Industry Characteristics and Market Trends

Europe, like the United States, is a market in which standardized hinged doors, garage doors and industrial doors are dominant. Our main competitors in Europe include Hörmann Holding GmbH & Co. KG, a major German company, and ASSA ABLOY AB, a major Swedish company.

While the German economy has bottomed out, conditions in France, the Netherlands and other countries remain difficult.

The Sanwa Group's Market Position and Strengths

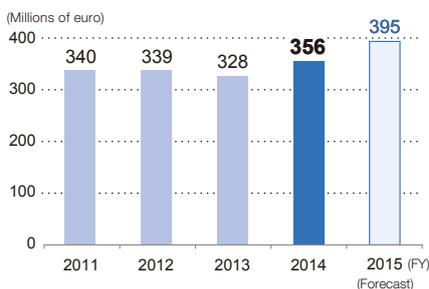
Business in Europe is conducted mainly by Novoferm, which the Sanwa Group acquired in 2003. In addition to Germany, its main market, Novoferm conducts business in France, the Netherlands, Italy and other countries.

In residential products, Novoferm focuses on garage doors, doors and door frames, and has the number-two market share in the industry. In non-residential products, it has



the number-three share of the industrial door market as a result of the acquisition of Alpha Deuren International B.V. in July 2014, and the number-two share of the industrial sectional door market.

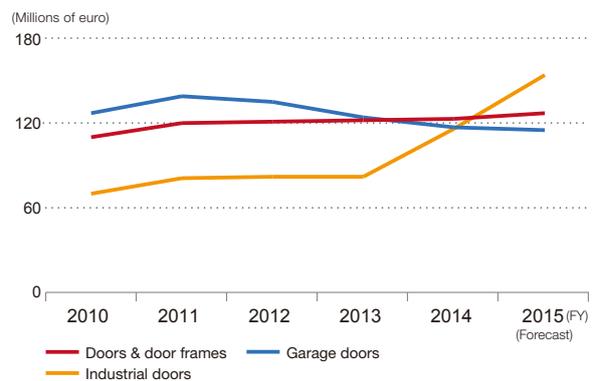
Net Sales



Operating Income



Net Sales by Product



Doors & door frames



Garage doors



Industrial doors



Review of Fiscal 2014

In a weak market, sales in Europe increased 16.7% year on year to ¥50.0 billion owing to the acquisition of Alpha Deuren. On a local currency basis, sales increased 8.5%.

Operating income rose substantially by 39.7% to ¥1.5 billion (30.0% on a local currency basis). Competition intensified in a deteriorating environment for construction, which led to decreases in sales volume and product prices. However, we began to see significant benefits from cost-reduction measures such as restructuring and materials sourcing from low-cost countries. In addition, the addition of the sales of Alpha Deuren also boosted operating income substantially.

Performance by Product

Sales in the garage door business declined because although measures to reinforce our operating infrastructure have yielded some positive results, market conditions remained weak and price competition intensified in countries such as Germany and France.

In the door and door frame business, sales were up slightly as the result of aggressive efforts to win project orders.

In the industrial door business, the acquisition of Alpha Deuren led to a substantial increase in sales despite the difficult market environment.

Fiscal 2015 Initiatives

Garage door sales are expected to decrease slightly in fiscal 2015 as we are assuming weak sales in a challenging market environment. In the door and door frame business, we will focus on aggressive efforts to win project orders, as we did in fiscal 2014, and we will promote new product introductions and other measures.

In the industrial door business, which will become another driver of business in the Europe segment, we will aim for strong sales growth with a focus on generating synergy with Alpha Deuren, and on drastically improving our operating infrastructure. Specifically, we will sell Novoferm's speed rollers and shutters to Alpha Deuren customers and expand sales of Alpha Deuren's sectional doors throughout Europe. In addition, we will optimize sales operations in Germany, Europe's largest market, to increase productivity.

Through these initiatives, we are targeting a 2.7% year-on-year increase in sales in Europe to ¥51.4 billion, and a 10.9% increase on a local currency basis. We project that operating income will remain flat at ¥1.5 billion because downward pressure on prices and other factors will offset the positive effects of cost reductions and the acquisition of Alpha Deuren.

TOPICS

Acquisition of Alpha Deuren International B.V.

Headquartered in the Netherlands, Alpha Deuren has manufactured and sold industrial doors and residential garage doors, primarily in Germany, the Netherlands and France, since its founding about 20 years ago. It has achieved industry-leading cost competitiveness through its systematic approach to production and sales. It is expected to generate significant synergies through integration with Novoferm operations.



Company name	Alpha Deuren International B.V.	Capital (paid-in)	132,480 euro
Established	1995	Employees	125

Asia

We are aiming to achieve profitability in Asia by overhauling our business model and taking measures to solve the key issues in each region, such as handling projects for local non-Japanese customers.

Performance in Asia

Although Sanwa Group companies in Asia have taken steps to establish their business infrastructures, these efforts have not kept pace with the dramatically changing market environment. Consequently, sales in Asia in fiscal 2014 were essentially unchanged from the previous fiscal year at ¥5.2 billion. Operating loss was ¥180 million (operating loss of ¥40 million in fiscal 2013).

In fiscal 2015, we are aiming for profitability as the issues remaining from fiscal 2014 are addressed. We project sales of ¥7.7 billion, a 48.1% increase from fiscal 2014, and operating income of ¥100 million.

Review of Fiscal 2014 Results and Fiscal 2015 Initiatives of Group Companies in Asia

Shanghai Baosteel-Sanwa Door achieved growth in sales and profit as it focused on winning orders from local customers, which offset a decrease in orders from Japanese customers. In fiscal 2015, the company will focus on a flexible pricing policy and entry into the commercial building market, and will also collaborate with the Baosteel Group.

At Novoferm (Shanghai), sales declined because of a drop in orders due to the contraction of the residential market and the temporary suspension of the company's fireproof door license. The company will strengthen efforts to win orders for projects at medical and commercial facilities, and will implement aggressive cost-cutting measures.

In Vietnam, Vina-Sanwa increased sales and profit by maintaining the level of orders for projects at Japanese-owned



facilities and focusing on the maintenance business. In fiscal 2015, Vina-Sanwa will concentrate its sales efforts on locally-owned and foreign-owned facilities, and will also expand export sales to neighboring countries.

An-Ho Metal Industrial in Taiwan and Sanwa Shutter (H.K.) in Hong Kong recorded decreases in sales and profit due to the progress of installation and other factors. They will work to enhance quality and diversify their product lines.

At Dongbang Novoferm in Korea, sales decreased because of the effects of weakness in the Korean economy, but profit improved as a result of cost reductions and other factors. In fiscal 2015, the company will aim to expand orders by responding to economic stimulus measures and stronger regulations, and expects to improve income with an emphasis on specialty products and high-margin products.

TOPICS

Major Project at Noi Bai International Airport in Vietnam (Vina-Sanwa)

Vina-Sanwa has an integrated system covering manufacturing, installation and maintenance of shutters and doors in Vietnam. In 2014, Vina-Sanwa completed its largest project to date, an order for the installation of 1,168 sets of doors at Noi Bai International Airport. The company received praise from the client, which is recommending Vina-Sanwa for other overseas airport projects. Vina-Sanwa will work to expand product sales to increase its presence in Vietnam.



Noi Bai International Airport
check-in area



Lumiere

The Sanwa Group recognizes the importance of building a strong supporting foundation for its businesses as it seeks to become a major global player in the access systems industry. We are therefore taking proactive measures to deliver safe, reliable products, as well as recruit and develop human resources and address environmental issues.

Safety and Security

The mission of the Sanwa Group is to contribute to society by providing safety, security and convenience. We are working to raise the level of quality and performance of our products to further enhance customer satisfaction.

Quality Assurance Framework

Taking an uncompromising approach to safety and quality is the Sanwa Group's greatest responsibility. We have made continual improvements to our quality assurance framework, such as the establishment of the Group CSR Promotion Council to oversee safety and quality assurance for the Sanwa Group as a whole.

Major Group companies have acquired ISO 9001 certification of their quality assurance systems. They focus on ensuring stable quality by conducting detailed checks in relevant departments, from product development to manufacturing, sales and development.

Promoting Safety Awareness

During its annual "Safety and Quality Inspection Month," the Sanwa Group focuses on inspection activities to instill safety awareness and ensure safe behavior among employees.

In addition, we designate March 26, the date of a revolving door accident in Tokyo, as "Safety Pledge Day."

On this day, each person in the Sanwa Group renews their commitment to safety to ensure that the lessons from the accident are remembered.



Safety Pledge Day

Initiatives at the Test Center

The Test Center has acquired ISO/IEC 17025 certification and assesses quality, performance and safety, and evaluates manufacturing technologies for the Sanwa Group's products as well as products procured in Japan and overseas. In response to a growing number of inquiries to the Test Center, we also conduct performance tests for companies outside the Sanwa Group. In addition, we offer tours of the facility for other companies, government and industry groups, and accept new employees for training.



Test Center

Enhancing Customer Satisfaction

In Japan, the Sanwa Group works to enhance customer satisfaction through its service network at more than 350 locations nationwide. Our Full-Time Service (FTS) is available 24 hours a day, 365 days a year, giving customers peace of mind in the event of a breakdown or other problem. We are also improving the readiness of our service network to respond to any situation, including problems caused by torrential rain, tornadoes or other extreme weather.

We have been an industry leader in establishing customer service centers to respond sincerely and quickly to comments from customers. All customer feedback received at these

centers is added to a database and shared throughout the Sanwa Group for use in improving customer satisfaction.



Customer service center

Human Resources

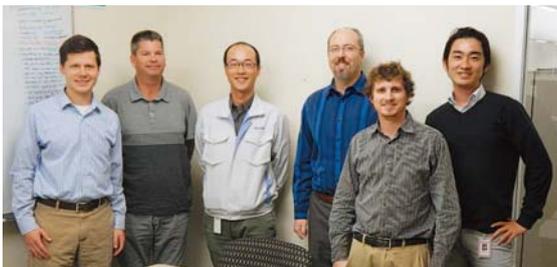
In the Sanwa Group, we understand that our employees are the driving force of value creation, and therefore provide opportunities for them to develop their skills and expertise. We also place importance on respect for individuality based on our commitment to diversity.

Human Resource Development Policy

The Sanwa Group seeks self-reliant employees who fulfill their own roles in coordination with the relevant departments and who can think and act independently by applying the Plan-Do-Check-Act (PDCA) cycle to solve problems. To produce more of these self-reliant employees and realize sustained development, we are focusing on training of globally competent human resources and promotion of diversity.

Training of Globally Competent Human Resources

For the Sanwa Group, which aspires to be a major global player in the access systems industry, it is important to develop employees who can perform anywhere in the world. Our employee training program therefore is designed to actively foster global competence in our employees. In addition to both e-learning and classroom-based English-language training programs, we have provided practical training overseas for one year at Overhead Door Corporation, short-term overseas training in China and Vietnam to learn about local business trends, and other types of training. Furthermore, in fiscal 2014, we introduced a program in which young employees can study English intensively in the Philippines for one month.



Practical training overseas at Overhead Door Corporation



Short-term overseas training

Promotion of Diversity

We believe that maintaining a diverse workforce is vital for increasing the Sanwa Group's corporate value at the global level, and are therefore stepping up our efforts to promote diversity. We are also responding to changes in the environment in Japan, such as diversification in forms of employment and the declining population, by establishing and maintaining systems that allow our diverse human resources to fully exercise their abilities and potential.

For example, we are taking various initiatives aimed at supporting career formation, such as the "in-house factory automation system." In addition, we offer opportunities for seniors to continue working through the Senior Employee System in which employees are re-hired after they reach the mandatory retirement age. We also actively recruit foreign students studying in Japan.



Employees at a company meeting

Work-Life Balance Initiatives

As working arrangements and values continue to diversify, creating environments that enable employees to continue to work in ways that fit their own lifestyles will be a key to promoting diversity.

In recent years, the Sanwa Group has seen an increase in the percentage of female employees who take childcare leave and in the percentage who return to work. We are therefore taking steps to build a workplace culture that allows them to balance their jobs with child care and enhancing various support systems.



Employee after returning from childcare leave

Environmental and Social Contribution

Based on the Sanwa Group Environmental Policy, we make environmental preservation efforts in all aspects of our business activities. The Group also contributes to local communities through an active social contribution program.

Environmental Protection Activities

In accordance with the Sanwa Group Environmental Policy, we make efforts for continuous preservation and improvement of the environment and enhancement of environmental awareness. Group companies have obtained ISO 14001 and Eco-Action 21 certification and implement measures in line with their environmental plans. In addition, we carry out proactive environmental initiatives at our manufacturing plants, including switching to LEDs in lighting fixtures and reducing waste using waste compactors.



LED lighting

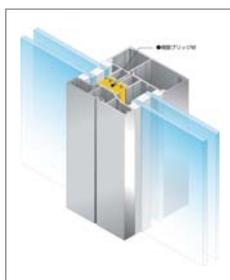
Environment-Friendly Products

The Sanwa Group is expanding its environmental businesses through planning and development of environment-friendly products, products that help to save energy and products that use natural energy. The Group is also developing and providing eco-products that lead to reduction of CO₂ emissions.



Quick Saver S14

High-speed sheet-type shutter that helps to save energy and improve work efficiency



Heat-Insulating Assort

An aluminum sash for front windows that is ideal for creating spaces with an open feel. Achieves high heat-insulation and saves energy.



Terminal Insulating Sectional Door "NS Chilled Steel Type Mini"

A small-scale shutter for refrigeration that keeps temperatures in the chilled range of 5°C or lower

Social Contribution Club

The Sanwa Group Social Contribution Club was established to promote a sense of participation among Sanwa Group employees in social contribution activities. As of March 2015, the club had donated funds to more than ¥33 million to 59 groups and organizations. To deepen mutual understanding and friendship with donation recipients, we also participate in volunteer activities sponsored by them.



Seaside cleaning volunteers

Support for Sports Activities

The Sanwa Group provides various forms of support for sports activities. In 2015, we hired road and track cyclist Ryo Chikatani as an employee through Athnavi, a website sponsored by the Japanese Olympic Committee that helps top athletes find employment.



Ryo Chikatani

Sanwa Tajima Exhibit at the Cultural Property Preservation & Restoration Tech

Sanwa Tajima, which manufactures and sells stainless steel products, participated in the Cultural Property Preservation & Restoration Tech in July 2015. Held for the first time this year, this exhibition is intended to promote industry through preservation and restoration of cultural properties. It was a nationwide event, with 40 participating companies and over 30,000 registered visitors. Sanwa Tajima displayed exhibits of actual restored metal products that are important cultural properties. The company plans to continue its active efforts to pass down cultural treasures.



Booth at the Cultural Property Preservation & Restoration Tech

Basic Approach to Corporate Governance

Sanwa Holdings Corporation (the “Company”) is a global enterprise with Group companies in the United States, Europe and Asia including China. Our basic approach to corporate governance is to continuously raise our corporate value through fair and equitable business transactions in a business environment characterized by intense global competition. To this end, we seek to build a highly transparent management system that allows us to efficiently achieve our corporate vision.

In accordance with this approach, we have introduced an executive officer system to separate the decision-making function of the Board of Directors from the business execution function of the executive officers. We undertook this initiative to strengthen management effectiveness and to give the Board of Directors oversight of business execution as exercised by the executive officers. Preceding this, we moved to a holding company structure in October 2007 with three purposes: 1) to improve group-level governance, 2) to strengthen the competitiveness of operating companies and 3) to reinforce group-level strategic functions. We will continue to work to better fulfill our corporate governance obligations by preparing systems that ensure competence in business operations.

Internal Control System

Pursuant to “System to ensure conformance of execution of duties by directors and employees to laws, ordinances and articles of incorporation” as provided in Article 362, paragraph 4, item 6 of the Companies Act, the Basic Policy on Internal Control System was adopted by resolution of the Board of Directors on May 15, 2006.

Risk Management

In accordance with the basic matters pertaining to risk management established in the Risk Management Regulations, the directors identify, share and mitigate risks and strive to minimize loss in the event of an emergency in order to prevent the loss of public trust. In

addition, the Company has established a Group-wide risk management system consisting of Risk Management Guidelines and Crisis Management Guidelines, which stipulate procedures ranging from reporting to recovery measures in the event of an emergency.

In organizational measures, we have set up the Group CSR Promotion Council under the representative directors, which is chaired by the director responsible for corporate social responsibility (CSR). Group companies also establish their own CSR Promotion Committees to manage risks associated with their business operations. These committees are chaired by Group company presidents. The Audit Department supervises the status and implementation of risk management in each division and Group company, and reports the results to the representative directors. The CSR Promotion Department, which operates under the instruction of the director responsible for CSR, then carries out improvement measures after obtaining the approval of the Board of Directors.

Corporate Governance

The Company has a Board of Directors and an Audit & Supervisory Board. The Board of Directors consists of nine directors, including one outside director, and the Audit & Supervisory Board consists of four members, including two outside members. The outside director and outside Audit & Supervisory Board members are designated as independent officers.

Board of Directors and Audit & Supervisory Board meetings are normally held once a month. At meetings of the Board of Directors, the Board makes important management decisions as appropriate and supervises directors’ execution of their duties. To maintain and enhance management efficiency, the Board consists of directors who are very familiar with the Company’s business operations and an outside director who has keen insight gained from extensive corporate management experience. The Audit & Supervisory Board audits business execution by the directors and executive officers,

■ Evolution of Sanwa Holdings’ Corporate Governance



reports its findings, and works to ensure the legality and fairness of corporate management. Audit & Supervisory Board members are granted independence combined with enhanced authority and responsibilities to increase the effectiveness of their audits. In partnership with the Audit Department, Audit & Supervisory Board members work to ensure financially sound business operations and rigorous, consistent compliance across the Sanwa Group.

In fiscal 2014, the Board of Directors met 13 times with a 98.2% attendance rate for directors and Audit & Supervisory Board members, and the Audit & Supervisory Board met 13 times with a 98.1% attendance rate.

Specific measures for improving business execution, supervision and other functions are as follows.

- The Group Strategy Committee serves as an advisory body to the Board of Directors. This committee conducts comprehensive examination and coordination of Group management policies, business management plans and budgets, and formulates medium-to-long term Group strategies. It also deliberates matters pertaining to Group-level strategies, offers recommendations on these matters, and works with the Board of Directors to ensure timely and effective business decisions.
- Supervision and auditing of the details of business execution is carried out by the PDCA Council, held quarterly by the directors, executive officers and Audit & Supervisory Board members, and similar organizations. The directors monitor progress against the management plan and provide guidance on management issues, while the Audit & Supervisory Board members audit the state of business execution by the executive officers.
- The Group CSR Promotion Council, for which the CSR Promotion Department serves as secretariat, meets four times a year to develop a consistent set of CSR activities across the Sanwa Group. The council deliberates CSR policies of the entire Group, matters related to the quality assurance system and other CSR issues. We have also established the CSR Promotion Committee, which plans and promotes CSR activities together with individual work sites.
- Financial audits are conducted by Kyoritsu Audit Corporation, the independent auditor of the Company.

- To establish and maintain a sound corporate governance system that earns the trust of society, Audit & Supervisory Board members travel directly to subsidiaries and affiliates or request reports from them. Furthermore, the Company's independent auditor, Kyoritsu Audit Corporation, conducts financial audits of the Company's major consolidated subsidiaries.

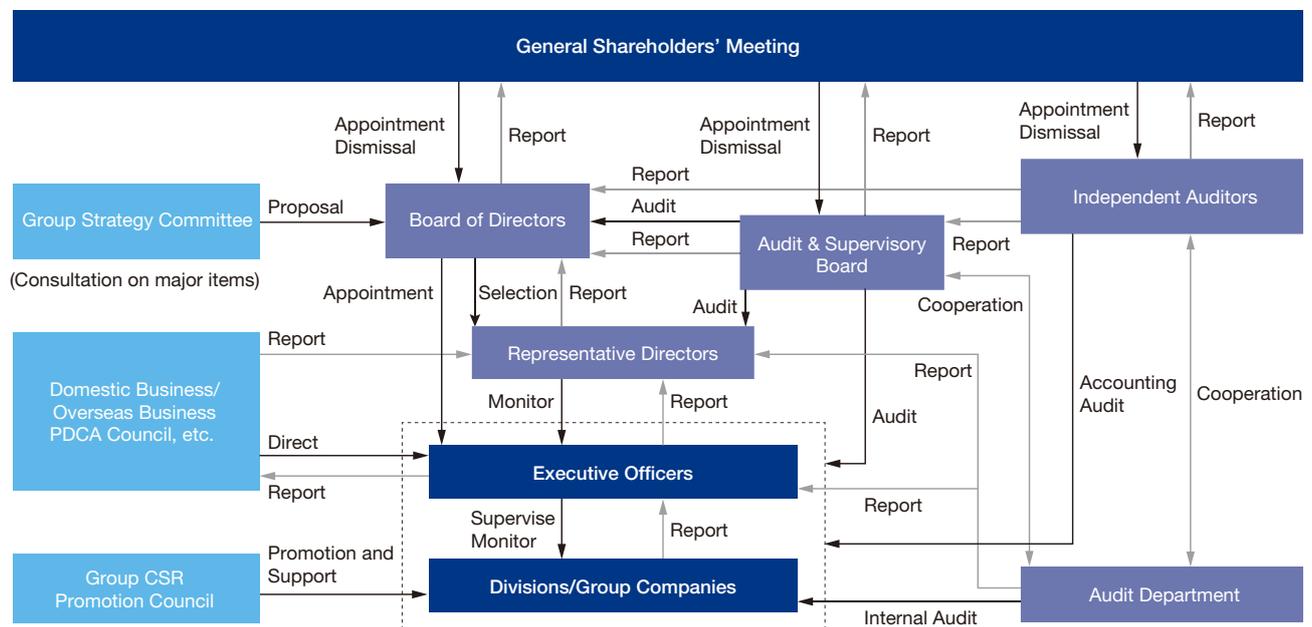
In the view of the Company, the structure outlined above constitutes a governance system that ensures the competence of the Group's business operations and fulfills its corporate governance obligations.

Outside Directors and Outside Audit & Supervisory Board Members

The Company appoints outside directors and outside Audit & Supervisory Board members based on its overall judgment of a number of considerations using information such as candidates' career histories and the relationship of their previous employers with the Company. Judgment criteria include whether there are any issues regarding their independence from the Company, and whether they are qualified to perform the monitoring and supervision functions that the Company requires in the role of outside director or outside Audit & Supervisory Board member based on their personality, insight and background.

When selecting outside directors and outside Audit & Supervisory Board members, the independence standards we use are 2% or less of consolidated sales and cost of sales as a business partner of the Sanwa Group and less than 10 million yen in compensation and other monetary payments to legal and other experts. In our judgment, independence will be compromised if these standards are exceeded. We also use other criteria, such as our judgment on whether the candidate has the necessary abilities in light of his or her background, and whether there is any conflict with the independence standards of the Tokyo Stock Exchange, to ensure the independence of candidates as outside directors or outside Audit & Supervisory Board members.

Sanwa Group Corporate Governance System



■ Reasons for Selection of Outside Directors and Audit & Supervisory Board Members

Name	Independent Officer	Supplementary Explanation	Reason for Election
Makoto Yasuda	Yes	Receives compensation as a member of the Company's Independent Committee for Takeover Defense, but the amount of that compensation is small (less than 5 million yen).	Mr. Yasuda has extensive experience and a high level of insight on management and economics based on involvement in corporate management over many years as a company manager and outside director, and a broad background that extends beyond corporate management. He provides his input from a broad perspective based on that experience and insight, and is fulfilling his role as an outside director. There is no business relationship between Mr. Yasuda's other places of employment and the Sanwa Group, and in our judgment there is no risk of a conflict of interest with ordinary shareholders.
Katsuhiko Tanabe	Yes	Mr. Tanabe is a representative partner of the law firm Tanabe & Partners. Mr. Nobuhiko Tanabe of that same law firm has a legal counsel agreement with the Company. When appointing outside Audit & Supervisory Board members, the Company uses the independence standard of less than 10 million yen in compensation and other monetary payments in the case of legal professionals.	Mr. Tanabe has extensive experience as an attorney, and provides appropriate opinions from an independent and legal viewpoint based on his wealth of experience and expertise as a legal specialist. Based on these and other qualities, we believe he adequately fulfills the role of monitoring the Company's management as an outside Audit & Supervisory Board member. Mr. Tanabe is a representative partner at Tanabe & Partners, as shown on the left, but the total amount of compensation is small from the perspective of both the law firm and the Company, and is not at a level that would compromise independence as an outside Audit & Supervisory Board member. We therefore judged that there is no conflict of interest with ordinary shareholders, and designated Mr. Tanabe an independent officer.
Tsunekatsu Yonezawa	Yes	Mr. Yonezawa is a former employee of Marubeni-Itochu Steel Inc., which has a business relationship with the Company. He was an advisory board member of Marubeni-Itochu Steel until March 2013, and served as director (assistant to the president) of ITOCHU Corporation until March 2014. The transactions between Marubeni-Itochu Steel and the Sanwa Group have accounted for less than 2% of the Sanwa Group's consolidated cost of sales on average for the past five fiscal years.	Mr. Yonezawa has been involved in corporate management as an executive of listed companies, and has a broad background that extends beyond corporate management, giving him a wealth of experience and high-level insight on management and economics. We appointed Mr. Yonezawa an outside Audit & Supervisory Board member so that he can draw on that experience and insight to provide advice to the management of the Company from a broad perspective. There are transactions between Marubeni-Itochu Steel, Mr. Yonezawa's former employer, and the Sanwa Group involving the purchase of raw materials, and transactions between the ITOCHU Group and the Sanwa Group involving the sale of Sanwa Group products, but as the amount of the transactions is small, Mr. Yonezawa satisfies the conditions for independent officers. The Company has therefore judged that he has no conflict of interest with ordinary shareholders, and designated him as an independent officer.

Outside directors attend Board of Directors meetings held once a month in principle, make important management decisions as appropriate, monitor directors' execution of their duties, and are audited by the Audit & Supervisory Board.

Outside Audit & Supervisory Board members attend Audit & Supervisory Board meetings and Board of Directors meetings held once a month in principle. They audit the business execution of directors and executive officers, and work to ensure sound management and rigorous compliance through cooperation with the Audit Department.

Compliance

Directors adhere to the Compliance Code of Conduct, which defines the mission, corporate philosophy and behavior guidelines that convey the spirit and values that all Sanwa Group employees share, and set an example for the executive officers and employees of the Company and the officers and employees of Sanwa Group companies to follow. The representative directors appoint a director to be in charge of CSR. This director works to promote compliance systems and improve problem areas at Group companies.

In addition, the representative directors make sure that the

Compliance Code of Conduct takes an uncompromising stance toward pressure from anti-social forces. We have a firm policy of rejecting any improper or unreasonable requests from anti-social forces or groups that are a threat to the order and security of civil society, and will sever any relations with such individuals and groups.

We have designated the General Affairs Department as the unit in charge of dealing with these matters. We also maintain close cooperation with law enforcement authorities, attorneys and others to prevent interference from anti-social forces or groups.

Audit System

We have established the Audit Department as the internal audit unit, and its five staff members conduct operational audits. The Audit Department staff members also serve as auditors of major domestic subsidiaries, and audit the business execution of those companies, share information on the Group as a whole and enhance the quality of management and monitoring functions. The two Full-time Audit & Supervisory Board members raise the effectiveness of audits by enhancing independence, authority and functions.

In addition to regular meetings twice a year, Audit & Supervisory Board members and the Audit Department hold ad hoc meetings

to exchange opinions and share information on the results of their audits. The Audit & Supervisory Board members and the Audit Department have a cooperative relationship in which they can mutually request investigations of specific matters. They strengthen their collaboration in ways such as performing detailed audits of target departments and reporting the results to each other.

The following systems are in place to ensure that the audits of Audit & Supervisory Board members are carried out effectively.

- The Audit & Supervisory Board meets regularly at least twice a year with both the representative directors and the independent auditors, and also meets with them as needed to exchange opinions.
- If the Audit & Supervisory Board members examine the condition of the businesses or property of the Company or Group companies, the executives and employees of the Company or Group companies shall respond to their requests promptly and accurately.
- Audit & Supervisory Board members may ask the Audit Department to perform internal audits on matters requested by the Audit & Supervisory Board members.
- In performing its audits, the Audit & Supervisory Board may, at its own discretion, use outside attorneys, consultants or other experts when necessary to form opinions.

Compensation of Directors and Audit & Supervisory Board Members

■ Policies for Determining the Amount of Compensation of Directors and Audit & Supervisory Board Members

Compensation of directors is determined by resolution of the Board of Directors, and compensation of Audit & Supervisory Board members is determined by consultation among the Audit & Supervisory Board members.

■ Details of Policies for Determining the Amount of Compensation of Directors and Audit & Supervisory Board Members

Basic Policy on Compensation

Compensation of directors and Audit & Supervisory Board members is intended to contribute to continual improvement of the Company's business performance and corporate value. The Company designs its compensation system so that the level and

structure of compensation are in accordance with the roles and responsibilities required of the Company's directors and Audit & Supervisory Board members, and enable the recruitment and retention of well-qualified people.

Content of Directors and Audit & Supervisory Board Members Compensation

• Compensation of Directors

Consists of base compensation, bonuses and stock options, except base compensation only for outside directors and part-time directors. The aggregate amount of base compensation and bonuses is kept within the maximum aggregate compensation set by the General Meeting of Shareholders, and the aggregate amount of stock options is kept within the maximum aggregate amount of stock options set by the General Meeting of Shareholders.

• Compensation of Audit & Supervisory Board Members

Consists of base compensation only. The total amount of base compensation is kept within the maximum amount set by the General Meeting of Shareholders.

• Base Compensation

The level of base compensation is set with reference to the levels at other companies according to a survey by an outside organization. Compensation of individual directors is determined by the Board of Directors, taking consolidated results and the director's duties into account. Compensation of individual Audit & Supervisory Board members is decided by consultation among the Audit & Supervisory Board members.

• Bonuses

The aggregate amount of bonuses is set according to the Company's consolidated business results, and bonuses for individual directors are decided by the Board of Directors, taking into account the director's position and the performance of the director's division.

• Stock Options

Stock options are provided to further raise the incentive of directors to increase the Company's corporate value by sharing not only the benefits from stock price increases but also the risk of stock price declines with shareholders. The number of stock options allotted to each director is decided by the Board of Directors, taking the director's duties into consideration.

■ Compensation of Directors and Audit & Supervisory Board Members

Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)			Number of Officers Eligible
		Base Compensation	Bonuses	Stock Options	
Directors (excluding outside directors)	547	338	160	49	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	62	62	—	—	2
Outside officers	36	36	—	—	4

- Notes: 1. Aggregate compensation does not include compensation paid as employees to directors who double as employees.
2. The maximum aggregate compensation paid to directors is ¥630 million per year, as resolved at the 79th Ordinary General Meeting of Shareholders held on June 26, 2014.
3. Separate from the amount in note 2 above, the maximum limit of stock option compensation of directors (excluding outside directors) is ¥60 million per year, as resolved at the 73rd Ordinary General Meeting of Shareholders held on June 24, 2008.
4. The maximum aggregate compensation paid to Audit & Supervisory Board members is ¥108 million per year, as resolved at the 73rd Ordinary General Meeting of Shareholders held on June 24, 2008.
5. Bonuses to directors are limited to the amount of the allowance for bonuses provided for each fiscal year.
6. Stock options are limited to the amount of expenses recorded in each fiscal year for stock acquisition rights granted to directors as stock options.

Directors



Director
Senior Executive Officer
Europe Business Unit

Hiroatsu Fujisawa

Director
Senior Managing Executive Officer
Asia Business Unit

Ichiro Ueeda

Director
Senior Managing Executive Officer
Strategic Re-Engineering Unit

Wadami Tanimoto

Director
Senior Executive Officer
Americas Business Unit

Masahiro Fukuda

Outside Director

Makoto Yasuda

Director
Executive Vice-President
Domestic Business Unit

Kazuhiko Kinoshita

Representative Director,
Chairman & CEO

Toshitaka Takayama

Representative Director,
President & COO

Tamotsu Minamimoto

Director
Senior Managing Executive Officer
Corporate Planning Unit

Yasushi Takayama

Audit & Supervisory Board Members



Outside Audit &
Supervisory Board Member

Tsunekatsu Yonezawa

Audit & Supervisory
Board Member

Teiko Zaima

Audit & Supervisory
Board Member

Mamoru Hikita

Outside Audit &
Supervisory Board Member

Katsuhiko Tanabe



■ Representative Director,
Chairman & CEO

**Toshitaka
Takayama**

Aug. 1963 Joined the Company
Apr. 1972 Director
Apr. 1974 Managing Director
Apr. 1980 Director, Executive Vice-President
May 1981 Representative Director, President
Aug. 1985 Representative Director and
President of Showa Front Sales
Co., Ltd. (now Showa Front Co., Ltd.)
Jun. 2000 Executive Officer, President
Oct. 2007 Representative Director, Chairman
of the Board, Sanwa Shutter
Corporation (present post)
Jul. 2009 Representative Director, President,
Sanwa Shutter Corporation
Apr. 2012 CEO (present post) and COO
Jun. 2012 Representative Director, Chairman
& CEO (present post)



■ Representative Director,
President & COO

**Tamotsu
Minamimoto**

Aug. 1997 Joined the Company
Jun. 2000 Managing Executive Officer
Apr. 2004 General Manager of President's
Office
Jun. 2004 Director
Apr. 2006 Senior Corporate Officer
Oct. 2007 Senior Managing Executive Officer
Apr. 2010 Executive Officer, Vice President
Apr. 2012 Deputy President
Jun. 2012 Representative Director (present
post)
Jun. 2014 Representative Director, President
(present post)
COO (present post)



■ Director
Executive Vice-President
Domestic Business Unit

**Kazuhiko
Kinoshita**

Sep. 1972 Joined the Company
Apr. 2003 Executive Officer
Apr. 2006 President and Representative
Director of Sanwa Tajima Corporation
Oct. 2007 Senior Executive Officer
Apr. 2010 Representative Director, President,
Sanwa Shutter Corporation
Apr. 2014 Executive Vice-President (present
post)
Responsible for Domestic Business
Unit (present post)
Executive Vice-Chairman, Sanwa
Shutter Corporation (present post)
Jun. 2014 Director (present post)



■ Director
Senior Managing Executive Officer
Corporate Planning Unit

**Yasushi
Takayama**

Oct. 2006 Joined the Company
Apr. 2011 Senior Executive Officer
Apr. 2012 Senior Managing Executive Officer
(present post)
Responsible for Corporate
Planning Unit (present post)
Jun. 2012 Director (present post)



■ Director
Senior Managing Executive Officer
Strategic Re-Engineering Unit

**Wadami
Tanimoto**

Dec. 2001 Joined the Company
Apr. 2004 Executive Officer
Oct. 2005 Responsible for Overhead Door
Corporation
Apr. 2006 Senior Executive Officer
Jun. 2006 Director (present post)
Apr. 2011 Responsible for Overseas
Business Unit
Apr. 2012 Senior Managing Executive Officer
(present post)
Apr. 2014 Responsible for Europe Business
Unit
Apr. 2015 Responsible for Strategic Re-
Engineering Unit (present post)



■ Director
Senior Managing Executive Officer
Asia Business Unit

**Ichiro
Ueeda**

Mar. 1983 Joined the Company
Apr. 2008 Executive Officer
Apr. 2012 Senior Managing Executive
Officer (present post)
Responsible for Domestic
Business Unit
Jun. 2012 Director (present post)
Apr. 2014 Responsible for Asia Business
Unit (present post)



■ Director
Senior Executive Officer
Americas Business Unit

**Masahiro
Fukuda**

Sep. 2005 Joined the Company
Oct. 2007 Executive Officer
Apr. 2008 Senior Executive Officer (present post)
Apr. 2011 Responsible for Americas Business
Apr. 2012 Assistant Director of Overseas
Business
Jun. 2012 Director (present post)
Apr. 2014 Responsible for Americas Business
Unit (present post)



■ Director
Senior Executive Officer
Europe Business Unit

**Hiroatsu
Fujisawa**

Nov. 2012 Joined the Company
Apr. 2013 Senior Executive Officer (present
post)
Responsible for Strategic
Re-Engineering Unit
Jun. 2014 Director (present post)
Apr. 2015 Responsible for Europe Business
Unit (present post)



Jun. 2006 Director, Yamatake Corporation (now Azbil Corporation)
 Jun. 2007 Director, Kanematsu Textile Corporation (now Forward Apparel Trading Corporation) (present post)
 Sep. 2008 President, Yasuda Makoto & Co., Ltd. (present post)
 Jun. 2014 Outside Director (present post)
 Jun. 2015 Outside Audit and Supervisory Board Member of Secom Co., Ltd. (present post)

■ Outside Director

**Makoto
Yasuda**



Mar. 1975 Joined the Company
 Apr. 2004 General Manager of Accounting Division
 Oct. 2007 General Manager of Accounting Division of Sanwa Shutter Corporation
 Apr. 2010 Executive Officer, Sanwa Shutter Corporation
 Apr. 2012 Senior Executive Officer, Sanwa Shutter Corporation
 Apr. 2015 Standing Advisor
 Jun. 2015 Audit & Supervisory Board Member (present post)

■ Audit & Supervisory Board Member

**Teiko
Zaima**



Oct. 2001 Member of the Board, Marubeni-Itochu Steel Inc.
 Apr. 2004 Executive Vice President, Member of the Board of Marubeni-Itochu Steel Inc.
 Apr. 2005 President and CEO, Member of the Board of Marubeni-Itochu Steel Inc.
 Apr. 2009 Chairman, Member of the Board of Marubeni-Itochu Steel Inc.
 Apr. 2012 Advisory Board Member of Marubeni-Itochu Steel Inc.
 Apr. 2013 Director (Assistant to President) of ITOCHU Corporation
 Jun. 2015 Outside Audit & Supervisory Board Member (present post)

■ Outside Audit & Supervisory Board Member

**Tsunekatsu
Yonezawa**



Apr. 1973 Registered as an Attorney
 Sep. 1979 Representative Partner of Tanabe & Partners (present post)
 Apr. 1998 Managing Director of Japan Federation of Bar Associations
 Jun. 2000 Outside Audit & Supervisory Board Member (present post)
 Jun. 2010 Outside Director of Yamatake Corporation (now Azbil Corporation) (present post)
 Oct. 2010 Outside Director of MIRAIT Holdings Corporation
 Jun. 2015 Outside Audit & Supervisory Board Member of JSP Corporation (present post)

■ Outside Audit & Supervisory Board Member

**Katsuhiko
Tanabe**



Mar. 1976 Joined the Company
 Apr. 2004 Executive Officer, President of Maintenance and Service Company
 Apr. 2006 Senior Executive Officer, President of East Japan Company
 Jun. 2006 Director
 Oct. 2007 Managing Executive Officer of Sanwa Shutter Corporation
 Director of Sanwa Shutter Corporation
 Apr. 2010 Senior Executive Officer
 Representative Director and President of Venix Co., Ltd.
 Oct. 2011 Assistant of Domestic Business
 Apr. 2012 Representative Director and President of Okinawa Sanwa Shutter Corporation
 Executive Officer
 Apr. 2013 Senior Executive Officer
 Apr. 2014 Audit & Supervisory Board Member of Sanwa Shutter Corporation (present post)
 Jun. 2015 Audit & Supervisory Board Member (present post)

■ Audit & Supervisory Board Member

**Mamoru
Hikita**

Consolidated Financial Summary

Fiscal year	FY2010	FY2011	FY2012	FY2013	FY2014	FY2014
For the years ended March 31	2011	2012	2013	2014	2015	2015

For the year	(Millions of yen)				(Thousands of U.S. dollars ¹)	
Net sales	¥237,295	¥248,214	¥265,913	¥311,957	¥339,045	\$2,825,375
Cost of sales	179,400	186,684	196,632	225,954	242,273	2,018,942
Gross profit	57,895	61,530	69,281	86,003	96,772	806,433
Selling, general and administrative expenses	53,333	52,675	55,107	65,354	70,438	586,983
Operating income	4,562	8,855	14,174	20,649	26,334	219,450
Net income (loss) before income taxes and minority interests	(1,000)	6,826	13,076	16,988	22,179	184,825
Net income (loss)	(2,443)	3,297	7,181	10,161	12,857	107,141
Depreciation and amortization	6,578	5,605	5,785	6,626	8,124	67,700
Capital expenditures	3,495	2,897	4,293	7,116	7,727	64,392
Cash flows from operating activities	3,717	5,453	14,855	19,728	22,304	185,866
Cash flows from investing activities	(3,791)	(9,253)	(5,313)	5,932	(27,080)	(225,666)
Cash flows from financing activities	(14,252)	313	(4,341)	3,877	10,625	88,541

At year-end	(Millions of yen)				(Thousands of U.S. dollars ¹)	
Total assets	¥218,933	¥226,579	¥241,771	¥281,917	¥323,327	\$2,694,392
Long-term debt	49,790	48,651	48,846	39,060	55,785	464,875
Total net assets	86,021	85,522	97,135	113,956	126,748	1,056,232
Interest-bearing debt	59,892	61,607	60,800	69,154	88,483	737,358
Liquidity ²	75,668	80,227	88,338	127,874	142,698	1,189,150

Per share data	(Yen)				(U.S. dollars ¹)	
Net income (loss)	¥ (10.17)	¥ 13.72	¥ 29.93	¥ 42.38	¥ 54.09	\$0.45
Net assets	357.59	355.37	404.57	474.63	541.49	4.51
Dividends	8	8	10	13	16	0.13

Financial indicators

Operating income ratio (%)	1.9	3.6	5.3	6.6	7.8	
Return on equity (%)	—	3.8	7.9	9.6	10.7	
Return on assets (%)	—	1.5	3.1	3.9	4.3	
Shareholders' equity ratio (%)	39.3	37.7	40.1	40.4	39.1	
Debt / equity ratio ³ (times)	0.7	0.7	0.6	0.6	0.7	

Notes: 1. U.S. dollar amounts represent arithmetical translations of the Japanese yen at the approximate exchange rate on March 31, 2015 of ¥120 = US\$1.

2. Liquidity = Cash and cash equivalents + Short-term investments + Notes and accounts receivables, trade

3. Debt / equity ratio = Interest-bearing debt/Total shareholders' equity

Sales and Income

In the Japanese economy during fiscal 2014, the year ended March 31, 2015, negative growth due to the reaction from the consumption tax increase was prolonged, and public-sector construction investment and private-sector housing investment were both down from the previous fiscal year. However, the economy turned upward in the second half of the period as corporate earnings improved, buoyed by the depreciation of the yen, monetary easing and other factors, and stock prices increased. In overseas markets in the January-December period, the U.S. economy rebounded from the effects of a cold spell early in the year and expanded as employment and consumer spending continued to improve and housing starts increased. The European economy was on a recovery track, led by Germany, but fell short of a full-fledged recovery due to weakness in the eurozone overall, and challenging conditions continued.

It was in these circumstances that the Sanwa Group began the second year of the First Three-Year Plan in its long-term management vision, Sanwa Global Vision 2020. In Japan, the Group made a strong push to expand orders, established and expanded product diversification through collaboration among Group companies, and worked to increase profitability to reinforce the foundation for growth. In the United States, the Group focused on enhancing its lineup of products for the renovation market and shortening delivery times. In addition, the Sanwa Group acquired an installation and service company in Canada at the end of 2014, further advancing its forward integration strategy. In Europe, the Group focused on reducing costs with measures including restructuring and raising productivity in a challenging market environment. It also expanded its presence in the industrial door business with the acquisition of Alpha Deuren International B.V., a major industrial door manufacturer based in the Netherlands.

As a result of the factors outlined above, the Sanwa Group achieved record sales and income on a consolidated basis. Net sales for the fiscal year ended March 31, 2015 increased 8.7% year on year to ¥339,045 million. Operating income increased 27.5% to ¥26,334 million, reflecting a lower cost of goods sold ratio in addition to higher sales, and net income increased 26.5% to ¥12,857 million.

Results by Segment

Results by segment are as follows. Note that segment sales in this section are sales to outside customers, and segment income is the amount after adjustment for inter-segment transactions.

Japan

Sales of lightweight shutters decreased due to reduced demand after the consumption tax increase, but firm demand in the non-residential market drove growth in sales of

heavy-duty shutters and hinge doors for office buildings and condominiums. As a result, sales in the Japan segment increased 4.5% to ¥190,195 million. This sales growth, coupled with improved profitability, resulted in segment income of ¥21,424 million, a year-on-year increase of 26.3%.

North America

Although unfavorable weather early in the year had a negative impact on sales, solid performance in the door business and door opener business and strong growth in the truck and trailer door business resulted in a 13.0% year-on-year increase in segment sales (4.0% on a local currency basis) to ¥98,482 million. Segment income rose 26.9% to ¥5,785 million, reflecting cost reductions due to productivity improvements.

Europe

While the market continued to deteriorate in Europe overall, the contribution from newly acquired Alpha Deuren resulted in segment sales of ¥49,934 million, an increase of 17.1% (8.9% on a local currency basis). Segment income increased 41.3% to ¥1,413 million as the Sanwa Group focused on reducing costs with initiatives including restructuring and procurement from China.

Financial Position

As of March 31, 2015, total assets were ¥323,327 million, an increase of ¥41,410 million compared with the end of the previous fiscal year. The increase was largely due to increases in cash and cash equivalents and notes and accounts receivable, trade, and an increase in operating assets due to acquisitions. Total liabilities increased ¥28,618 million from a year earlier to ¥196,579 million, mainly due to an increase in debt. Net assets rose ¥12,792 million from a year earlier to ¥126,748 million, mainly because of increases in retained earnings and foreign currency translation adjustments.

As a result, the ratio of net assets to total assets decreased 1.2 percentage points from the end of the previous fiscal year to 39.1%.

Cash Flows

Cash and cash equivalents ("cash") as of March 31, 2015 totaled ¥58,605 million, an increase of ¥6,298 million from the end of the previous fiscal year. Cash flows by category for the fiscal year ended March 31, 2015 are summarized below.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥22,304 million, compared with ¥19,728 million in the previous fiscal year, largely due to collection of notes and accounts receivable and an increase in net income before income taxes and minority interests.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥27,080 million (in the previous fiscal year, net cash provided by investing activities was ¥5,932 million). The main factors in this change were the purchase of tangible assets and investments in subsidiaries.

Cash Flows from Financing Activities

Net cash provided by financing activities amounted to ¥10,625 million, compared with ¥3,877 million in the previous fiscal year, mainly due to an increase in loans.

Research and Development

In research and development activities in the fiscal year ended March 31, 2015, the Sanwa Group developed new products and improved existing products with a focus on optimizing product lineups and platforms for markets by application; integrating products, materials and components; and enhancing product quality, safety and workability and reducing costs. Research and development expenditures totaled ¥3,505 million. Research and development activities by segment are as follows.

Japan

In Japan, the Sanwa Group focused on development of shutter products and door products. In shutter products, the F6 Smokeproof Shutter Wireless Stop Device for Evacuation and the MaxSpace Wireless Stop Device for Evacuation received recognition from the Minister of Land, Infrastructure, Transport and Tourism as variations of the Wireless Evacuation Stop Device. By using wireless technology instead of wired cord reels, these products reduce installation time and eliminate problems such as mischievous disconnection of wires.

We also focused on environment-related products. During fiscal 2014, we developed the Water Guard Waterproof Shutter, the industry's first panel-type shutter with waterproof performance up to an inundation height of two meters, and the Water Guard Double-tight Door (single-swing or double-swing), a dual-structure frame and door that protects indoor areas from flooding. These products were the first of their kind in the industry to receive technology evaluations.

Research and development expenditures in this segment were ¥1,583 million.

North America

In the door category, we developed a new series of residential garage doors that offer a high degree of design flexibility, as well as new door openers with high functionality for large retailers. In the automatic door category, we developed a smoke-rated ICU door with a magnetic lock, and a product that is installed at security checkpoints, primarily at airports, instead of using security personnel. In truck and trailer doors, we developed a next-generation

insulated door using new materials including glass fiber and polyurethane foam.

Research and development expenditures in this segment were ¥1,447 million.

Europe

In this segment, we are developing high-speed sectional doors and high-speed spiral doors that improve opening and closing speed as energy-saving products, primarily for the industrial market, and developing products in response to the integration of European standards for building materials. In addition, at BAU 2015 held in February in Munich, we exhibited an opener for a new type of garage door featuring an innovative design that is different from the conventional image of garage doors.

Research and development expenditures in this segment were ¥474 million.

Capital Expenditures

In the Sanwa Group, we place priority on product fields that have good long-term growth potential, and also make investments to reduce labor, improve efficiency and enhance product reliability. Total capital expenditures (including intangible assets) in the fiscal year ended March 31, 2015 were ¥7,727 million. By segment, capital expenditures were ¥2,550 million in Japan, ¥3,430 million in North America, ¥1,712 million in Europe and adjustment costs of ¥35 million. Major investments in each region were renewal of equipment at factories, purchase of production facilities, molds and other equipment, and investment in information technology. There were no significant disposals or sales of facilities.

Shareholder Returns

The Sanwa Group's policy is to maintain a stable payout ratio and distribute profits in proportion to consolidated results while continuing our efforts to improve our corporate fundamentals, strengthen our management infrastructure, and implement management policies designed to increase corporate value. Specifically, we distribute dividends with a target dividend payout ratio of 30% of net income.

For fiscal 2014, we increased the year-end dividend by ¥2 from our initial plan to ¥9 per share (total dividends for the year were ¥16 per share), reflecting our strong business performance for the year.

For fiscal 2015, we have revised the target payout ratio, and will pay dividends with a target dividend payout ratio of 35% of net income attributable to owners of the parent. Based on the performance forecast for fiscal 2015, we plan to pay total cash dividends of ¥20 per share (consisting of interim and year-end dividends of ¥10 each), an increase of ¥4 from fiscal 2014.

We will use retained earnings for purposes such as strategic investments, including mergers and acquisitions, and for capital investments and reduction of interest-bearing debt.

Consolidated Balance Sheets

Sanwa Holdings Corporation and Subsidiaries
As of March 31, 2015 and 2014

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Current assets:			
Cash and cash equivalents (Note 10)	¥ 58,605	¥ 52,307	\$ 488,375
Short-term investments (Notes 3, 10)	5,706	2,620	47,550
Notes and accounts receivable, trade (Note 10)	78,387	72,947	653,225
Allowance for doubtful accounts	(1,535)	(1,581)	(12,792)
Inventories (Note 4)	46,971	41,714	391,425
Deferred income taxes (Note 14)	3,918	4,632	32,650
Other current assets	5,906	4,882	49,217
Total current assets	197,958	177,521	1,649,650
Property, plant and equipment:			
Land	19,949	22,798	166,242
Buildings and structures	48,618	46,468	405,150
Machinery and equipment	71,196	65,256	593,300
Construction in progress	1,964	1,213	16,367
	141,727	135,735	1,181,059
Less accumulated depreciation	(86,187)	(80,963)	(718,225)
Total property, plant and equipment	55,540	54,772	462,834
Intangible assets:			
Goodwill	11,469	2,259	95,575
Other intangible assets (Note 5)	18,980	15,561	158,167
Total intangible assets	30,449	17,820	253,742
Investments and other assets:			
Investments in non-consolidated subsidiaries and affiliates (Notes 3, 10)	11,963	10,985	99,692
Investments in securities (Notes 3, 10)	17,146	11,798	142,883
Net defined benefit asset (Note 7)	5,148	1,432	42,900
Deferred income taxes (Note 14)	2,521	4,942	21,008
Allowance for doubtful accounts	(734)	(501)	(6,117)
Other assets	3,336	3,148	27,800
Total investments and other assets	39,380	31,804	328,166
Total assets	¥323,327	¥281,917	\$2,694,392

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Current liabilities:			
Short-term debt (Notes 6, 10)	¥ 32,698	¥ 30,094	\$ 272,483
Notes and accounts payable, trade (Note 10)	44,538	43,608	371,150
Accrued income taxes	5,272	4,940	43,933
Accrued expenses	20,306	16,189	169,217
Deferred income taxes (Note 14)	4	16	33
Other current liabilities	17,058	13,938	142,150
Total current liabilities	119,876	108,785	998,966
Long-term liabilities:			
Long-term debt (Notes 6, 10)	55,785	39,060	464,875
Net defined benefit liability (Note 7)	14,435	12,408	120,292
Deferred income taxes (Note 14)	4,218	5,154	35,150
Other long-term liabilities	2,265	2,554	18,877
Total long-term liabilities	76,703	59,176	639,194
Total liabilities	196,579	167,961	1,638,160
Contingent liabilities (Note 8)			
NET ASSETS			
Shareholders' equity (Note 12)			
Common stock:			
Authorized —550,000,000 shares in 2015 and 2014			
Issued —243,920,497 shares in 2015 and 257,920,497 shares in 2014	38,413	38,413	320,108
Additional paid-in capital	39,902	39,902	332,517
Retained earnings	40,618	37,708	338,483
Treasury stock, at cost (10,248,566 shares in 2015 and 18,174,813 shares in 2014)	(6,641)	(9,859)	(55,342)
Total shareholders' equity	112,292	106,164	935,766
Accumulated other comprehensive income			
Net unrealized holding gains (losses) on securities	1,315	545	10,958
Foreign currency translation adjustments	16,044	9,252	133,700
Remeasurements of defined benefit plans	(3,119)	(2,172)	(25,992)
Total accumulated other comprehensive income	14,240	7,625	118,666
Stock acquisition rights	216	167	1,800
Total net assets	126,748	113,956	1,056,232
Total liabilities and net assets	¥323,327	¥281,917	\$2,694,392

Consolidated Statements of Operations

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net sales	¥339,045	¥311,957	\$2,825,375
Cost of sales (Note 13)	242,273	225,954	2,018,942
Gross profit	96,772	86,003	806,433
Selling, general and administrative expenses (Note 12)	70,438	65,354	586,983
Operating income	26,334	20,649	219,450
Other income (expenses):			
Interest and dividend income	707	575	5,892
Interest expenses	(808)	(918)	(6,733)
Equity in earnings of non-consolidated subsidiaries and affiliates	(220)	206	(1,833)
Other, net (Note 15)	(3,834)	(3,524)	(31,951)
	(4,155)	(3,661)	(34,625)
Net income before income taxes and minority interests	22,179	16,988	184,825
Income taxes (Note 14):			
Current	8,612	6,060	71,767
Deferred	710	767	5,917
	9,322	6,827	77,684
Income before minority interests	12,857	10,161	107,141
Net income	¥ 12,857	¥ 10,161	\$ 107,141

	Yen		U.S. dollars (Note 1)
	2015	2014	2015
Per share:			
Net income—Basic	¥54.09	¥42.38	\$0.45
—Diluted	53.94	42.28	0.45
Cash dividends	16.00	13.00	0.13

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Income before minority interests	¥12,857	¥10,161	\$107,141
Other comprehensive income (Note 16)			
Net unrealized holding gains on securities	768	2,146	6,400
Foreign currency translation adjustments	6,513	9,930	54,275
Remeasurements of defined benefit plans	(947)	—	(7,892)
Share of other comprehensive income of non-consolidated subsidiaries and affiliates accounted for using the equity method	280	167	2,333
Total other comprehensive income	6,614	12,243	55,116
Comprehensive income	¥19,471	¥22,404	\$162,257
Comprehensive income attributable to:			
Owners of the parent	¥19,471	¥22,404	\$162,257
Minority interests	—	—	—

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

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

Millions of yen

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Total net assets
Balance at March 31, 2013	¥38,413	¥39,902	¥30,975	¥(9,833)	¥(1,601)	¥ (844)	¥ —	¥123	¥ 97,135
Net changes during the year									
Cash dividends			(2,637)						(2,637)
Net income for the year			10,161						10,161
Change of scope of equity method			(791)						(791)
Purchase of treasury stock				(26)					(26)
Net changes during the year other than shareholders' equity					2,146	10,096	(2,172)	44	10,114
Total net changes during the year	—	—	6,733	(26)	2,146	10,096	(2,172)	44	16,821
Balance at March 31, 2014	¥38,413	¥39,902	¥37,708	¥(9,859)	¥ 545	¥ 9,252	¥(2,172)	¥167	¥113,956
Cumulative effects of changes in accounting policies			1,637						1,637
Restated balance	38,413	39,902	39,345	(9,859)	545	9,252	(2,172)	167	115,593
Net changes during the year									
Cash dividends			(3,356)						(3,356)
Net income for the year			12,857						12,857
Purchase of treasury stock				(5,010)					(5,010)
Disposal of treasury stock		0		0					0
Retirement of treasury stock			(8,228)	8,228					—
Net changes during the year other than shareholders' equity					770	6,792	(947)	49	6,664
Total net changes during the year	—	0	1,273	3,218	770	6,792	(947)	49	11,155
Balance at March 31, 2015	¥38,413	¥39,902	¥40,618	¥(6,641)	¥ 1,315	¥16,044	¥(3,119)	¥216	¥126,748

Thousands of U.S. dollars (Note 1)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Total net assets
Balance at March 31, 2014	\$320,108	\$332,517	\$314,233	\$(82,158)	\$ 4,542	\$ 77,100	\$(18,100)	\$1,392	\$ 949,634
Cumulative effects of changes in accounting policies			13,642						13,642
Restated balance	320,108	332,517	327,875	(82,158)	4,542	77,100	(18,100)	1,392	963,276
Net changes during the year									
Cash dividends			(27,967)						(27,967)
Net income for the year			107,141						107,141
Purchase of treasury stock				(41,750)					(41,750)
Disposal of treasury stock		0		0					0
Retirement of treasury stock			(68,566)	68,566					—
Net changes during the year other than shareholders' equity					6,416	56,600	(7,892)	408	55,532
Total net changes during the year	—	0	10,608	26,816	6,416	56,600	(7,892)	408	92,956
Balance at March 31, 2015	\$320,108	\$332,517	\$338,483	\$(55,342)	\$10,958	\$133,700	\$(25,992)	\$1,800	\$1,056,232

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash flows from operating activities:			
Net income before income taxes and minority interests	¥ 22,179	¥16,988	\$ 184,825
Adjustments for:			
Depreciation and amortization	8,124	6,626	67,700
Impairment loss	2,993	—	24,942
Equity in earnings of non-consolidated subsidiaries and affiliates	220	(206)	1,833
Interest and dividend income	(707)	(575)	(5,892)
Interest expenses	808	918	6,733
Increase (decrease) in allowance for doubtful accounts	(601)	102	(5,008)
Increase (decrease) in allowance for bonuses	230	1,653	1,917
Increase (decrease) in net defined benefit liability and asset	(659)	1,096	(5,492)
Decrease (increase) in notes and accounts receivable	(2,454)	(5,044)	(20,450)
Decrease (increase) in inventories	(2,110)	393	(17,583)
Increase (decrease) in notes and accounts payable	(165)	3,512	(1,375)
Other, net	2,875	(404)	23,958
Subtotal	30,733	25,059	256,108
Interest and dividend income received	707	566	5,892
Interest expenses paid	(836)	(917)	(6,967)
Income taxes paid	(8,300)	(4,980)	(69,167)
Net cash provided by operating activities	22,304	19,728	185,866
Cash flows from investing activities:			
Payments for purchase of investments in securities	(11,950)	(3,138)	(99,583)
Proceeds from sales of investments in securities	5,315	15,412	44,292
Payments for purchase of tangible and intangible assets	(7,727)	(7,116)	(64,392)
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	(13,334)	—	(111,117)
Payments for advances	(1,077)	(1,431)	(8,975)
Proceeds from collections of advances	2,000	1,419	16,667
Acquisition for business	—	(72)	—
Other, net	(307)	858	(2,558)
Net cash provided by (used in) investing activities	(27,080)	5,932	(225,666)
Cash flows from financing activities:			
Increase (decrease) in short-term loans, net	(1,826)	292	(15,217)
Proceeds from long-term loans	20,440	9,660	170,333
Repayments of long-term loans	(5,172)	(3,412)	(43,100)
Proceeds from issuance of bond	20,550	—	171,250
Repayments of bonds	(15,000)	—	(125,000)
Purchase and disposal of treasury stock, net	(5,011)	(26)	(41,758)
Cash dividends paid	(3,356)	(2,637)	(27,967)
Net cash provided by financing activities	10,625	3,877	88,541
Effect of exchange rate changes on cash and cash equivalents	449	495	3,742
Net increase in cash and cash equivalents	6,298	30,032	52,483
Cash and cash equivalents at beginning of year	52,307	22,275	435,892
Cash and cash equivalents at the end of year	¥ 58,605	¥52,307	\$ 488,375

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

Sanwa Holdings Corporation and Subsidiaries
Years ended March 31, 2015 and 2014

1. Basis of Presenting Consolidated Financial Statements

Sanwa Holdings Corporation (the "Company") and its domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Corporate Law and the Financial Instruments and Exchange Law and in accordance with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The accounts and records of the Company's overseas subsidiaries have been prepared in accordance with International Financial Reporting Standards or US GAAP for the Company's consolidation process, except for certain items which are required to be adjusted in the consolidation process.

The accompanying consolidated financial statements are prepared based on the consolidated financial statements of the Company and its subsidiaries (the "Group"), which were filed with the Director of Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Law.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2015, which was ¥120 to US\$1.00.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

At March 31, 2015, the Company had 80 subsidiaries and 19 affiliates.

The consolidation for the year ended March 31, 2015 (FY2014) includes Sanwa Holdings Corporation and its 40 consolidated subsidiaries. In FY2014, 2 companies were included in the scope of consolidation because the Company acquired their shares. Equity method accounting is applied to investments in 7 non-consolidated subsidiaries and 5 affiliates at March 31, 2015. In FY2014, 1 company was excluded from the scope of equity method accounting because it was sold all of its shares.

(b) Foreign Currency Translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the year-end and revenue and expense accounts are translated into Japanese yen at average exchange rates during the year.

Shareholders' equity accounts of foreign subsidiaries and affiliates are translated at historical rates. The resulting translation differences are debited or credited to the foreign currency translation adjustment account in shareholders' equity or to the minority interests in consolidated subsidiaries in the consolidated balance sheets.

(c) Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

(d) Short-term Investments and Investments in Securities

The Group adopted the Accounting Standards for Financial Instruments issued by the Business Accounting Deliberation Council. In accordance with these standards, securities are classified into four categories: trading securities, held-to-maturity debt securities, equity investments in associates, and other securities. Based on this classification, securities with a maturity of less than one year are included in "Short-term investments" as current assets.

Securities held by the Group are all classified as other securities. Marketable securities classified as other securities are carried at fair value with the unrealized gain and loss, net of applicable tax, reported in a separate component of shareholders' equity. Non-marketable securities classified as other securities are carried at cost determined by the moving average method. Realized gain and loss and declines in value judged to be other than temporary on other securities are charged to income.

(e) Inventories

Inventories of the domestic consolidated companies are valued at cost, determined by the gross average method (Carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability). The costs of inventories held by foreign consolidated subsidiaries are stated at the lower of cost or market value by the first-in, first-out method or the moving average method.

(f) Property, Plant and Equipment (Excluding Lease Assets)

Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method over the estimated useful lives of assets, except that the straight-line method is applied to buildings (other than structures attached to the buildings) acquired subsequent to April 1, 1998. The foreign consolidated subsidiaries adopt the straight-line method for depreciation.

Costs of maintenance, repairs and minor renewals are charged to income in the year incurred, although major renewals and improvements are capitalized.

(g) Amortization of Goodwill

Amortization of goodwill is determined on a case basis and in generally amortized over a period not exceeding 20 years.

(h) Leased Assets

Leased assets related to finance lease transactions that do not transfer ownership rights are amortized under the straight-line method based on the lease term as the useful life with residual value of zero. However, the Group continues to apply the method for ordinary operating lease transactions to finance lease transactions contracted before March 31, 2008.

(i) Accounting Method for Retirement Benefits

The Group recognizes pension and severance costs for employees based on the estimates of the pension obligations and the plan assets at the balance sheet date. The benefit formula basis is applied as the method for attributing the expected retirement benefit to periods of service for the calculation of the retirement benefit obligation.

Actuarial differences are amortized principally over a ten-year period, which is within the average remaining service period of employees, using the straight-line method from the fiscal year when the difference was generated. Prior service cost of the domestic consolidated companies is amortized when the prior services cost is generated.

Prior service cost of certain foreign subsidiaries is amortized over a ten-year period.

Certain consolidated subsidiaries have calculated their retirement benefit obligation and retirement benefit expenses based on the amount which would be payable at the year-end if all eligible employees terminated their services voluntarily (the "Simplified Method").

(Changes in Accounting Policies)

Application of Accounting Standard for Retirement Benefits

Effective the year ended March 31, 2015, the Company adopted the provisions of paragraph 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, revised on May 17, 2012) and paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on March 26, 2015). As a result, the method of calculating retirement benefit obligation and prior service cost was revised by switching the method of attributing the expected retirement benefit to periods from the straight-line basis to the benefit formula basis.

The effect of the change in accounting standards for retirement benefit obligation and prior service cost was recognized by adjusting retained earnings at the beginning of the fiscal year ended March 31, 2015, in accordance with transitional accounting treatments provided in paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, net defined benefit liability decreased ¥930 million (\$7,750 thousand), net defined benefit asset increased ¥1,614 million (\$13,450 thousand), and retained earnings increased ¥1,637 million (\$13,642 thousand) at the beginning of the fiscal year ended March 31, 2015. The effect on operating income and net income before income taxes and minority interests for the year ended March 31, 2015 is immaterial.

Net assets per share for the year ended March 31, 2015 increased ¥7.1 (\$0.06) as a result of the accounting change. The effect on net income per share and diluted net income per share is immaterial.

(j) Revenue Recognition

The Group recognizes revenue at the time products are shipped, which is when title and risk of loss pass to the customer. The Group recognizes revenue related to installation of products at the time installation is complete.

However, revenues and costs of construction contracts, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. To estimate the progress of such construction projects, the Group measures the percentage of completion by comparing costs incurred to date with the most recent estimate of total costs required to complete the project (cost to cost basis). If a reliable estimate cannot be made, revenues and costs of construction contract are recognized by the completed-contract method.

(k) Research and Development Expense and Software

Research and development expenditure is charged to income when incurred.

Expenditure relating to software developed for internal use is charged to income when incurred, except if it contributes to the generation of income or to the future cost savings. Such expenditures capitalized as assets are amortized using the straight-line method over their estimated useful lives of five years.

(l) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. Deferred income taxes are recorded to reflect the expected future tax consequence of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

(m) Net Income per Share

The computation of basic net income (loss) per share is based on the weighted-average number of shares of common stock outstanding. The average number of shares used in the computation was 237,693 thousand and 239,767 thousand for the years ended March 31, 2015 and 2014, respectively.

Cash dividends per share shown in the consolidated statements of operations are the amounts applicable to the respective years.

(n) Derivative and Hedging Activities

The Group utilizes derivative transactions related to foreign currency exchange rates and interest rates in order to reduce their risk exposure arising from fluctuations in these rates and prices, to reduce the cost of the funds financed and to improve their return on invested funds.

Derivative transactions currently utilized by the Group include interest rate swap contracts and currency swap contracts.

Net asset or liability arising from derivative transactions is measured at fair value, with unrealized gain or loss included in earnings. Hedging transactions, which meet the criteria of hedge accounting are accounted for using deferral hedge accounting that requires the unrealized gain or loss to be deferred as a liability or asset until gain or loss relating to the hedge object is recognized.

In addition, certain forward exchange contracts and certain interest rate swap transactions are accounted for using the allocation method and the special method, respectively, which are regulated in the standard. The allocation method requires recognized foreign currency receivables or payables covered by forward exchange contracts to be translated at such contract rates. Under the special method, interest rate swap transactions are accounted for as if the interest rates under those transactions were originally applied to underlying borrowing.

The Group has established a control environment, which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of derivative transactions. The Group does not do derivative transactions for trading purposes. The Group is exposed to certain market risks arising from derivative transactions. The Group is also exposed to the risk of credit loss in the event of non-performance by the counterparties to those transactions. However, the Group does not anticipate non-performance by any of these counterparties, all of whom are financial institutions with high credit ratings.

The Group evaluates hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The assessment of hedging effectiveness regarding interest rate swaps which are accounted for under the above special accounting method is omitted.

(o) Reclassifications

Certain reclassifications of the financial statements for the year ended March 31, 2014 have been made to conform to the presentation for the year ended March 31, 2015.

(p) Accounting Standards Issued but Not Yet Effective**Accounting standards for business combinations**

"Accounting Standard for Business Combinations" (ASBJ Statement No. 21), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7)," Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2),"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10) and "Guidance on Accounting

Standard for Earnings Per Share” (ASBJ Guidance No. 4) were revised on September 13, 2013. However, these accounting standards have not yet been adopted as of March 31, 2015.

Under these revised accounting standards, major accounting changes are as follows:

- (1) Any differences arising from the movement of ownership interests in its subsidiaries shall be accounted for as changes in capital surplus as long as the parent company retains control over its subsidiary.
- (2) Acquisition-related costs shall be accounted for as expenses when incurred.
- (3) “Income before minority interests” in the current year’s consolidated statement of income will be changed to “net income” in the current year’s consolidated statement of income will be changed to “net income attributable to shareholders of the parent company.” In addition, “Minority interests” in the current year’s consolidated balance sheet will be changed to “Non-controlling interests.”
- (4) If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report provisional amounts for the items whose accounting is incomplete in its financial statements (“provisional accounting”). Under these revised accounting standards, if accounting for a business combination is completed during the next fiscal year (the “completion period”) and consolidated financial statements for the completion period and those for the acquisition period are comparatively disclosed, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to the completed amounts and shall reflect new information on facts and circumstances that existed as of the acquisition date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

The Group will adopt these accounting standards effective April 1, 2015. At present, the Group is in the process of evaluating the impact on the consolidated financial statements of the adoption of these revised accounting standards.

3. Short-term Investments, Investments in Securities and Investments in Non-consolidated Subsidiaries and Affiliates

At March 31, 2015 and 2014, other securities, which are included in short-term investments and investment in securities, were as follows:

	Millions of yen			
	2015			
	Other securities			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Market value available				
Equity securities	¥ 8,501	¥2,230	¥(141)	¥ 10,590
Bonds and debentures	10,244	0	(53)	10,191
Other	22,089	35	(100)	22,024
	¥ 40,834	¥2,265	¥(294)	¥ 42,805
Market value not available	(19,953)	—	—	(19,953)
Total	¥ 20,881	¥2,265	¥(294)	¥ 22,852

	Millions of yen			
	2014			
	Other securities			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Market value available				
Equity securities	¥ 8,222	¥1,396	¥(571)	¥ 9,047
Bonds and debentures	6,003	0	(0)	6,003
Other	23,132	96	(37)	23,191
	¥ 37,357	¥1,492	¥(608)	¥ 38,241
Market value not available	(23,823)	—	—	(23,823)
Total	¥ 13,534	¥1,492	¥(608)	¥ 14,418

Thousands of U.S. dollars				
2015				
Other securities				
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Market value available				
Equity securities	\$ 70,842	\$18,583	\$(1,175)	\$ 88,250
Bonds and debentures	85,367	0	(442)	84,925
Other	184,074	292	(833)	183,533
	\$ 340,283	\$18,875	\$(2,450)	\$ 356,708
Market value not available	(166,275)	—	—	(166,275)
Total	\$ 174,008	\$18,875	\$(2,450)	\$ 190,433

At March 31, 2015 and 2014, investments in non-consolidated subsidiaries and affiliates were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Equity securities	¥10,343	¥ 9,142	\$86,192
Advances	1,620	1,843	13,500
	¥11,963	¥10,985	\$99,692

4. Inventories

Inventories at March 31, 2015 and 2014 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Finished goods	¥10,000	¥ 9,800	\$ 83,333
Work in process	19,084	16,514	159,033
Raw materials and supplies	17,887	15,400	149,059
	¥46,971	¥41,714	\$391,425

5. Other Intangible Assets

Other intangible assets at March 31, 2015 and 2014 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Trademark	¥ 5,522	¥ 4,893	\$ 46,017
Software	7,003	6,724	58,358
Other	6,455	3,944	53,792
	¥18,980	¥15,561	\$158,167

6. Short-term Debt and Long-term Debt

Short-term debt and long-term debt at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Short-term loans (unsecured)	¥ 7,718	¥ 9,564	\$ 64,316
Current portion of long-term debt	10,580	5,530	88,167
1.03% unsecured bonds, due 2014	—	15,000	—
1.04% unsecured bonds, due 2015	2,000	—	16,667
1.16% unsecured bonds, due 2016	2,400	—	20,000
0.89% unsecured bonds, due 2016	10,000	—	83,333
Short-term debt	¥ 32,698	¥30,094	\$ 272,483
1.04% unsecured bonds, due 2015	—	2,000	—
1.16% unsecured bonds, due 2016	—	2,400	—
0.89% unsecured bonds, due 2016	—	10,000	—
1.00% unsecured bonds, due 2017	2,000	2,000	16,667
0.73% unsecured bonds, due 2018	3,000	3,000	25,000
0.494% unsecured bonds, due 2022	20,000	—	166,667
0.100% unsecured bonds, due 2019	550	—	4,583
Loans from banks and other financial institutions unsecured maturing 2015 - 2021 with interest average rate from 0.18% to 4.50%.	40,815	25,190	340,125
Long-term debt	¥ 66,365	¥44,590	\$ 553,042
Less, current portion	(10,580)	(5,530)	(88,167)
Long-term debt	¥ 55,785	¥39,060	\$ 464,875

Aggregate annual maturities of long-term loans at March 31, 2015 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2017	¥ 6,680	\$ 55,667
2018	13,335	111,124
2019 and thereafter	10,220	85,167
	¥30,235	\$251,958

7. Retirement Benefits

The Company and its consolidated subsidiaries have funded and unfunded defined benefit pension plans and defined contribution pension plans to provide for the retirement of employees. The defined benefit pension plans (all are funded) are paid either in a lump sum or as a pension based on the employee's salary and years of service. In the lump-sum payment plans, a lump sum is paid as a retirement benefit based on salary and years of service.

For the defined benefit pension plans and lump-sum payment plans of certain consolidated subsidiaries, the simplified accounting method is used to calculate net defined benefit liability and retirement benefit expense.

Information on Retirement Benefits for the fiscal years ended March 31, 2015 and 2014 was as follows:

1. Defined Benefit Pension Plan

(1) Changes in Retirement Benefit Obligations (excludes application of simplified accounting method)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Beginning balance of retirement benefit obligations	¥42,277	¥40,737	\$352,308
Cumulative effects of changes in accounting policies	(2,545)	—	(21,208)
Restated balance	39,732	40,737	331,100
Service cost	1,468	1,159	12,233
Interest cost	757	787	6,308
Actual differences arising during the year	3,886	(1,111)	32,383
Retirement benefits paid	(2,289)	(2,146)	(19,075)
Other	1,508	2,851	12,568
Ending balance of retirement benefit obligations	¥45,062	¥42,277	\$375,517

(2) Changes in Plan Assets (excludes application of simplified accounting method)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Beginning balance of plan assets	¥31,598	¥27,237	\$263,317
Expected return on plan assets	1,097	938	9,142
Actual differences arising during the year	1,783	1,637	14,858
Contribution made by the Company and consolidated subsidiaries	2,153	1,947	17,942
Retirement benefits paid	(1,756)	(1,607)	(14,633)
Other	1,194	1,446	9,949
Ending balance of plan assets	¥36,069	¥31,598	\$300,575

(3) Changes in Net Defined Benefit Liability (only application of simplified accounting method)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Beginning net defined benefit liability	¥298	¥289	\$2,483
Retirement benefits expense	58	89	483
Retirement benefits paid	(13)	(16)	(108)
Contribution to plan	(49)	(65)	(408)
Ending net defined benefit liability	¥294	¥297	\$2,450

(4) Reconciliation of Retirement Benefit Obligations and Plan Assets with Net Defined Benefit Liability and Assets on the Consolidated Balance Sheets (includes application of simplified accounting method)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded retirement benefit obligations	¥ 39,770	¥ 36,292	\$ 331,417
Plan assets	(36,472)	(31,983)	(303,933)
	3,298	4,309	27,484
Unfunded retirement benefit obligations	5,989	6,667	49,908
Net amount of liability and asset on consolidated balance sheets	9,287	10,976	77,392
Net defined benefit liability	14,435	12,408	120,292
Net defined benefit asset	(5,148)	(1,432)	(42,900)
Net amount of liability and asset on consolidated balance sheets	¥ 9,287	¥ 10,976	\$ 77,392

(5) Retirement Benefit Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥ 1,468	¥1,159	\$12,233
Interest cost	757	787	6,308
Expected return on plan assets	(1,097)	(938)	(9,142)
Amortization of actuarial differences	823	843	6,858
Retirement benefit expenses using the simplified method	59	91	492
Retirement benefit expenses for defined benefit pension plans	¥ 2,010	¥1,942	\$16,749

(6) Remeasurements of Defined Benefit Plans

Breakdown of remeasurements of defined benefit plans (before deduction of tax effects)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial differences	¥(1,431)	¥—	\$(11,925)
Total	¥(1,431)	¥—	\$(11,925)

(7) Accumulated Remeasurements of Defined Benefit Plans

Breakdown of accumulated remeasurements of defined benefit plans (before deduction of tax effects)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized actuarial differences	¥(4,823)	¥(3,392)	\$(40,192)
Total	¥(4,823)	¥(3,392)	\$(40,192)

(8) Plan Assets

a. Breakdown of pension assets

	2015	2014
Bonds	27%	28%
Stocks	40%	37%
Cash and deposits	0%	0%
General life insurance accounts	16%	17%
Other	17%	18%
Total	100%	100%

b. Determination of long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined by considering the current and expected allocation of plan assets and the current and expected long-term rates of return in the future for the various components of the plan assets.

(9) Basic Assumptions for Calculating Retirement Benefit Obligations

	2015	2014
Discount rate	0.3%–4.0%	1.0%–4.9%
Expected rate of return on plan assets	2.0%–8.0%	2.0%–8.0%

2. Defined Contribution Pension Plans

Contributions to defined contribution pension plan

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Contributions to defined contribution pension plan	¥332	¥306	\$2,767

8. Contingent Liabilities

Contingent liabilities at March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
As a guarantor of indebtedness of:			
Affiliates	¥910	¥1,179	\$7,583

9. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets under finance lease contracts, commencing on or before March 31, 2008 that do not transfer ownership to the lessee at March 31, 2015 and 2014, which would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Machinery and Equipment		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Acquisition costs	¥186	¥186	\$1,550
Accumulated depreciation	184	163	1,533
Net book value	¥ 2	¥ 23	\$ 17

The Group leases certain machinery and equipment. Total lease payments under these leases were ¥20 million (\$167 thousand) and ¥21 million for the years ended March 31, 2015 and 2014, respectively.

Obligations under non-cancelable operating leases as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	¥1,692	¥1,499	\$14,100
Due after one year	5,861	3,605	48,842
	¥7,553	¥5,104	\$62,942

10. Financial Instruments

1. Status of financial instruments

(1) Policy for financial instruments

In light of plans for financing, the Group raises the funds it requires through bank loans and bonds issuance. The Group manages temporary fund surpluses through financial assets that have high levels of safety. The Group reduces the customer credit risk by applying the internal policies for managing credit risk. Long-term debt and bonds are taken out principally for the purpose of capital expenditure and acquisitions.

The Group undertakes interest rate swap transactions as a hedging instrument for certain long-term debt to reduce such risk and fix interest expense for debt bearing interest at variable rates.

The Group limits the use of derivatives to the volume of long-term debt and bonds and actual requirements based on the established internal control rules, and does not engage in speculative transactions.

(2) Types of financial instruments and related risk

Trade receivables - notes receivables and accounts receivables - are exposed to credit risk in relation to customers.

The Group holds securities and investments in securities, which are mainly issued by companies who have business relationships with the Group, and these securities are exposed to the risk of fluctuation in market prices.

Trade payables - notes payable and accounts payable - mostly have payment due dates within one year.

Bank loans and bonds are taken out principally for the purpose of working capital, capital expenditure and acquisitions, which are exposed to the liquidity risk and the interest-rate risk.

Forward exchange contracts and the interest swap transactions are almost always used as a hedge as a type of derivative transactions.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies for managing credit risk of the Group, the Group monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by customer.

To minimize the credit risk when entering into derivative transactions, counterparties are limited to financial institutions with high ratings.

(b) Monitoring of market risks

Derivatives mainly include forward foreign currency contracts and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank loans.

Investments in securities, primarily the equity securities of corporations with which the Group does business, are exposed to the risk of fluctuations in market price.

The Group manages this risk by periodically examining market prices and the financial condition of the issuing entities.

The Group executes and manages derivative transactions within the limits of established internal rules and regulations, and reduces credit risk by limiting counterparties to highly creditworthy financial institutions.

(c) Monitoring of liquidity risk for financing (the risk that the Companies may not be able to meet its obligations on the scheduled due dates)

The Group manages the liquidity risk mainly through the cash-flow plans, which are prepared by the financial department.

In order to achieve more efficient and flexible financing, the Group contracts line-of-credit agreements with certain financial institutions.

(4) Supplementary explanation of items relating to the market value of financial instruments

The Group calculates the fair value of financial instruments based on market prices, or by using reasonable estimates when market prices are not available. These estimates include variable factors, and are subject to fluctuation due to change in the underlying assumptions. The contract amounts of derivatives are not an indicator of the market risk associated with derivative transactions.

2. Market value of financial instruments

Amounts recognized in the consolidated balance sheets, market values and the differences between them on March 31, 2015 and 2014 are as shown below.

Moreover, items for which it is extremely difficult to determine market values are not included in the following table (see (note 2)).

	Millions of yen		
	2015		
	Book value	Market value	Difference
(1) Cash and deposits	¥ 38,421	¥ 38,421	¥ —
(2) Notes and accounts receivables, trade	78,387	78,387	—
(3) Securities and Investments in securities	42,806	42,806	—
Total assets	¥ 159,614	¥ 159,614	¥ —
(1) Notes and accounts payables, trade	(44,538)	(44,538)	—
(2) Short-term debt	(32,698)	(32,844)	(146)
(3) Long-term debt	(55,785)	(55,608)	177
Total liabilities	¥(133,021)	¥(132,990)	¥ 31

Millions of yen			
2014			
	Book value	Market value	Difference
(1) Cash and deposits	¥ 28,246	¥ 28,246	¥ —
(2) Notes and accounts receivables, trade	72,947	72,947	—
(3) Securities and Investments in securities	38,241	38,241	—
Total assets	¥ 139,434	¥ 139,434	¥ —
(1) Notes and accounts payables, trade	(43,608)	(43,608)	—
(2) Short-term debt	(30,094)	(30,094)	—
(3) Long-term debt	(39,060)	(39,450)	(390)
Total liabilities	¥(112,762)	¥(113,152)	¥(390)

Thousands of U.S. dollars			
2015			
	Book value	Market value	Difference
(1) Cash and deposits	\$ 320,175	\$ 320,175	\$ —
(2) Notes and accounts receivables, trade	653,225	653,225	—
(3) Securities and Investments in securities	356,717	356,717	—
Total assets	\$ 1,330,117	\$ 1,330,117	\$ —
(1) Notes and accounts payables, trade	(371,150)	(371,150)	—
(2) Short-term debt	(272,483)	(273,700)	(1,217)
(3) Long-term debt	(464,875)	(463,400)	1,475
Total liabilities	\$(1,108,508)	\$(1,108,250)	\$ 258

Note 1: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivables, trade Since these items are settled in a short period, their carrying value approximates fair value.

(3) Securities and investments in securities

The fair value of equity securities is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities.

For information on securities classified by holding purpose, please refer to Note 3. of the notes to the consolidated financial statements.

Liabilities

(1) Notes and accounts payables, trade and (2) Short-term debt

Since these items are settled in a short period of time, their carrying value approximates fair value.

(3) Long-term debt

(Long-term loan)

The market value of long-term loans payable is calculated by applying a discount rate to the total of principal and interest. That discount rate is based on the assumed interest rate if a similar new loan was entered into. Because long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically, their market values are almost the same as their book values, the relevant book values are used.

A specially treated interest rate swap is accounted for as an integral part of long-term loans payable, or the subject of hedging, so that the fair value of the swap is stated by being included in the fair value of long-term loans payable.

(Bonds)

The fair value of bonds issued by the Company is based on market prices when market prices are readily available. The fair value of bonds without market prices is measured as the present value, calculated by discounting the total amount of principal and interest at a rate determined by taking into account the remaining maturity of each bond and the current credit risk.

Derivative transactions

For information on derivative transactions, please refer to Note 11. "Derivative transaction" of the notes to the consolidated financial statements.

Note 2: Financial instruments for which it is extremely difficult to determine market values were as follows;

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
	Book value		Book value
Investments in non-consolidated - subsidiaries and affiliates	¥10,343	¥9,142	\$86,192
Other securities			
Unlisted equity securities	173	176	1,442
Others	55	60	458

Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, they are not included in the chart above.

Note 3: Planned redemption amounts after the balance sheet date for monetary assets and investment securities with monetary assets and maturity dates

	Millions of yen			
	2015		2014	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year
Cash and deposits	¥ 38,421	¥ —	¥ 28,246	¥ —
Notes and accounts receivables, trade	78,387	—	72,947	—
Securities and investments in securities				
Other securities (Bonds)	3,944	6,301	4,999	1,064
Other securities (Others)	21,944	75	21,682	1,509
Total	¥142,696	¥6,376	¥127,874	¥2,573

	Thousands of U.S. dollars	
	2015	
	Within 1 year	Over 1 year
Cash and deposits	\$ 320,175	\$ —
Notes and accounts receivables, trade	653,225	—
Securities and investments in securities		
Other securities (Bonds)	32,867	52,508
Other securities (Others)	182,866	625
Total	\$1,189,133	\$53,133

11. Derivative Transactions

There were no derivative transactions to which hedge accounting was not applied at March 31, 2015 and 2014. Derivative transactions to which hedge accounting is applied at March 31, 2015 and 2014 were as follows:

	Millions of yen					
	2015			2014		
	Contract amounts	Over 1 year	Market value	Contract amounts	Over 1 year	Market value
Foreign currency forward contracts: Hedged item: Long-term receivables Receive floating, pay fixed	¥ 668	¥668	¥(107)	¥ 410	¥ 410	¥(26)
Interest swap contracts: Hedged item: Long-term loans Receive floating, pay fixed	¥8,200	¥ —	¥ 32	¥8,200	¥8,200	¥ 68

	Thousands of U.S. dollars		
	2015		
	Contract amounts	Over 1 year	Market value
Foreign currency forward contracts: Hedged item: Long-term receivables Receive floating, pay fixed	\$ 5,567	\$5,567	\$(892)
Interest swap contracts: Hedged item: Long-term loans Receive floating, pay fixed	\$68,333	\$ —	\$ 267

Note: The market value is provided by financial institutions with which we made the contracts.

12. Stock Options

1. The amount of expense appropriation and the accounting name during the years ended March 31, 2015 and 2014.

Equity deal expense (included in "Selling, general and administrative expenses") was ¥49 million (\$408 thousand) and ¥43 million for the years ended March 31, 2015 and 2014.

2. The contents, scale, and change situation of stock options

(1) The contents of stock options

June 2008 stock option	
Company	Sanwa Holdings Corporation
Resolution date	June 26, 2008
Grantee classification and the number	3 directors
Type and number of shares	Common stock of the Company: 76,000 shares
Date of grant	July 15, 2008
Exercise period of rights	For 30 years from grant date (from July 16, 2008 to July 15, 2038)

June 2009 stock option	
Company	Sanwa Holdings Corporation
Resolution date	June 30, 2009
Grantee classification and the number	3 directors
Type and number of shares	Common stock of the Company: 82,000 shares
Date of grant	July 15, 2009
Exercise period of rights	For 30 years from grant date (from July 16, 2009 to July 15, 2039)

June 2010 stock option	
Company	Sanwa Holdings Corporation
Resolution date	June 30, 2010
Grantee classification and the number	3 directors
Type and number of shares	Common stock of the Company: 99,000 shares
Date of grant	July 15, 2010
Exercise period of rights	For 30 years from grant date (from July 16, 2010 to July 15, 2040)

June 2011 stock option	
Company	Sanwa Holdings Corporation
Resolution date	June 29, 2011
Grantee classification and the number	3 directors
Type and number of shares	Common stock of the Company: 102,000 shares
Date of grant	July 14, 2011
Exercise period of rights	For 30 years from grant date (from July 15, 2011 to July 14, 2041)

June 2012 stock option	
Company	Sanwa Holdings Corporation
Resolution date	June 28, 2012
Grantee classification and the number	6 directors
Type and number of shares	Common stock of the Company: 156,000 shares
Date of grant	July 13, 2012
Exercise period of rights	For 30 years from grant date (from July 14, 2012 to July 15, 2042)

June 2013 stock option	
Company	Sanwa Holdings Corporation
Resolution date	June 26, 2013
Grantee classification and the number	6 directors
Type and number of shares	Common stock of the Company: 86,000 shares
Date of grant	July 12, 2013
Exercise period of rights	For 30 years from grant date (from July 13, 2013 to July 12, 2043)

June 2014 stock option	
Company	Sanwa Holdings Corporation
Resolution date	June 26, 2014
Grantee classification and the number	8 directors
Type and number of shares	Common stock of the Company: 82,000 shares
Date of grant	July 14, 2014
Exercise period of rights	For 30 years from grant date (from July 15, 2014 to July 14, 2044)

(2) Scale, and change situation of stock options

(2)-1 Number of stock options

	Shares						
	June 2008 stock option	June 2009 stock option	June 2010 stock option	June 2011 stock option	June 2012 stock option	June 2013 stock option	June 2014 stock option
Before vested							
Beginning of period	—	—	—	—	—	86,000	—
Granted	—	—	—	—	—	—	82,000
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	86,000	—
Unvested	—	—	—	—	—	—	82,000
After vested							
Beginning of period	76,000	82,000	99,000	102,000	156,000	—	—
Vested	—	—	—	—	—	86,000	—
Exercised	—	—	—	—	—	—	—
Expired	—	—	—	—	—	—	—
Exercisable	76,000	82,000	99,000	102,000	156,000	86,000	—

(2)-2 Unit value and exercise period for stock option rights

	Yen						
	June 2008 stock option	June 2009 stock option	June 2010 stock option	June 2011 stock option	June 2012 stock option	June 2013 stock option	June 2014 stock option
Exercise price	1	1	1	1	1	1	1
Average share price at exercise	—	—	—	—	—	—	—
Fair value unit price (Date of grant)	301	263	250	243	252	515	625

	U.S. Dollars						
	June 2008 stock option	June 2009 stock option	June 2010 stock option	June 2011 stock option	June 2012 stock option	June 2013 stock option	June 2014 stock option
Exercise price	0.008	0.008	0.008	0.008	0.008	0.008	0.008
Average share price at exercise	—	—	—	—	—	—	—
Fair value unit price (Date of grant)	2.508	2.192	2.083	2.025	2.100	4.292	5.208

3. Assumptions used in estimation of the fair value of stock options above were as follows:

	June 2008 stock option	June 2009 stock option	June 2010 stock option	June 2011 stock option	June 2012 stock option	June 2013 stock option	June 2014 stock option
Method of estimation	Black-Scholes model						
Volatility	26.6%	30.7%	31.4%	33.5%	30.0%	30.7%	32.1%
Expected remaining period	8 years	7 years	6 years	5 years	10 years	9 years	8 years
Expected dividend	¥13 per share	¥10 per share	¥5 per share	¥8 per share	¥8 per share	¥10 per share	¥13 per share
Risk-free interest rate	1.33%	0.94%	0.46%	0.41%	0.78%	0.79%	0.36%

13. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses were ¥3,031 million (US\$25,258 thousand) and ¥2,659 million for the years ended March 31, 2015 and 2014, respectively.

And so on, research and development expenses included in cost of sales were ¥474 million (US\$3,950 thousand) and ¥490 million for the years ended March 31, 2015 and 2014, respectively.

14. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in a statutory tax rate of approximately 38.0% for the years ended March 31, 2015 and 2014. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rates for the years ended March 31, 2015 and 2014 differ from the Company's statutory tax rates for the following reasons:

	2015	2014
Statutory tax rate	35.6%	38.0%
Expenses not deductible for income tax purposes	0.2	0.8
Depreciation of goodwill	1.5	1.0
Change in valuation allowance	5.8	1.3
Other	(1.1)	(0.9)
Effective tax rate	42.0%	40.2%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Allowance for bonuses	¥ 1,156	¥ 1,224	\$ 9,633
Net defined benefit liability	5,125	5,085	42,708
Tax loss carryforwards	1,498	1,046	12,483
Securities	471	605	3,925
Investment in affiliates securities	115	124	958
Impairment loss	967	—	8,058
Other	4,619	4,248	38,492
	13,951	12,332	116,257
Less valuation allowance	(2,206)	(946)	(18,382)
Total	¥11,745	¥11,386	\$ 97,875
Deferred tax liabilities:			
Depreciation	(6,681)	(5,340)	(55,675)
Net defined benefit asset	(645)	(618)	(5,375)
Net unrealized holding gains on securities	(2,186)	(327)	(18,217)
Other	(16)	(697)	(133)
Total	¥ (9,528)	¥ (6,982)	\$ (79,400)
Net deferred tax assets	¥ 2,217	¥ 4,404	\$ 18,475

Net deferred tax assets at March 31, 2015 and 2014 were included in the consolidated balance sheet as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Current assets	¥ 3,918	¥ 4,632	\$ 32,650
Investments and other assets	2,521	4,942	21,008
Current liabilities	(4)	(16)	(33)
Long-term liabilities	(4,218)	(5,154)	(35,150)
Net deferred tax assets	¥ 2,217	¥ 4,404	\$ 18,475

(Change in statutory effective tax rate)

The "Act on Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act on Partial Amendment of the Local Tax Act, etc." (Law No. 2 of 2015) were promulgated on March 31, 2015, lowering the corporate tax rate for fiscal years beginning on or after April 1, 2015. Consequently, the statutory effective tax rate used to measure the deferred tax assets and liabilities of the Company and its consolidated subsidiaries for the fiscal year ended March 31, 2015, was reduced from 35.6% in the previous fiscal year for temporary differences expected to be resolved in the fiscal year beginning April 1, 2015, to 33.1% for temporary differences expected to be recovered or paid between April 1, 2015 and March 31, 2016, and to 32.3% for those expected to be recovered or paid on or after April 1, 2016.

As a result, deferred tax assets (after subtracting deferred tax liabilities) decreased by ¥129 million (\$1,075 thousand), deferred income taxes recognized in the year ended March 31, 2015 increased by ¥189 million (\$1,575 thousand), net unrealized holdings gains (losses) on securities increased by ¥66 million (\$550 thousand), and remeasurements of defined benefit plans decreased by ¥6 million (\$50 thousand).

15. Other Income (Expenses)

Other, net, for the years ended March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Gain (Loss) on sales and disposal of fixed assets	¥ (14)	¥(1,442)	\$ (117)
Gain (Loss) on sales of investments in securities	658	1,044	5,483
Impairment loss (note)	(2,993)	—	(24,942)
Write-down of investments in securities	(88)	(440)	(733)
Loss on restructuring cost of subsidiary	(777)	(511)	(6,475)
Loss on liquidation of subsidiaries	(522)	(1,797)	(4,350)
Other, net	(98)	(378)	(817)
	¥(3,834)	¥(3,524)	\$ (31,951)

Note: The Company and its consolidated subsidiaries recognized impairment losses on the following asset groups in the year ended March 31, 2015.

Location	Use	Asset type	Amount
Kodama, Honjo, Saitama Pref.	Idle asset	Land	¥2,993 million (\$24,942 thousand)

(Method of grouping assets)

The Company and its consolidated subsidiaries group business assets based on business segments in principle. However, idle assets that are not expected to be used in the future are grouped by individual asset.

(Background to recognition of impairment loss)

The asset in question was acquired as a production and distribution base, and had been grouped as a business property based on business segments. Due to a resolution by the Board of Directors to change the purpose of use of this asset, its grouping was changed from property, plant and equipment to idle assets. Therefore, the Company reduced the book value of the asset to the recoverable amount and accounted for this reduction as an impairment loss in extraordinary losses.

(Method of determining recoverable amount)

The Company measured the recoverable amount of this asset based on its net realizable value, which was determined using the appraised value.

16. Other Comprehensive Income

The reclassification adjustments and tax effects for components of other comprehensive income (loss) for the year ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrealized holding gains on securities:			
Amount arising during the year	¥ 1,662	¥ 4,300	\$ 13,850
Reclassification adjustments for losses realized in net income	(572)	(965)	(4,767)
Before tax effect	1,090	3,335	9,083
Tax effect	(322)	(1,189)	(2,683)
Total unrealized holding gains on securities	768	2,146	6,400
Foreign currency translation adjustments:			
Amount arising during the year	6,513	9,930	54,275
Reclassification adjustments for losses realized in net income	—	—	—
Total foreign currency translation adjustments	6,513	9,930	54,275
Reclassification adjustments for losses realized in net income			
Amount arising during the year	(1,981)	—	(16,508)
Reclassification adjustments for losses realized in net income	549	—	4,575
Before tax effect	(1,432)	—	(11,933)
Tax effect	485	—	4,041
Total remeasurements of defined benefit plans	(947)	—	(7,892)
Share of other comprehensive income of non-consolidated subsidiaries and affiliates accounted for using the equity method:			
Amount arising during the year	280	167	2,333
Total other comprehensive income	¥ 6,614	¥12,243	\$ 55,116

17. Segment Information

Information about operations in report segments of the Group for the years ended March 31, 2015 and 2014, was as follows:

(1) Report Segments

	Millions of yen					
	2015				Adjustment cost	Consolidated financial statement
	Japan	North America	Europe	Total		
Sales to customers	¥190,195	¥98,482	¥49,934	¥338,611	¥ 434	¥339,045
Inter-segment	2	22	56	80	(80)	—
Total sales	190,197	98,504	49,990	338,691	354	339,045
Segment income (loss)	¥ 21,424	¥ 5,785	¥ 1,413	¥ 28,622	¥ (2,288)	¥ 26,334
Segment assets	¥119,519	¥63,787	¥38,628	¥221,934	¥101,393	¥323,327
Depreciation	3,148	2,406	1,591	7,145	43	7,188
Impairment loss	—	—	—	—	2,993	2,993
Investment in equity method companies	—	415	864	1,279	4,394	5,673
Capital expenditures	2,550	3,430	1,712	7,692	35	7,727

Millions of yen						
2014						
	Japan	North America	Europe	Total	Adjustment cost	Consolidated financial statement
Sales to customers	¥182,013	¥87,187	¥42,653	¥311,853	¥ 104	¥311,957
Inter-segment	17	61	199	277	(277)	—
Total sales	182,030	87,248	42,852	312,130	(173)	311,957
Segment income (loss)	¥ 16,964	¥ 4,559	¥ 1,000	¥ 22,523	¥ (1,874)	¥ 20,649
Segment assets	¥115,375	¥58,067	¥32,773	¥206,215	¥75,702	¥281,917
Depreciation	2,823	1,996	1,315	6,134	46	6,180
Investment in equity method companies	—	362	1,377	1,739	3,089	4,828
Capital expenditures	2,558	3,140	1,402	7,100	16	7,116

Thousands of U.S. dollars						
2015						
	Japan	North America	Europe	Total	Adjustment cost	Consolidated financial statement
Sales to customers	\$1,584,958	\$820,683	\$416,117	\$2,821,758	\$ 3,617	\$2,825,375
Inter-segment	17	183	467	667	(667)	—
Total sales	1,584,975	820,866	416,584	2,822,425	2,950	2,825,375
Segment income (loss)	\$ 178,533	\$ 48,208	\$ 11,776	\$ 238,517	\$ (19,067)	\$ 219,450
Segment assets	\$ 995,992	\$531,558	\$321,900	\$1,849,450	\$844,942	\$2,694,392
Depreciation	26,233	20,050	13,259	59,542	358	59,900
Impairment loss	—	—	—	—	24,942	24,942
Investment in equity method companies	—	3,458	7,200	10,658	36,617	47,275
Capital expenditures	21,250	28,583	14,267	64,100	292	64,392

(2) Related Information

a) Information on Products and Each Service

Millions of yen					
2015					
	Commercial	Residential	Maintenance/Home improvement	Other	Consolidated
Sales to customers	¥216,505	¥85,325	¥31,878	¥5,337	¥339,045

Millions of yen					
2014					
	Commercial	Residential	Maintenance/Home improvement	Other	Consolidated
Sales to customers	¥201,122	¥77,314	¥29,994	¥3,527	¥311,957

Thousands of U.S. dollars					
2015					
	Commercial	Residential	Maintenance/Home improvement	Other	Consolidated
Sales to customers	\$1,804,208	\$711,042	\$265,650	\$44,475	\$2,825,375

b) Information on Each Region

Millions of yen				
2015				
	Japan	North America	Europe	Total
Property, plant and equipment	¥28,160	¥15,165	¥12,215	¥55,540

Millions of yen				
2014				
	Japan	North America	Europe	Total
Property, plant and equipment	¥30,849	¥13,080	¥10,843	¥54,772

Thousands of U.S. dollars				
2015				
	Japan	North America	Europe	Total
Property, plant and equipment	\$234,667	\$126,375	\$101,792	\$462,834

18. Business Combination

Business combination due to acquisition in the year ended March 31, 2015

(1) Outline of business combination

1. Name and main business of acquired company

Name of acquired company: Alpha Deuren International B.V.

Main business of acquired company: Manufacturing and sales of industrial doors

2. Main reasons for business combination

The Company conducts business in the four regions of Japan, the USA, Europe and Asia, and is striving to become a global major in steel building materials. In Europe, the Novoferm Group ("NF"), which the company acquired in 2003, aims to become a leading company in Europe in the industrial sectional door industry through the realization of a business integration. Alpha Deuren uses a systematic production and sales structure that eliminates inefficiencies, and thus has industry-leading cost competitiveness. Therefore, by merging with Alpha Deuren, NF will become one of Europe's top business groups in the industrial door field, in addition to its core garage door and hinge door businesses. This acquisition positions the Company to move a step closer to the goal of Sanwa Global Vision 2020, which is to offer products and services that provide safety, security and convenience as a global major in the access systems industry.

3. Date of combination

June 30, 2014 (the deemed acquisition date)

4. Legal method used for combination

Purchase of shares with cash

5. Name of controlling entity after combination

No change

6. Percentage of voting rights acquired

100 percent

7. Principal reason for deciding to acquire the company

The principal reason was the purchase of shares with cash by a consolidated subsidiary of the Company.

(2) Period of the acquired company's financial results included in the consolidated financial statements

July 1, 2014 to December 31, 2014

(3) Purchase price and details

The purchase price and details are not disclosed because of a confidentiality agreement between the two companies.

(4) Goodwill incurred, reason for recognizing goodwill, and method and period of amortization

1. Amount of goodwill: 66,098 thousand euros

2. Reason for recognizing goodwill

Since the market value of the net assets of the acquired company at the time of the acquisition was less than the purchase price, the difference was recognized as goodwill.

3. Amortization method and amortization period

Straight-line method over the estimated period in which the investment benefits will materialize.

(5) The amount of assets acquired and liabilities assumed of the business of Alpha Deuren International B.V. at the date of acquisition were as follows:

	Thousands of euros
Current assets	€ 21,956
Fixed assets	21,426
Total assets	43,382
Current liabilities	10,354
Long-term liabilities	4,176
Total liabilities	14,530

19. Subsequent Events

(Year-end cash dividends)

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2015, was approved at the general shareholders' meeting held on June 26, 2015:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥9.0 per share)	¥2,103	\$17,525

Independent Auditor's Report

KYORITSU AUDIT CORPORATION

Independent Auditor's Report

The Board of Directors
Sanwa Holdings Corporation;

We have audited the accompanying consolidated financial statements of Sanwa Holdings Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sanwa Holdings Corporation and its consolidated subsidiaries at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.



Tokyo, Japan
June 25, 2015

Consolidated Subsidiaries and Affiliated Companies

As of March 31, 2015

Domestic

Sanwa Shutter Corporation

Manufacturer of general building materials and the leading supplier of rolling shutters and steel hinge doors. The core company of the Sanwa Group.
Address: Shingashi 2-3-5, Itabashi-ku, Tokyo, 175-0081, Japan
Phone: +81-3-5998-9111

Showa Front Co., Ltd.

A pioneer in facades for stores based on advanced technologies and wide product selection.
Address: Uchikanda 1-13-7, Chiyoda-ku, Tokyo, 101-0047, Japan
Phone: +81-3-3293-6737

Okinawa Sanwa Shutter Corporation

Manufactures and sells steel building materials such as rolling shutters and doors, and store building materials.
Address: Taira 84-1, Tomigusukushi, Okinawa, 901-0212, Japan
Phone: +81-98-840-5538

Sanwa Tajima Corporation

Manufactures and sells stainless steel building products.
Address: Ikebukuro 2-77-5, Toshima-ku, Tokyo, 171-0014, Japan
Phone: +81-3-5954-5880

Sanwa Exterior Niigata Plant Co., Ltd.

Manufactures various exterior products.
Address: Oigashima 1397-1, Tsubameshi, Niigata, 959-0113, Japan
Phone: +81-256-98-5551

Venix Co., Ltd.

Manufactures various partitions.
Address: Kamagata 3128, Ranzan-machi, Hiki-gun, Saitama, 355-0225, Japan
Phone: +81-493-62-6671

Showa Kensan Co., Ltd.

Manufactures automatic door engines for store facades.
Address: Nakano 1453, Oura-machi, Oura-gun, Gunma, 370-0603, Japan
Phone: +81-276-88-2121

Tajima Metalwork Co., Ltd.

Top brand designing and marketing company of post boxes.
Address: Higashi-Ikebukuro 4-41-24, Toshima-ku, Tokyo, 170-0013, Japan
Phone: +81-3-5396-7611

Hayashi Kogyo Co., Ltd.

Manufactures steel hinge doors.
Address: Kitsukogyodanchi 1-20, Konan-ku, Niigata-shi, Niigata, Japan
Phone: +81-25-385-2153

Yoshida Seisakusho Co., Ltd.

Manufactures stainless steel facades.
Address: Nagatoro 168-1, Saku-shi, Nagano, Japan
Phone: +81-267-68-4860

Tajima Metalwork Kansai Co., Ltd.

Manufactures stainless steel products.
Address: Fukanoshiro 221-2, Nosaka Sannan-cho, Tambashi, Hyogo, Japan
Phone: +81-795-77-2870

Ace Co., Ltd.

Supplier of facades for stores and other building materials.
Address: Yaguchi 2-17-11, Ota-ku, Tokyo, Japan
Phone: +81-3-5482-1941

Sanwa Electronics Engineering Co., Ltd.

Develops and manufactures operators.
Address: Takakuracho 3-10-27, Miyakojima-ku, Osaka, Japan
Phone: +81-6-6922-3816

Overseas

Overhead Door Corporation

A respected brand in the garage door industry, Overhead Door Corporation invented and manufactured the first upward-lifting garage door and electric garage door opener.
Address: 2501 South State Highway 121, Suite 200, Lewisville, TX 75067, U.S.A.
Phone: +1-469-549-7110

Novoferm Group (Novoferm GmbH)

The Novoferm Group is Europe's second-largest manufacturer and seller of doors, garage doors, industrial doors and related products, and conducts business throughout Europe.
Address: Isselburger Strasse 31, 46459 Rees, Germany
Phone: +49-2850-910-624

Shanghai Baosteel-Sanwa Door Co., Ltd.

Manufactures and sells shutters and overhead doors.
Address: 988 Yueluo Road, Baoshan, Shanghai, 200941 China
Phone: +86-21-5692-5550

Novoferm (Shanghai) Co., Ltd.

Manufactures and sells doors.
Address: No.118 Mingye Road, Shenshan Industrial Area, Songjiang, Shanghai, 201602 China
Phone: +86-21-5779-3335

Sanwa Holdings Corporation, Shanghai Representative Office

Sanwa Holdings' base in Asia.
Address: Room 1405, Chunshenjiang Building, 400 Zhejiang Road (MID), Shanghai, 200001 China
Phone: +86-21-5108-7852

Sanwa Shutter Design (Shanghai) Corporation

Manufactures shutters and doors.
Address: Room 7AF, Xinda Building, 1399 Beijing West Road, Shanghai, 200042 China
Phone: +86-21-3360-6778

Sanwa Shutter (H.K.) Ltd.

Manufactures and sells shutters and doors.
Address: Room 1901, 19/F Emperor Group Centre, No. 288 Hennessy Road, Wanchai, Hong Kong, China
Phone: +852-2833-6619

An-Ho Metal Industrial Co., Ltd.

Manufactures and sells shutters and doors.
Address: 7F1, No. 27, Section 1, Chungshan North Road, Taipei, Taiwan, R.O.C.
Phone: +886-2-2521-0013

Vina-Sanwa Company Liability Ltd.

Manufactures and sells shutters and doors.
Address: High-Tech Industrial Zone II, Hoa Lac High-Tech Park, Thach That, Hanoi, Vietnam
Phone: +84-4-3772-8301

Dongbang Novoferm Inc.

Manufactures and sells doors.
Address: 15, Seoulsiripdae-ro, Dongdaemun-gu, Seoul, Republic of Korea
Phone: +82-2-2212-6442

Sun Metal Co., Ltd.

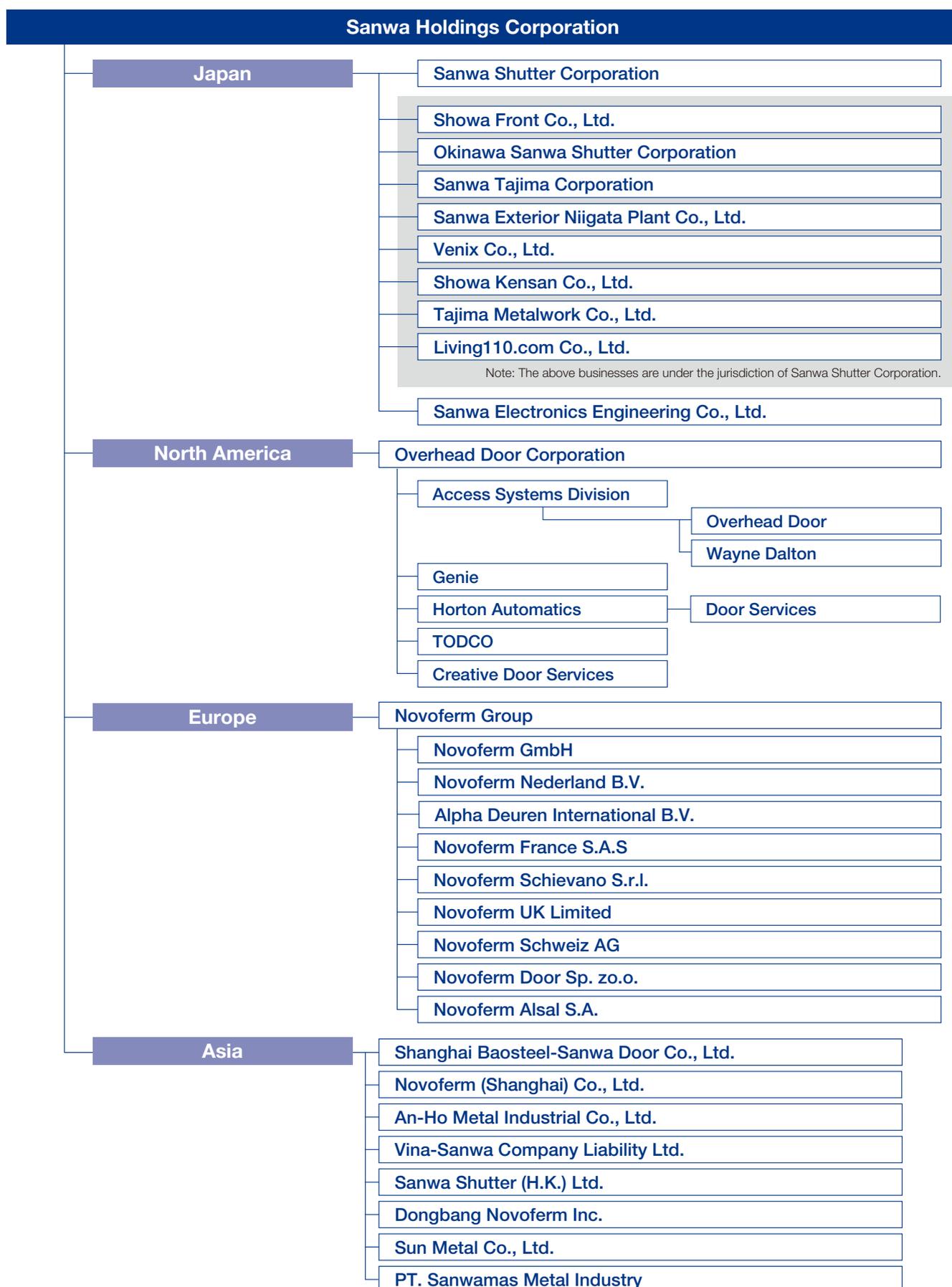
Manufactures and sells shutters and doors.
Address: 180-184 METRO Building 4F, Rajawongse Road, Bangkok 10100, Thailand
Phone: +66-2-222-5190

PT. Sanwamas Metal Industry

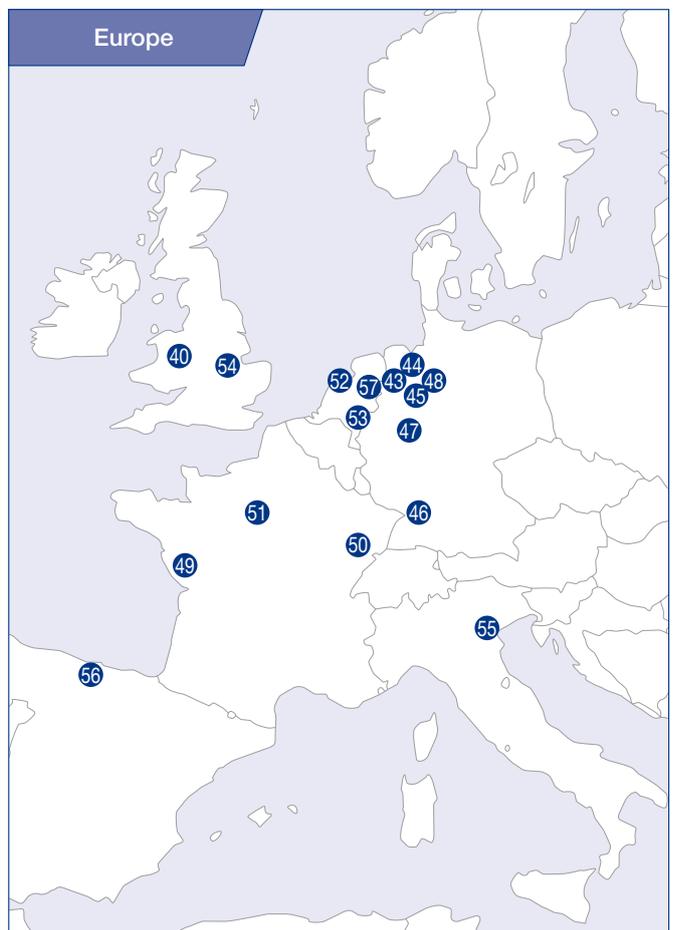
Manufactures and sells shutters.
Address: Jl. Let. Jend. S. Parman kav. 32-34, Jakarta 11480, Indonesia
Phone: +62-21-548-2308

Group Organization

As of May 31, 2015



Global Network



Group Plant Locations

Company	Plant Name	Country	Products
Japan SANWA SHUTTER, DOMESTIC SUBSIDIARIES AND AFFILIATES			
Sanwa Shutter Corporation	① Sapporo	Japan	Rolling shutters, overhead doors, hinge doors
	② Ashikaga		Rolling shutters, overhead doors
	③ Ota		Hinge doors
	④ Shizuoka		Window shutters, hinge doors, partitions
	⑤ Gifu		Rolling shutters, overhead doors
	⑥ Hiroshima		Rolling shutters, hinge doors
	⑦ Kyushu		Rolling shutters
Okinawa Sanwa Shutter Corporation	⑧ Okinawa		Rolling shutters, hinge doors
Sanwa Tajima Corporation	⑨ Saitama		Stainless steel products
	⑩ Nagoya		Stainless steel products
Sanwa Exterior Niigata Plant Co., Ltd.	⑪ Niigata		Exterior items
Venix Co., Ltd.	⑫ Ranzan		Partitions
Showa Kensan Co., Ltd.	⑬ Gunma		Automatic doors
Hayashi Kogyo Co., Ltd.	⑭ Niigata		Hinge doors
Metalwork Kansai Co., Ltd.	⑮ Sannan		Stainless steel products
Yoshida Seisakusyo Co., Ltd.	⑯ Saku		Stainless steel products
Sanwa Electronics Engineering Co., Ltd.	⑰ Osaka		Shutter openers
Asia AFFILIATED COMPANIES			
Shanghai Baosteel-Sanwa Door Co., Ltd.	⑱ Shanghai	China	Overhead doors, rolling shutters, sheet shutters
Sanwa Shutter (H.K.) Ltd.	⑲ Hong Kong		Rolling shutters, doors & door frames
An-Ho Metal Industrial Co., Ltd.	⑳ Hsinchu	Taiwan	Doors & door frames
Vina-Sanwa Company Liability Ltd.	㉑ Hanoi	Vietnam	Doors & door frames, rolling shutters, sheet shutters
Sun Metal Co., Ltd.	㉒ Korat	Thailand	Rolling shutters, doors & door frames
PT. Sanwamas Metal Industry	㉓ Beksai	Indonesia	Rolling shutters
Novoferm (Shanghai) Co., Ltd.	㉔ Shanghai	China	Hinge doors
Dongbang Novoferm Inc.	㉕ Seoul	South Korea	Doors & door frames
North America OVERHEAD DOOR CORPORATION			
Access Systems Division	㉖ Lewistown	U.S.A.	Rolling shutters
	㉗ Williamsport		Residential garage doors, commercial sectional doors
	㉘ Grand Island		Residential garage doors, commercial sectional doors
	㉙ Mt. Hope		Residential garage doors, commercial sectional doors, hardware parts
	㉚ Dalton		Rolling shutters
	㉛ Trail		Sheet shutters
	㉜ Conneaut		Resin panels & parts
	㉝ Pensacola		Residential garage doors, commercial sectional doors, hardware parts
	㉞ Centralia		Residential garage doors
Genie	㉟ Portland	Residential garage doors	
	㊱ Baltic	U.S.A.	Garage door openers
Horton Automatics	㊲ Matamoros	Mexico	Garage door openers
	㊳ Corpus Christi	U.S.A.	Automatic doors
	㊴ Matamoros	Mexico	Automatic doors
	㊵ Telford	U.K.	Automatic doors
TODCO	㊶ Marion	U.S.A.	Truck & trailer doors
	㊷ Tecate	Mexico	Truck & trailer doors
Europe NOVOFERM GROUP			
Novoferm GmbH	㊸ Haldern	Germany	Doors & door frames
	㊹ Werth		Residential garage doors, doors & door frames
	㊺ Dortmund		Residential garage doors, sectional doors
Novoferm Riexinger Türenwerke GmbH	㊻ Brackenheim	Fireproof doors & door frames, industrial doors	
Novoferm Siebau GmbH	㊼ Buschhütten	Other doors	
Novoferm Tormatic GmbH	㊽ Dortmund	Garage door operators	
Novoferm France S.A.S	㊾ Macheocoul	France	Residential garage doors
	㊿ Bavilliers		Residential garage doors
	① Melun		Fireproof doors
Novoferm Nederland B.V.	② Waardenburg	Netherlands	Industrial doors
	③ Roermond		Industrial doors
Novoferm UK Limited	④ Luton	U.K.	Residential garage doors
Novoferm Schievano S.r.l.	⑤ Padova	Italy	Doors & door frames
Novoferm Alsai S.A.	⑥ Canabria	Spain	Doors & door frames, residential garage doors, industrial doors
Alpha Deuren International B.V.	⑦ Didam	Netherlands	Industrial doors

History of Sanwa Holdings

1956	Apr.	Established Sanwa Shutter Manufacturing Co., Ltd. (President: Manji Takayama), a predecessor of this company, in Amagasaki, Hyogo Prefecture. Began manufacture and sales of rolling shutters.
1963	Apr.	Merged three Group companies and established Sanwa Shutter Corporation. Relocated headquarters to Tokyo.
1970	Jul.	Listed on the First Section of both the Tokyo and Osaka stock exchanges.
1974	Aug.	Entered into technical tie-up with Overhead Door Corporation (U.S.A.).
	Oct.	Relocated the headquarters to Shinjuku, Tokyo.
1981	May	Toshitaka Takayama becomes President.
1983	Mar.	Deployed nationwide (FTS) 24-hour service.
1984	Apr.	Began sales of facades for stores by Showa Front Sales Co., Ltd. (now Showa Front Co., Ltd.).
1986	Oct.	Established Sanwa Shutter (H.K.) Ltd. in China.
1988	Aug.	Established An-Ho Metal Industrial Co., Ltd. in Taiwan.
1990	Jan.	Acquired stake in automatic door company Showa Kensan Co., Ltd.
1996	Apr.	Okinawa Sanwa Shutter Corporation began sales after being split off Okinawa Regional Business Division.
	Jul.	Established Sanwa USA Inc. and acquired Overhead Door Corporation, a leading U.S. manufacturer of garage doors and commercial doors.
1999	Dec.	Acquired 100% of the shares of Tajima Junzo Seisakusho Co., Ltd. (renamed Sanwa Tajima Corporation in April 2006), the top brand of stainless steel architectural materials.
2000	Oct.	Transferred Sanwa Exterior Co., Ltd.'s sales operations to Sanwa Shutter Corporation and its production operations to Sanwa Exterior Niigata Plant Co., Ltd. (now a consolidated subsidiary), which was established in September 2000.
2003	Oct.	Acquired Novoferm, Europe's second-largest manufacturer of doors and shutters.
	Dec.	Acquired 100% of the shares of Venix Co., Ltd. (dissolved in a merger in October 2011), strengthening manufacturing and sales of partitions.
2004	Jan.	Established Sanwa Shutter Design (Shanghai) Corporation in China.
	Apr.	Established an internal office on corporate social responsibility to oversee risk management, legal compliance and environment-friendly policies.
2005	Sep.	Entered into comprehensive business alliance with Hochiki, a leading fire detection and disaster-prevention equipment company in Japan.
	Nov.	Acquired 100% of the shares of Tajima Metal Work Co., Ltd., strengthening sales of stainless steel products.
2006	Apr.	Sanwa Shutter celebrated its 50th anniversary. Established Shanghai Baosteel-Sanwa Door Co., Ltd., a joint venture with Baosteel Development Co., Ltd., a subsidiary of Baosteel, in Shanghai to manufacture and sell overhead doors, rolling shutters and sheet shutters.
2007	Oct.	The Sanwa Group adopts holding company system. Sanwa Shutter Corporation changed its trade name to "Sanwa Holdings Corporation," and the operating company succeeded the trade name "Sanwa Shutter Corporation."
2008	Jan.	Sanwa Holdings agreed to establish a joint-venture company, Vina-Sanwa Company Liability Ltd., with the Vietnamese construction and trading company Vinaconex Corporation.
2009	Dec.	Overhead Door Corporation, our consolidated subsidiary, acquired the door businesses of Wayne Dalton Corporation.
2010	Feb.	Sanwa Shutter Corporation concluded a direct sales agreement for the Japanese market with EFAFLEX Tor-und Sicherheitssysteme GmbH & Co. KG of Germany.
2011	Jan.	Overhead Door Corporation acquired an automatic door sales, installation, and maintenance business from Automatic Door Enterprises, Inc., an automatic door distributor in the U.S.
	Jul.	Established Venix Co., Ltd. (now a consolidated subsidiary).
	Oct.	The partition sales business of subsidiary Venix Co., Ltd. and the automatic door sales business of subsidiary Showa Kensan Co., Ltd. were integrated into Sanwa Shutter Corporation.
	Dec.	Overhead Door Corporation acquired 100% of the shares of Creative Door Services Ltd. of Canada.
2012	Jan.	Sanwa Shutter Corporation announced that it concluded an OEM contract with LIXIL Corporation.
	May	Overhead Door Corporation acquired Door Control, Inc., strengthening the automatic door service business.
	Aug.	Showa Front Co., Ltd. acquired Ace Co., Ltd., a front sash manufacturer.
	Oct.	Overhead Door Corporation acquired Advanced Door Automation, LLC., strengthening the automatic door service business.
2013	May	Overhead Door Corporation acquired Texas Access Controls, Inc., strengthening the automatic door service business.
2014	Mar.	Acquired 100% of the shares of Sanwa Electronics Engineering Co., Ltd., strengthening development and manufacturing capacity of door openers.
	Jun.	Novoferm Group acquired Alpha Deuren International B.V. (now a consolidated subsidiary), strengthening the industrial door business.
	Dec.	Overhead Door Corporation acquired Horton Automatics of Ontario (now a consolidated subsidiary), strengthening the automatic door service business.

Corporate Overview

As of March 31, 2015

COMPANY NAME: Sanwa Holdings Corporation

HEAD OFFICE: Shinjuku Mitsui Building 52F
Nishi-Shinjuku 2-1-1, Shinjuku-ku,
Tokyo 163-0478, Japan
Phone: +81-3-3346-3019

ESTABLISHED: April 10, 1956

CAPITAL (PAID-IN): ¥38,413 million

EMPLOYEES: 8,546 (consolidated)

STOCK LISTINGS: Tokyo Stock Exchange

TRANSFER AGENT: Mitsubishi UFJ Trust and
Banking Corporation
Corporate Agency Department
Higashisuna 7-10-11, Koto-ku,
Tokyo 137-8081, Japan

COMMON STOCK: Authorized: 550,000,000 shares
Issued: 243,920,497 shares
Number of shareholders: 10,975

PRINCIPAL SHAREHOLDERS:

Percentage of voting rights (%)	
Japan Trustee Services Bank, Ltd. (Trust Account)	6.24
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.09
Sumitomo Mitsui Banking Corporation	4.83
The Dai-ichi Life Insurance Company, Limited	3.46
Nippon Life Insurance Company	2.91
Aioi Nissay Dowa Insurance Co., Ltd.	2.74
Nisshin Steel Co., Ltd.	2.12
Mitsubishi UFJ Trust and Banking Corporation	1.98
JP Morgan Chase Bank 385632	1.97
State Street Bank and Trust Company 505001	1.64

TREND OF STOCK PRICE:

	High	Low
April 1, 2007 – March 31, 2008	¥763	¥396
April 1, 2008 – March 31, 2009	¥462	¥223
April 1, 2009 – March 31, 2010	¥357	¥218
April 1, 2010 – March 31, 2011	¥367	¥204
April 1, 2011 – March 31, 2012	¥333	¥222
April 1, 2012 – March 31, 2013	¥492	¥282
April 1, 2013 – March 31, 2014	¥783	¥457
April 1, 2014 – March 31, 2015	¥925	¥598

Stock Price Range:



Trading Volume:





SANWA HOLDINGS CORPORATION

Shinjuku Mitsui Building. 52F
Nishi-Shinjuku 2-1-1, Shinjuku-ku,
Tokyo 163-0478, Japan
Phone: +81-3-3346-3019
<http://www.sanwa-hldgs.co.jp/english/>

