SANWA HOLDINGS CORPORATION

SANWA HOLDINGS CORPORATION ANNUAL REPORT 2014

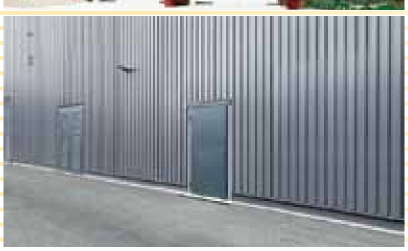
Global Success Leads to Global Growth

ANNUAL REPORT 2014

For the year ended March 31, 2014

Achieving success

through global industry leadership



Profile

The Sanwa Group, headed by Sanwa Holdings Corporation, is a global corporate group composed of 99 companies, including 79 subsidiaries and 19 affiliated companies, as of March 31, 2014. The Group has four major fields of business—commercial building materials, residential housing materials, maintenance service and home improvement, and other businesses—and provides a wide range of steel construction materials for commercial and residential construction, including shutters, doors and other products.

In April 2013, we launched “Sanwa Global Vision 2020” and initiated a new mid-term management plan “The First Three Year Plan” (April 2013–March 2016). The aim of the new vision is to establish the Sanwa Group as a “Global Major Player” and a leading global brand in the access systems industry. We are strengthening production and marketing synergies across our four key markets, Japan, North America, Europe and Asia, and venturing into new markets, such as the environmental field, seeking to capture new market opportunities and drive our sustained growth.

FORWARD-LOOKING STATEMENTS:

This annual 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.

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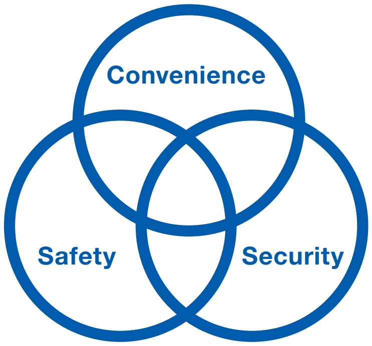


Our Mission

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 of the world.

To bring together the creativity of each individual in a team environment for the enhancement of corporate value.

SANWA GLOBAL VISION 2020

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

01 Become the definite No.1 brand in Japan, USA and Europe.

02 Establish a business model for service business.

03 Expand shutter & door business in emerging markets, spotlighting Asia, and make them grow to be top brands.

04 Promote realization of global synergy in global markets.

Our Group

Sanwa Group conducts its business activities in around 30 countries including Japan, North America, Europe and Asia, and is working hard to build a strong presence in each area.

SANWA HOLDINGS CORPORATION

Japan

Sanwa Shutter Corporation

No.1 supplier of rolling steel shutters overhead doors and steel hinge doors. Maintenance and repair services in Japan.

Showa Front Co., Ltd.

Pioneer in store facades with advanced technology and an extensive lineup.

North America

Overhead Door Corporation

Established in 1921, and with the Sanwa Group since 1996. A leading U.S. manufacturer of residential and commercial doors.

Access Systems Division

Producing and selling "Overhead Door" and "Wayne-Dalton" brand residential and commercial doors.

Europe

Novoferm Europe Ltd.

Established in 1955 and with the Sanwa Group since 2003. One of Europe's leading suppliers of doors, garage doors and industrial doors.

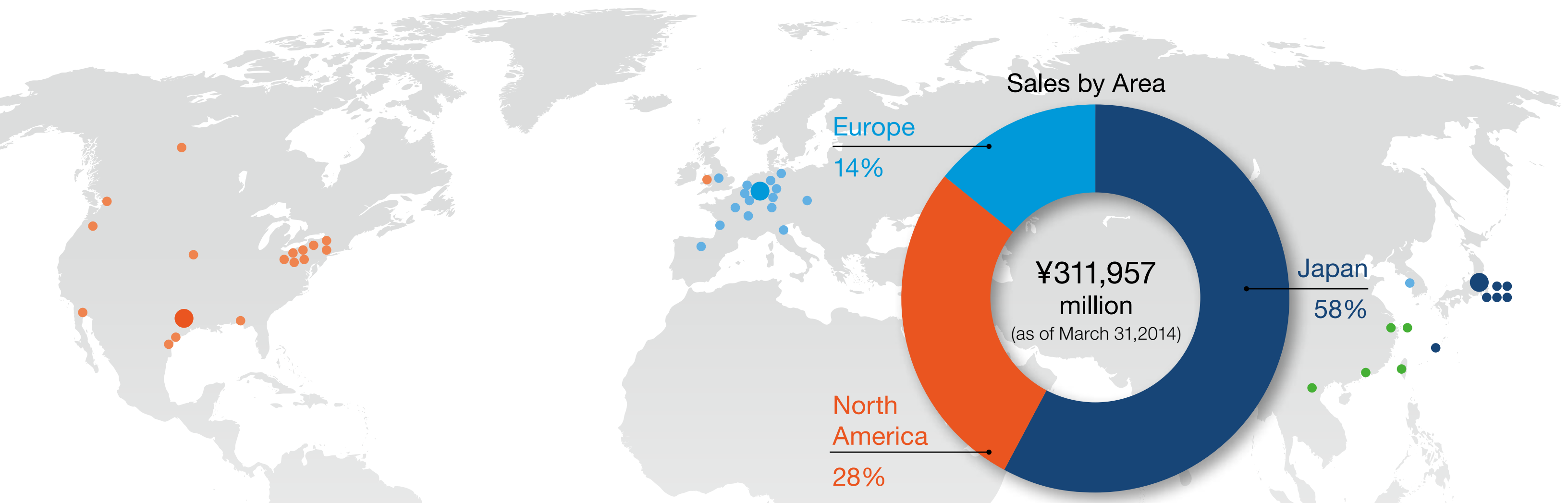
NF GmbH

Producing and selling doors and garage doors in Germany.

Asia

Shanghai Baosteel-Sanwa Door Co., Ltd.

Manufacturing and selling various shutters and steel doors.



Okinawa Sanwa Shutter Corporation

No.1 supplier of shutters, doors and store building materials in Okinawa.

Sanwa Tajima Corporation

Established in 1918 and manufacturing stainless steel products.

Sanwa Exterior Niigata Plant. Co., Ltd.

Manufacturing various exterior products.

Venix Co., Ltd.

Manufacturing toilet stalls, aluminum partitions and clean rooms.

Genie

Producing and selling door openers for residential and commercial use.

Horton Automatics

Producing, selling and servicing automatic doors.

Creative Door Services

Headquartered in Canada. Selling, installing and servicing residential and commercial doors.

TODCO

Producing and selling truck and trailer doors.

NF France S.A.S.

Producing and selling doors and garage doors in France.

NF Nederland B.V.

Producing and selling industrial doors and garage doors throughout Europe.

NF Schievano S.r.l.

Producing and selling doors in Italy.

NF UK Ltd.

Producing and selling garage doors in the UK.

Other 8 subsidiaries in Spain, Poland, Hungary, Austria, Switzerland, Bulgaria and Denmark.

Novoferm Shanghai Co., Ltd.

Manufacturing and selling steel doors.

Vina-Sanwa Company Liability Ltd.

Manufacturing and selling various shutters and steel doors in Vietnam.

An-Ho Metal Industrial Co., Ltd.

Manufacturing and selling various shutters and steel doors in Taiwan.

Sanwa Shutter H.K. Ltd.

Manufacturing and selling various shutters and steel doors.

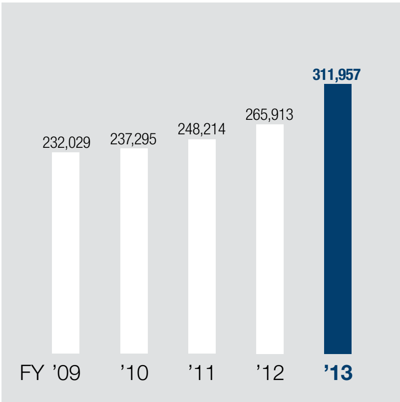
Consolidated Financial Highlights

Sanwa Holdings Corporation and Subsidiaries

	Millions of yen					Thousands of U.S. dollars
Fiscal Year	FY 2009	FY 2010	FY 2011	FY 2012	**FY 2013**	**FY 2013**
For the Years ended March 31	2010	2011	2012	2013	**2014**	**2014**
For the years:						
Net sales	¥232,029	¥237,295	¥248,214	¥265,913	**¥311,957**	**$3,058,402**
Cost of sales	173,108	179,400	186,684	196,632	**225,954**	**2,215,235**
Gross profit	58,921	57,895	61,530	69,281	**86,003**	**843,167**
Selling, general and administrative expenses	53,297	53,333	52,675	55,107	**65,354**	**640,725**
Operating income	5,624	4,562	8,855	14,174	**20,649**	**202,442**
Net Income (loss) before income taxes and minority interests	(270)	(1,000)	6,826	13,076	**16,988**	**166,550**
Income taxes	458	1,468	3,529	5,895	**6,827**	**66,932**
Net income (loss)	(725)	(2,443)	3,297	7,181	**10,161**	**99,618**
Comprehensive income (loss)	—	(7,898)	1,389	13,959	**22,404**	**219,647**
Depreciation and amortization	4,824	6,578	5,605	5,785	**6,626**	**64,961**
Capital expenditure	3,895	3,495	2,897	4,293	**7,116**	**69,765**
Operating income on sales (%)	2.4	1.9	3.6	5.3	**6.6**	
Net income (loss) before income taxes and minority interests on sales (%)	(0.1)	(0.4)	2.8	4.9	**5.4**	
Return on equity (%)	—	—	3.8	7.9	**9.6**	
Net income (loss) per share (yen and U.S. dollars)	¥ (3.02)	¥ (10.17)	¥ 13.72	¥ 29.93	**¥ 42.38**	**$ 0.42**
Dividends per share (yen and U.S. dollars)	¥ 5.00	¥ 8.00	¥ 8.00	¥ 10.00	**¥ 13.00**	**$ 0.13**
Price-earnings ratio (times)	—	—	23.5	16.1	**15.8**	
Return on assets (%)	—	—	1.5	3.1	**3.9**	
At the year-end:						
Total assets	¥246,599	¥218,933	¥226,579	¥241,771	**¥281,917**	**$2,763,894**
Long-term debt	26,763	49,790	48,651	48,846	**39,060**	**382,941**
Total net assets	96,110	86,021	85,522	97,135	**113,956**	**1,117,215**
Stock price (yen)	312	280	323	483	**669**	
Interest-bearing debt	74,628	59,892	61,607	60,800	**69,154**	**677,980**
Liquidity (Note 2)	92,986	75,668	80,227	88,338	**127,874**	**1,253,667**
Debt-equity ratio (times) (Note 3)	0.8	0.7	0.7	0.6	**0.6**	

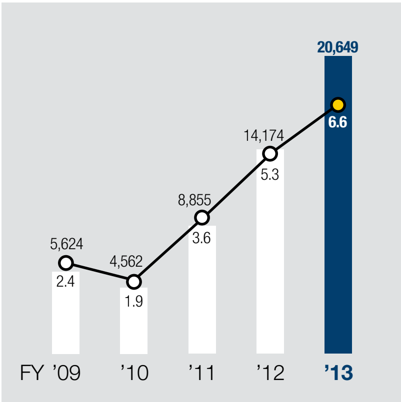
Note 1: U.S. dollar amounts represent arithmetical translations of the Japanese yen at the approximate exchange rate on March 31, 2014 of ¥102 = US$1.
Note 2: Liquidity = Cash and cash equivalents, Short-term investments and Notes and accounts receivables, trade.
Note 3: Debt-equity ratio = Interest-bearing debt/Total shareholders' equity.

Net Sales
(Millions of yen)



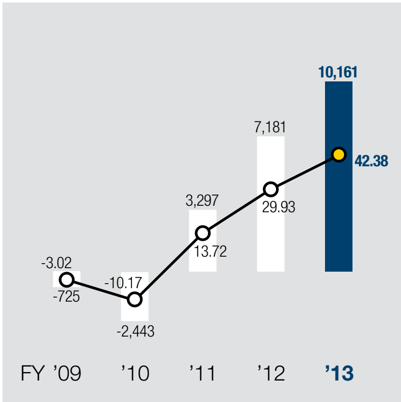
Net sales ***increased by 17.3%***. This growth reflects the strong performance of our business operations in Japan, as well as the weakening of the yen.

Operating Income / Operating Income on Sales
(Millions of yen / %)



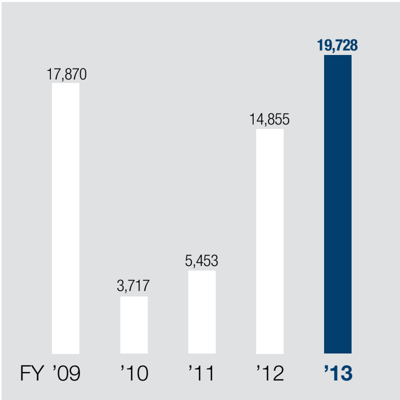
The combination of higher revenues with improved cost ratios resulted in a ***45.7% increase*** in operating income.

Net Income / Net Income per Share
(Millions of yen / Yen)



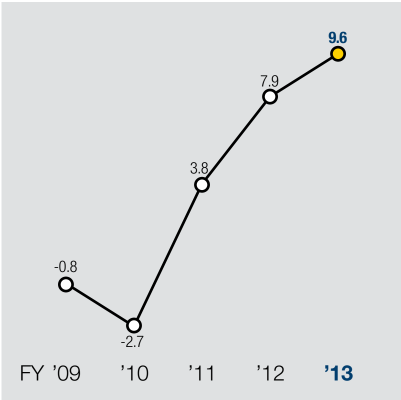
Net income was ***41.5% higher***, despite IT-related asset retirement losses in Japan and a loss on the liquidation of an ODC subsidiary in France.

Cash Flows from Operating Activities
(Millions of yen)



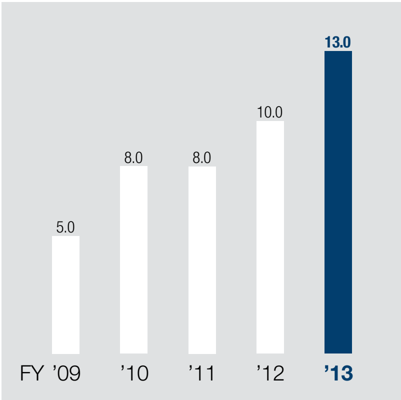
Due to increase in net income, net cash provided by operating activities showed a ***increase of 32.8%*** from the previous year.

Return on Equity
(%)



A positive net income result maintained the Company's sustainable ***profitability***, ROE rose to 9.6% from 7.9% in the previous year.

Dividends per Share
(Yen)



The dividend per share increased ¥3.0 from the previous year to ¥13.0, according to the Company's ***sustainable dividend*** policy.

To Our Shareholders

Achieving Growing Success

Credit for our growing success goes to everyone's dedication to a long-term vision as a strong global group.

Toshitaka Takayama
Representative Director, Chairman and CEO

Tamotsu Minamimoto
Representative Director, President and COO

In the year under review, companies throughout Sanwa Group set to work on the key strategies of the First Three-Year Plan under "Global Vision 2020." Their efforts produced healthy business results, including substantially higher revenues across the geographic regions and for the Group as a whole, due to significantly higher revenue growth and improved profitability.

Business Environment in Fiscal 2013

In the year ended March 31, 2014 (fiscal 2013), the Japanese economy followed a recovery trend driven by monetary and fiscal policy and improving consumer confidence. Trends in public investment and private investment also remained firm, and a last-minute demand ahead of the consumption tax increase helped to boost the number of new housing starts. Overseas, the U.S. economy benefited from a recovery in the residential market and a firm trend in personal consumption expenditure, but the results fell short of expectations due to the waning pace of the recovery in the non-residential construction market. In Europe, the recessionary trend leveled out, but the progress toward recovery was slow, and business conditions remained challenging.

Sanwa Global Vision 2020 and the First Three-Year Plan

It was in this environment that the Sanwa Group announced "Sanwa Global Vision 2020" and launched a range of initiatives in May 2013. Our vision is to provide customers worldwide with safety, security and convenience through the products and services that we supply as a global major in the field of shutters, doors and access systems industry. We have identified the following four basic strategies for the realization of this vision.

1. Become the definite No.1 brand in Japan, USA 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.

We also launched the First Three-Year Plan under Global Vision 2020. Our priority policies under this medium-term plan, which covers the three years ending March 2014 through March 2016, are to strengthen leading positions in core business of Japan, USA and Europe, to establish a service-oriented business model, to establish business foundations of Asian business, to expand strategically into emerging markets, and to realize global synergy effects. Our targets under the plan are net sales of ¥325 billion and operating income of ¥23 billion in the year ending March 2016.

Initiatives and Results in Fiscal 2013

Fiscal 2013 was the inaugural year of the First Three-Year Plan, during which Sanwa Group companies in Japan and overseas implemented a variety of initiatives.

Sanwa Group companies in Japan, including our core company, Sanwa Shutter Corporation, focused on the improvement of earning performance by working resolutely to attract more orders and by further expanding product ranges. In the United States, American subsidiary, Overhead Door Corporation responded to the residential market recovery by stepping up their marketing of products targeted toward the new construction market. They also worked to develop forward integration strategies in the door segment and expand our market share in the door opener segment. Faced with a challenging market environment, European subsidiary, Novoferm focused on cost reduction through restructuring, productivity improvements and other measures.

These factors were reflected in healthy business results, including substantially higher revenues, for Sanwa Shutter Corporation and other group companies in Japan. Income was also significantly higher because of revenue growth and improved profitability. We also achieved revenue growth in overseas markets, thanks to strong performance by Overhead Door Corporation in the residential garage door and door opener segments, as well as benefits from the acquisition of a door service company. Exchange rate trends helped to produce a dramatic increase in income, although growth in local currency terms was marginal due to special factors affecting the service business in Canada, disappointing second-half results for the truck and trailer door business, and a loss recorded by ODC France, which was liquidated. The revenues of Novoferm were marginally lower in local currency terms because of challenging economic conditions, but higher in yen terms. Novoferm achieved income growth through cost cutting efforts, including benefits from the restructuring in France.

On this basis, net sales increased by 17.3% year on year to ¥311,957 million. Operating income rose by 45.7% higher to a new record of ¥20,649 million, thanks to revenue growth and improved margins. Despite the retirement of assets in a software suspense account relating to the development of IT systems for subsidiary in Japan, and losses on the liquidation of an overseas subsidiary, net income was 41.5% higher at ¥10,161 million.

Sanwa Global Vision 2020

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

2010 → **[SANWA GLOBAL VISION 2020]** Go on to the next phase of global management → 2020

Outline & Targets of **SANWA GLOBAL VISION 2020**

Outline

Promote the global management from the initial phase to the development phase

Targets

1. Become the definite No.1 brand in Japan, USA 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.

Progress under the First Three-Year Plan

In the plan's first year, we made an excellent start by setting a new record for operating income. Sanwa Group companies in Japan and overseas are fully aware that the three-year period covered by this plan is crucial for establishing our presence as a global major in our industry. The results for the first year are attributable to a rapid response to priority goals. The progress made in Japan was especially significant, with Sanwa Shutter Corporation achieving its numerical targets for the First Three-Year Plan fully two years ahead of schedule. Sanwa Shutter Corporation and its subsidiaries in Japan also made sustained progress toward product-range expansion, which is our most important group-level priority.

Overseas, our subsidiaries were affected by the somewhat slower pace of economic recovery. However, our U.S. subsidiary ODC was able to build foundations for future efficiency improvements, including the partial introduction of a new enterprise resource planning (ERP) system. We also made steady progress with our strategy of integrating downstream business activities, while also expanding into the installation and service business. Our European subsidiary, Novoferm, faced challenging conditions because of the slow pace of economic recovery in the European countries. However, it was able to expand both revenues and income thanks to dynamic structural reforms and the effects of a weaker yen. It also took significant steps toward the establishment of a presence in Middle Eastern markets, including the opening of a sales office in Doha, Qatar.

Initiatives in Fiscal 2014

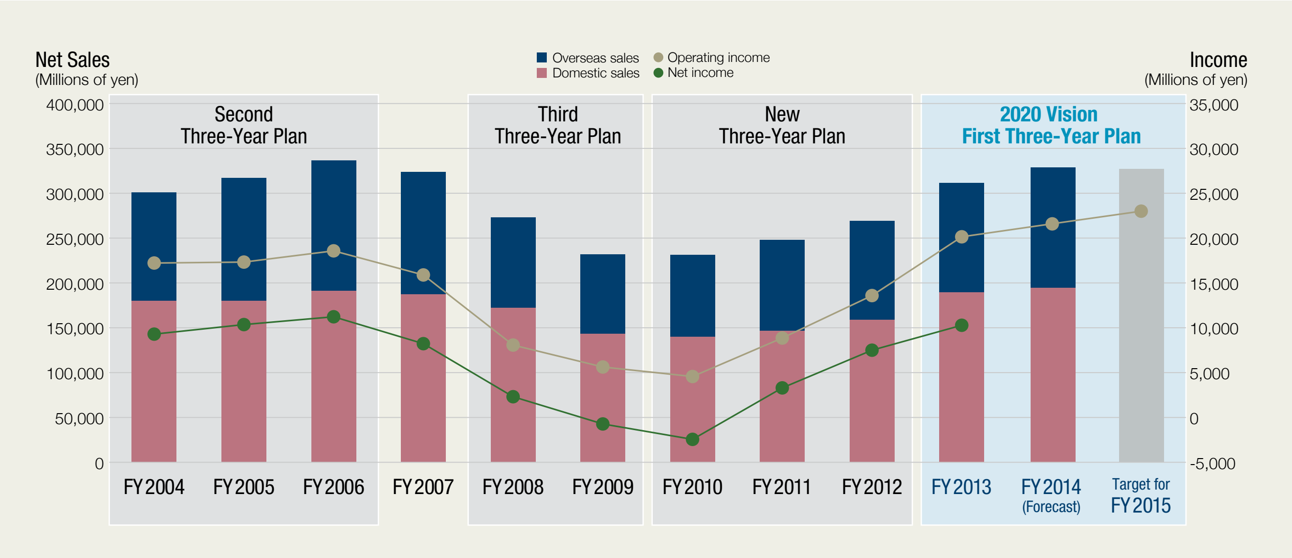
Japan is expected to continue its gradual economic recovery, despite concerns about a possible reactionary downswing in demand following the demand peak ahead of the consumption tax hike in spring 2014. Forecasts for the U.S. economy point to a continuing gradual recovery in both the residential and non-residential markets. The European economies as a whole are expected to emerge gradually from recession, but conditions in the construction market are likely to remain difficult.

This was the business environment at the start of fiscal 2014, which is the second year of the First Three-Year Plan. It will be a year for the Sanwa Group to continue steadily toward the realization of our long-term vision of becoming a major global player in the field of shutters, doors and access systems industry. We are determined to build a solid foundation for growth for the entire Sanwa Group.

Our goals in Japan include the further expansion of our product ranges and improvement of our installation and production capabilities. In the United States, we aim to increase our share of the residential products market and further develop our door opener business. In Europe, we will focus on the reinforcement of our industrial door business and the implementation of structural reforms while also working to expand the scope of our business activities.

The impact of these initiatives is reflected in our financial forecasts for fiscal 2014. We expect net sales to increase by 5.5%

Consolidated Results and Forecast



year on year to ¥329 billion, operating income by 6.5% to ¥22 billion, and net income by 13.2% to ¥11.5 billion. Our forecast for net sales is especially significant, since it represents the achievement of the ¥325 billion target in our Three-Year Plan one year ahead of schedule. These projections are based on exchange rates of ¥100 to the U.S. dollar and ¥140 to the euro.

Basic Policy on Income Distribution and Dividends

Under our basic policy on income distribution, we aim to maintain a stable payout ratio and link income distribution to consolidated financial performance, while improving our corporate fundamentals, strengthening our management infrastructure and implementing management initiatives targeted toward further improvement in corporate value. Specifically, our benchmark for income distribution is a dividend payout ratio equivalent to 30% of consolidated net income.

Because of our strong financial performance in fiscal 2013, we increased the final dividend by ¥1.0 over the initial estimate to ¥7.0 per share, bringing the total dividend for the year to ¥13.0. Based on our performance estimates for fiscal 2014, we plan to increase the yearly dividend by ¥1.0 to ¥14.0 per share, consisting of interim and final payments of ¥7.0 each.

Retained earnings will be used mainly for strategic investment, including mergers and acquisitions and capital expenditure, investment, and for the reduction of interest-bearing debt.

In Conclusion

We begin the new fiscal year with a new management team, including the two of us. The team is determined to accelerate the global management systems, build the Sanwa Group into a truly global enterprise, and achieve further improvement in our corporate value.

At the same time, we will work to fulfill the expectations of all stakeholders by further strengthening our compliance and corporate governance systems and increasing our commitment to CSR activities, including social contribution and conservation of the global environment.

We look forward to your continuing support in the future.

Toshitaka Takayama
Representative Director, Chairman and CEO

Tamotsu Minamimoto
Representative Director, President and COO

Target Figures for First Three-Year Plan (2013–2015)

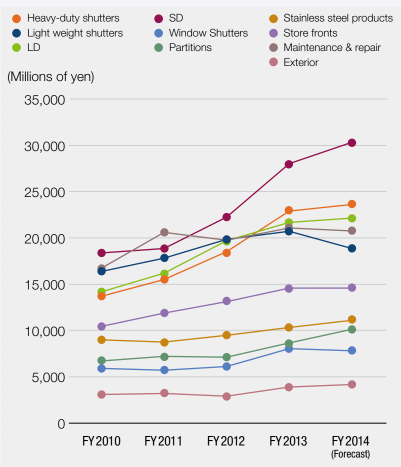
	Results for FY2012	Results for FY2013	Forecast for FY2014	**Targets for FY2015**
Net Sales	¥265.9 billion	¥311.9 billion	¥329.0 billion	**¥325.0 billion**
Operating Income	¥14.2 billion	¥20.6 billion	¥22.0 billion	**¥23.0 billion**
Operating Income Ratio	5.3%	6.6%	6.7%	**7.1%**
Return of Equity	7.9%	9.6%	9.7%	**11.7%**
Debt / Equity Ratio	0.63	0.61	0.59	**0.61**

Progress of First Three-Year Plan

Japan

Product diversification, new regionally focused marketing

Sales Trend of Main Products in Japan



Sanwa Group companies in Japan worked dynamically to realize three priority goals identified in the First Three-Year Plan. First, we kept up with demand of core products such as shutters and hinge doors, and promoting product diversification. Second, we invested for sustainable growth in the future. Third, we enhanced our production technologies capability to ensure profit level.

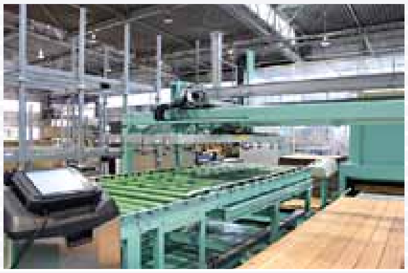
Our core group company, Sanwa Shutter Corporation, continued to enhance and expand its production range, which includes partitions and exterior products in addition to core products such as heavy-duty and lightweight shutters and doors. At the same time, through its nationwide network of sales offices it implemented precisely targeted marketing activities ranging from proposals to sales of products and installation and maintenance services. As a result, Sanwa Shutter Corporation achieved net sales and operating income targets for the final year of the Three-Year Plan two years ahead of schedule. Other group companies in Japan stepped up their efforts to diversify their product ranges and were able to achieve growth in both revenues and income.

In fiscal 2013, Sanwa Shutter Corporation strengthened its production and supply systems and established a production line for condominium doors at its door factory in Ota. It also started up a new production line for steel partitions at its Shizuoka Plant. Venix continued to strengthen its facilities to support an expanding production line-up, including the start-up of new production lines for aluminum partitions and toilet stalls at its Ranzan Plant.

The Sanwa Group has also continued to strengthen its maintenance and service organization. Sanwa Shutter Corporation has recruited 300 installation technicians during fiscal 2013–2014 while implementing programs to train technicians and improve skills.

In April 2014, organizational changes brought key domestic group companies, including Showa Front and Sanwa Tajima and Tajima Metalwork, under the jurisdiction of its corporate strategy division. By further strengthening its marketing capabilities and diversifying product ranges, the company aims to achieve growth in excess of market expansion.

New manufacturing line for steel partitions was introduced in the Sanwa Shutter Corporation's Shizuoka Plant in its production diversification expansion.

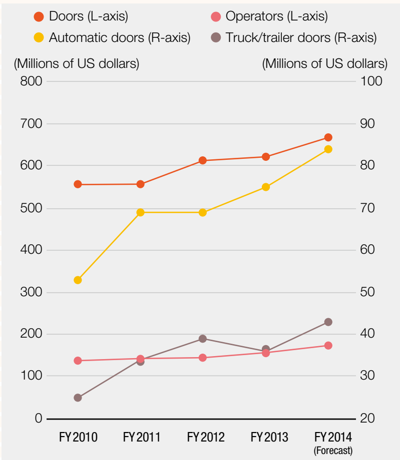


Sanwa Shutter Corporation is focused on education of installation technicians, and is responding to the diversification of products by helping installation technicians acquire multiple skills.

North America

Steady progress in all business areas

Sales Trend of Main Products in North America (ODC)



In the United States, the Overhead Door Corporation (ODC) continued to strengthen its core business operations by bringing Access System Division (ASD), which owns the Overhead Door and Wayne Dalton brands, which serve the door and shutter business, Creative Door Services, which sells and installs doors, shutters and openers, and provides maintenance, the Genie door opener business, the automatic door business of Horton Automatics, and the truck/trailer door business of TODCO within its group. ODC also worked under its forward integration strategy to accelerate the growth of its installation, repair and maintenance business and expand into Central and South American markets.

In fiscal 2013, ODC strengthened its product line-up by actively launching new residential door products with focus on design. As part of a fine-tuned response to market needs, it also readied production lines at its factory in Mt. Hope, Ohio for expansion next year to create a production structure capable of supporting high-mix low-volume production of diversified product ranges.

Genie was able to expand its share of the market for door openers through increased marketing of commercial and residential products to the pro and retail channels. It also commenced production of the Opening Price Point (OPP) range of low-cost door openers at the plant in Mexico. The OPP products were developed collaboratively with the European Sanwa Group company Novoferm.

Under ODC's forward integration strategy, the automatic door service company Horton Automatics achieved strong business growth by aggressively acquiring distribution and installation companies.

The introduction of the new Enterprise Resource Planning (ERP) system began in September 2013 with TODCO. The introduction of the new system at all North American business sites will be completed by March 2016. This innovation is expected to bring major improvements in business processes and productivity.

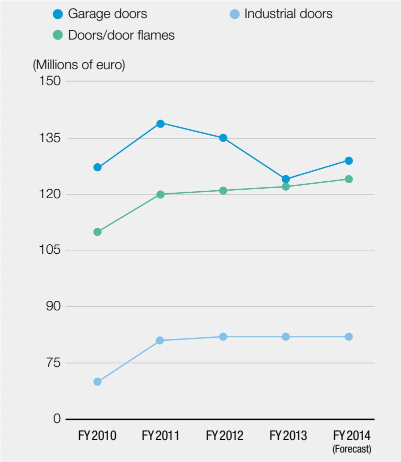
CDS provides installation, regular maintenance and services, operations that have brought strong relationships with end users.

The introduction of a new Enterprise Resource Planning (ERP) system began in September 2013 with TODCO, a division of ODC.

Europe

Earnings recover with structural reforms and new markets

Sales Trend of Main Products in Europe (Novoferm)



Sanwa Group companies in Europe made steady progress despite challenging economic conditions, thanks to restructuring and other cost-cutting measures.

In January 2014, Novoferm Middle East was established to support the Sanwa Group's expansion into Middle Eastern markets through its role as a sales office based in Doha, Qatar. Preparations for the FIFA World Cup in 2022 are expected to generate substantial demand in Qatar. Novoferm Middle East will be the focus for efforts to expand our business throughout the Middle East.

In June 2014, Novoferm completed its 100% acquisition of Alpha Deuren International, a major Dutch manufacturer of industrial doors, further strengthened its business operations. Alpha Deuren International manufactures and sells industrial and garage doors, primarily in the Netherlands and Germany. Known for its system-based approach to the production and selling of industrial doors and residential garages, Alpha Deuren International has achieved excellent cost-competitiveness. This acquisition is expected to give Novoferm the second biggest share of the European industrial sectional door market.

Novoferm also made significant progress with cost-cutting efforts based on structural reforms, including the restructuring, and the procurement of components from low cost countries. Through these efforts, Novoferm is building a robust business structure in readiness for the anticipated recovery of European markets. It aims to achieve growth by developing new products, entering new markets and strengthening its service business.

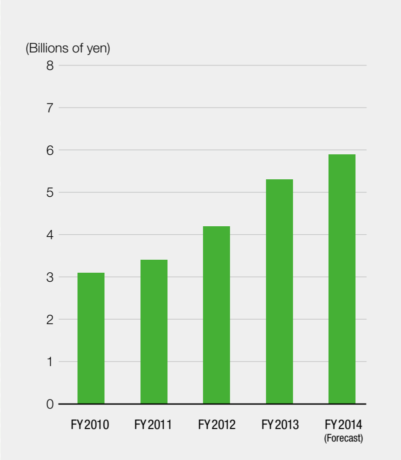
Novoferm acquired the Dutch company Alpha Deuren International BV, one of the leading sectional-door producers in Europe with an annual production volume of almost 50,000 sectional doors.

Novoferm Middle East was established to support the Sanwa Group's expansion into Middle Eastern markets through its role as a sales office based in Doha, Qatar.

Asia

Building robust business infrastructures

Sales of Major Asian Companies



A key to the Sanwa Group's future as a global major will be the expansion of business activities in Asia. One of the priority tasks brought forward from the previous Three-Year Plan is to improve our adaptability to changes in conditions and environments in local markets of Asia. During the First Three-Year Plan under the long-term management vision Sanwa Global Vision 2020, we will strengthen group companies' management structures in Asia and build foundations for positive financial results and income growth. We are also working to identify the top priorities in each market, to establish business infrastructure through the efficient investment of management resources, and to optimize business models for local markets. However, although fiscal 2013 brought significant improvement in the income structures of our equity method subsidiaries in Asia, we were not able to achieve positive financial results.

Slower demand for industrial products reduced orders and earnings for Shanghai BaoSteel-Sanwa Door. The company is using its track record with the Shanghai Center Building and other projects to attract more large-scale orders.

Novoferm Shanghai recorded year-on-year growth in orders and sales, but escalating competition eroded profit margins, and the goal of achieving positive financial results has been deferred for one more year. However, the second half of the year saw increased orders, especially for hospitals and commercial properties.

In Vietnam, Vina-Sanwa expanded its orders and sales and improved its income. Major projects and Japanese-owned properties provided most of the order and sales growth.

Strong trends in orders, especially for major development projects, helped Sanwa Shutter (H.K.) to achieve revenue growth and a substantial increase in income.

Although financial performance varied somewhat by company, all improved their earning performance while continuing efforts to build efficient management structures by strengthening group-level collaboration. This process is leading to the creation of a robust business infrastructure for the Sanwa Group in Asia.

Vina-Sanwa Company Liability, a subsidiary in Vietnam, successfully supplied its steel door products to the Hue Hospital.

Sanwa Shutter (H.K.) Ltd. supplies many excellent products such as an electric side-slider clear shutter "SUN VISION" for commercial facilities in Hong Kong.

Global synergies

Creating synergies through a four-region structure entry

Principle Theme of Global Synergy

1. Launch strategic products onto multiple markets
2. Increase procurement from low-cost countries
3. Expand complementary supply of products and components among group companies.

We are using our global structure to enhance synergies on various levels, including the deployment of strategic products in Japanese, North American, European and Asian markets, the development of group supply chains, parts sharing, and joint procurement of parts and materials.

In fiscal 2013, we focused in particular on the global deployment of strategic products. We made steady progress with joint development projects involving ODC and Novoferm. A garage door opener targeted toward the entry-price level market was launched in Europe by Novoferm in 2012, and in the fall of 2013 ODC commenced production at its plant in Mexico and put the product on sale in the North American market.

Marketing and development staff from Sanwa Shutter Corporation, ODC and Novoferm regularly attend synergy meetings to discuss future joint development initiatives, parts sharing and other aspects.

We are also expanding procurement from so called “low-cost countries (LCC)”. For example, Sanwa Shutter Corporation, ODC and NF source door opener circuit boards from Chinese companies. The benefits of this approach are increasing in step with the expansion of the door opener business and are currently worth around ¥700 million across the Sanwa Group.

Other initiatives have targeted reciprocal complementation and supply. For example, Sun Metal in Thailand has started to manufacture and sell the “Quick Saver” high-speed industrial sheet shutter, which is one of the strategic products of Sanwa Shutter Corporation in Japan. We will continue to deploy products from each area proactively to meet other market needs.

The realization of synergy benefits is one of the top priorities for Sanwa Group who seeks to be a global major. We are determined to utilize the full potential of our group networks in Japan, North America, Europe and Asia by further expanding the joint development of strategic products, collaborative procurement, and the reciprocal supply of products.

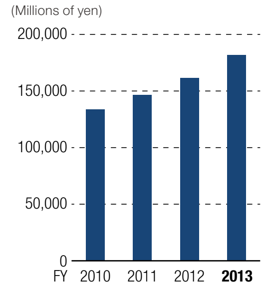
Operator project: Opening Price Point (OPP) operator was developed with collaboration with ODC and Novoferm.

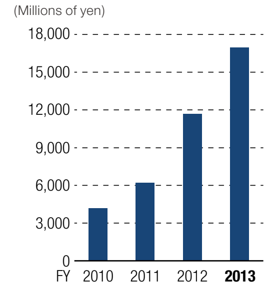
Sun Metal (Thailand) has started in-house production of Sanwa Shutter’s high-speed industrial sheet shutter.

Japan

Net Sales | **Operating Income**

Sales of housing-related products were significantly higher, and firm trends in private sector construction investment were also reflected in dramatic growth in sales of heavy-duty shutters and doors for commercial buildings and condominiums. Net sales were 12.7% higher year on year at ¥182,013 million. This revenue growth, together with improving profitability and lower steel prices, resulted in segment income of ¥16,964 million, a year-on-year increase of 45.1%.

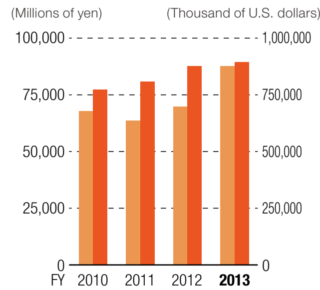


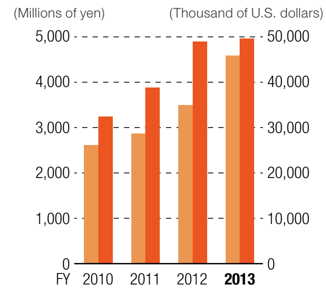


North America

Net Sales | **Operating Income**

Buoyant demand for residential doors and door openers, benefits from the acquisition of an automatic door business under our forward integration strategy, and the depreciation of the yen all helped to lift net sales by 25.7% year on year to (2.7% on a local currency basis) to ¥87,187 million. Segment income benefited from lower raw material costs and the effects of cost-cutting efforts, but the increase in local currency terms was marginal due to discounting necessitated by price competition. However, yen-based income was 30.8% higher year on year at ¥4,559 million thanks to the reduced value of the Japanese currency.



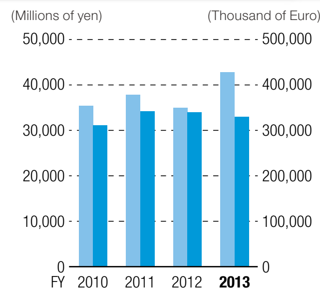


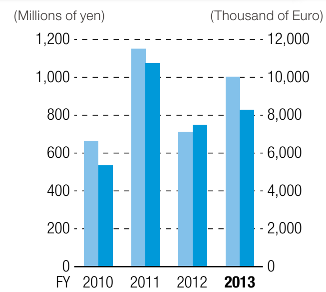
Segment figures (left scale) Figures of ODC (right scale)

Europe

Net Sales | **Operating Income**

In addition to market stagnation across the whole of Europe, construction demand was affected by seasonal factors linked to a cold snap at the start of the year, with the result that revenues were lower in local currency terms. However, yen revenues were 22.3% higher year on year at ¥42,653 million thanks to the depreciation of the yen, and segment income increased by 41.9% to ¥1,000 million. This growth resulted from cost-cutting measures, including restructuring initiatives in France and elsewhere, the reduction of material costs through procurement from China, and measures to improve productivity.





Segment figures (left scale) Figures of NF (right scale)

Asia

In China, slower orders reduced the revenues of Shanghai BaoSteel-Sanwa Door, while Novoferm Shanghai was unable to achieve a positive bottom line despite improving sales and income ratios in the second half of the year. In Vietnam Vina-Sanwa recorded improvement in orders, sales and income, and the Taiwanese company An-Ho Metal Industry achieved year-on-year growth in both sales and income by focusing on commercial facilities. Sanwa Shutter (H.K.) recorded growth in both revenues and income thank to a healthy trend in orders relating to large-scale properties.

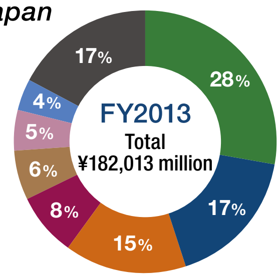
Japan

The entire Sanwa Group in Japan worked to expand orders through the expansion and diversification of product ranges, improve profitability and strengthen productivity. This strategy brought substantial growth in both revenues and income and contributed significantly to expansion of group level financial results.

Sales by Product in Japan

Main Products

- BUILDING & CONDOMINIUM DOORS
- HEAVY-DUTY SHUTTERS
- LIGHTWEIGHT SHUTTERS
- STOREFRONTS
- STAINLESS STEEL PRODUCTS
- PARTITIONS
- WINDOW SHUTTERS
- OTHERS



Launch of condo entrance door “Tredoor Ekoa”

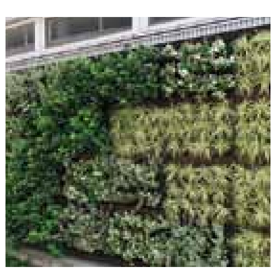
Sanwa Shutter Corporation launched the “Tredoor Ekoa” with an easy-opening function and hidden ventilation slot controlled by the door’s cylinder lock (a first in the industry).

Launch of water stop sheet “ST Water Protect”

Sanwa Tajima Corporation launched “ST Water Protect” for entrance fittings. It is designed to protect interiors from water ingress during rainstorms or typhoons.

Wall-greening system “Aquavert”

Showa Front launched “Aquavert” with Sakata Seed Corporation. It beautifully realizes integration of plants and building materials, and lightweight mineral artificial soil reduces irrigation by 70% and maintenance costs by 50%.



Business Operations and Financial Results for fiscal 2013

Within Japan, Sanwa Shutter Corporation and its subsidiaries are active in the areas of building materials for office buildings and commercial facilities, housing materials, and maintenance and renovation services. The main products manufactured and sold by the Sanwa Group are heavy-duty and lightweight shutters, doors and window shutters. The Sanwa Group is also working to expand and diversify its product ranges by strengthening its product line-up in such areas as storefronts, partitions and stainless steel products.

Fiscal 2013 was the first year of the First Three-Year Plan under the Sanwa Global Vision 2020. Sanwa Group companies in Japan implemented powerful measures targeted toward priorities identified in the plan, including order expansion, further product range diversification and expansion, the reinforcement of production and supply systems, and the improvement of earning performance.

Sanwa Shutter Corporation, the core group company, recorded 4.7% year-on-year growth in sales of lightweight shutters, while firm trends in construction investment brought a substantial 20.0% year-on-year increment in sales of heavy-duty shutters. In the area of doors for commercial buildings and condominiums, there was an 8.5% year-on-year increase in sales of doors for offices, medical facilities and condominium units. Sales of maintenance services were 6.8% higher, while partition sales showed a dramatic year-on-year increase of 21.8%. Revenues were up in all categories, and net sales increased by 12.8% over the previous year’s result.

Other subsidiaries in Japan also performed well. Showa Front reported 11.0% revenue growth thanks to increased construction of retail outlets, while buoyant regional construction investment boosted the revenues of Okinawa Sanwa Shutter by 11.6%. Sanwa Tajima achieved 6.9% revenue growth by winning orders relating to various types of properties, including brand outlets. These factors added up a major increase in net sales of subsidiaries in Japan, which were 11.0% higher year on year.

Sanwa Shutter Corporation also recorded significantly higher income with a 54.5% year-on-year gain, while the income of other

Ever since Sanwa Shutter Corporation was founded over half a century ago, our goal as a customer-focused manufacturer of building materials, including shutters and doors, has been to become number one in each region where we are active. In addition, we have been working to increase customer satisfaction by improving our system of 24/7 service, allowing us to respond promptly to urgent requests for repairs and maintenance.

We will continue to do our best to contribute to society by helping to maintain and improve living standards through our total commitment to the realization of our mission. This very much includes our important task to actively develop and supply disaster-preparedness products, which save lives in earthquakes, typhoons and other disasters, and eco-products based on our environment policy.

Sanwa Shutter Corporation President & CEO **Toshifumi Nagano**

group companies in Japan rose by a substantial 69.2%. As a result, segment net sales increased by 12.7% year on year to ¥182,013 million, and segment income by 45.1% to ¥16,964 million.

Trends in the Business Environment

The Japanese economy is expected to continue on a gradual recovery trend, although there are lingering concerns regarding a possible downswing after the last-minute demand that accompanied the consumption tax increase. In fiscal 2014, new housing construction starts are likely to slow, but the floor area of non-residential construction starts, such as stores, distribution facilities and office buildings, is expected to increase.

Under these conditions, the Sanwa Group will continue its efforts to diversify its product ranges and expand its service businesses during the second year of the First Three-Year Plan.

The markets for heavy-duty shutters, doors for commercial buildings and condominiums, and partitions, including toilet stalls and steel partitions, are expected to remain strong. Sanwa Shutter Corporation is predicting year-on-year sales growth of 2.2%. Domestic subsidiaries other than Sanwa Shutter Corporation are also expected to achieve sales growth of 2.2%.

Initiatives and Strategies

Fiscal 2013 was the first business year of the First Three-Year Plan. We focused the total energies of the Sanwa Group toward the reinforcement of the structures required to accomplish our goals under the plan. A particular priority for Sanwa Group companies in Japan was the reinforcement of initiatives targeted toward the diversification of product ranges.

In July 2013, Sanwa Shutter Corporation achieved an industry first with the launch of the "Tredoor EKOA," which uses a ventilation system linked to the locking mechanism to reduce resistance when the door is opened. In October we launched more new products designed to meet market needs, including the "Smood Kiraku" range of lightweight sliding doors with a warm wood grain finish.

Other group companies in Japan also released new products. In September 2013, Sanwa Tajima launched a water stop sheet "ST Water Protect," for entrance fittings. It is designed to protect interiors from water ingress during rainstorms or typhoons. The "Aquavert," a wall surface greening system developed in partnership with Sakata Seed Corporation, was brought to market by Showa Front in March 2014. We will continue to diversify our product ranges by developing and releasing a wide variety of products to meet environmental, safety and disaster preparedness needs.

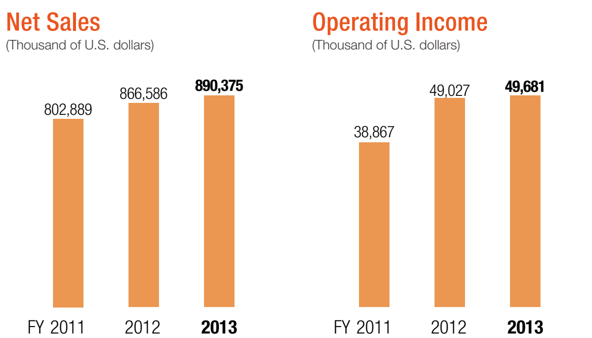
Our initiatives in fiscal 2014 will be guided by three basic strategies. First, we will consolidate progress made toward the diversification of product ranges by identifying product categories for expansion. Second, we will strengthen our upstream business activities and expand our retail business. Third, we will establish a position for the Sanwa Group as the industry leader in terms of manufacturing technology, product development and engineering.

In April 2014, some of our domestic subsidiaries were absorbed into Sanwa Shutter Corporation with the aim of fostering group integration in order to achieve greater consistency in the business policies of individual companies and ensure organic functioning based on each company's strengths and management resources. We will work under this new structure to achieve further product diversification by leveraging group synergies, and to build regionally based sales and installation organizations that will enable us to become number one in each region.

North America

In the United States, a gradual recovery in the residential market helped ODC to lift its net sales by 2.7% in dollar terms. However, selling prices came under pressure from increasing price competition, and operating income was only marginally higher with a 1.3% year-on-year increase.

Performance of Overhead Door Corporation (ODC)



* ODC's fiscal year is from Jan. 1 to Dec. 31

Overhead Door wins Women's Choice Award

Overhead Door is honored to be considered the brand of choice among women and to receive the Women's Choice Award for a second consecutive year.

Genie Battery Back-Up Unit

An optional accessory for our openers. It has the capacity for 50 open/close cycles after a power outage, providing peace-of-mind to homeowners even when the power goes out.

Advanced-performance sectional door

Thermacore® AP 850 commercial sectional doors are innovatively engineered for significantly higher energy efficiency, to keep buildings with large openings cool in summer and warm in winter.

Overview of Operations and Business Results in fiscal 2013

Overhead Door Corporation (ODC) has built a strong business base in North America as the Sanwa Group's core company in the United States. In addition to Overhead Door and Wayne Dalton-brand garage doors and commercial doors, ODC also supplies Genie brand door openers, automatic doors manufactured by Horton Automatics, the Wayne Dalton range of residential and commercial doors, and TODCO truck/trailer doors. Other units include Creative Door Services (CDS), which provides doors and door openers maintenance services in Canada.

In fiscal 2013 (year ended December 2013), a continuing recovery trend in the U.S. economy helped to create new jobs, but the pace of improvement was not fast enough to drive growth in personal consumption expenditure. However, the number of new housing starts was significantly higher at 19% above the previous year's level.

In this environment, the ODC Group responded to the recovery in the residential market by intensifying its marketing efforts for products targeted toward the market for newly built housing. It also focused on the development of its forward integration strategy for the door business and expansion of its share of the market for door openers. Wayne Dalton in particular benefited from the residential recovery thanks to its powerful marketing systems geared toward large-scale housing construction contractors. The success of new products resulted in a bigger share of the door opener market.

These trends in the door business were reflected in sustained growth in sales of commercial and residential doors in the U.S. market. However sales growth was marginal at 1.4%, reflecting a sales downturn at CDS, which was acquired in 2011, caused by sluggish market conditions in western Canada. Sales of door openers increased by 8.4%. The steady 8.9% increase in automatic door business sales was in part due to the full year

While some of our core selling markets have not shown significant improvement in overall business activity in 2013, we did manage to grow our sales by approximately 3 percent for the year. We have continued to make substantial investments in areas that will enable us to grow profits faster when the business conditions improve. For example, our new Oracle ERP platform will make us a more capable supplier to our customers and will increase operating efficiency. We also continue to invest in the development and engagement of our team of Powerful People whose support is paramount to our performance.

We are making progress pursuing our strategy to grow our installation and service capabilities, completing another acquisition during 2013 and setting up for future transactions.

As always, we have confidence that we will achieve our ambitious growth and earnings goals with the continued support of our parent company.

Overhead Door Corporation CEO **Dennis Stone**

contribution of sales by Advanced Door Automation (ADA), which was acquired in fiscal 2012. However, exports of truck/trailer doors were slow, and revenues were down by 8.5% year on year. ODC's net sales increased by 2.7% year on year in dollar terms, but the yen result was significantly affected by the exchange rate and was 25.7% higher year on year at ¥87,187 million. Segment income increased by 30.8% to ¥4,559 million.

Trends in the Business Environment

Continued gradual growth in both residential and non-residential markets is predicted for the U.S. economy in 2014. However, while the number of new housing starts is likely to remain on a steady upward trend, sales of existing houses are expected to fall below the previous year's level, in part because of a shortage of stocks. Strong trends are predicted for non-residential areas, thanks to the economic recovery.

Under these conditions, we are forecasting a recovery in the markets for both residential and commercial doors, leading to revenue growth for the door business. Sales of door openers are also expected to expand thanks to market growth and the launch of low-price models. A recovery in investment in commercial building construction should bring growth in sales of automatic doors, and steady trends in business with major customers are expected to result in higher sales of truck and trailer doors.

On this basis, we are forecasting 8.9% growth in net sales in dollar terms in fiscal 2014. In yen terms, operating income is expected to rise by 20.8% year on year.

Initiatives and Strategies

As part of our forward integration strategy, we acquired Texas Access Controls Inc. (TAC), a distributor of automatic doors in the United States. With business sites in Houston, Austin and San Antonio, which are three of the most important cities in U.S. South, TAC has provided a base for the expansion of the automatic door and maintenance service businesses in Texas.

The introduction of the new ERP system continued. In September 2013, TODCO and ODC's financial accounting began to use the new system.

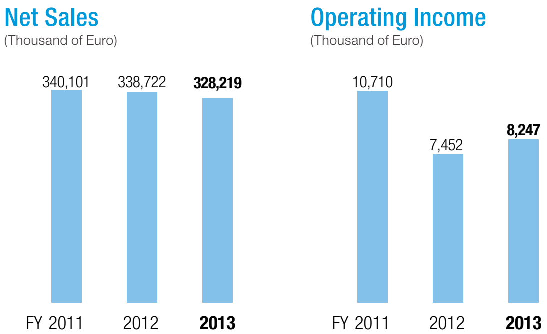
We dynamically launched new residential door products with sophisticated designs attuned to various need of customers and markets. In July 2013, these efforts earned ODC brand garage doors a Women's Choice Award from WomenCertified® in the garage door category for the second consecutive year.

In fiscal 2014, we will further increase our investment in the new ERP system in order to speed up its adoption by other divisions. Through this strategy, we will build the most advanced management infrastructure in the industry. Under our forward integration strategy, we aim to expand our maintenance service business by strengthening our relationships with end users.

Europe

Novoferm (NF) recorded a 3.1% year-on-year fall in net sales in local currency terms due to a decline in the garage door market resulting from an economic slowdown in Europe. However, operating income increased by 10.7% thanks to restructuring and cost-cutting measures.

Performance of Novoferm (NF)



* NF's fiscal year is from Jan. 1 to Dec. 31

NovoPorta Premio – The new Novoferm steel hinged door

The new multifunctional doors, the innovative NovoPorta Premio will comply with the new future standard EN 16034 which will regulate the requirements for fire- and smoke resistant doors and shutters in Europe.

Novoferm Middle East – Sanwa's new gateway to the Middle East region

"Novoferm Middle East is now open for business" - Chris Spierings (left), Novoferm Middle East, is welcomed to our new offices in Doha, by our local Qatari sponsor, Suheil Abdul Rahim, Managing Director of Petrobuild, before getting down to work on new quotations for Middle East projects.

The plant of Alpha Deuren International B.V.

Novoferm's new subsidiary, Alpha Deuren has established a best cost-competitive edge through systematic and efficient production and sales model.

Overview of Operations and Financial Results in fiscal 2013

The Novoferm (NF) Group forms the core of the Sanwa Group's European business activities. With its headquarter in Germany, the NF Group is the second largest manufacturer of door-related products in Europe.

In addition to its operations in Germany, Novoferm also has manufacturing bases in France, the Netherlands, Italy, Poland, Spain, the United Kingdom and South Korea. It sells commercial and residential doors, including door frames and garage doors throughout Europe, Russia, Africa, the Middle East and South Korea.

Many uncertainties continued to affect the European economies in fiscal 2013 (year ended December 2013), and there were no signs of growth. Despite firm trends in the German housing construction market, challenging conditions continued in the non-residential and residential markets throughout the eurozone as a whole.

The NF Group worked in this environment to increase orders and sales by stepping up sales promotion activities in their markets to stimulate demand and gain market share. Other priorities were restructuring, productivity improvement and cost reduction. Net sales declined by 2.6% year on year in Germany and by 8.3% in France. However, net sales increased by 8.9% in Italy and remained largely unchanged in the Netherlands.

An analysis by product segments shows that garage door sales declined by 7.7% year on year because of market shrinkage in France and other factors. Efforts to win contracts for new projects boosted sales of hinged doors by 1.1% year on year, but sales of industrial doors were 1.7% lower because of the delayed recovery of the non-residential market.

Net sales in Europe fell by 3.1% year on year in local currency terms. However, operating income increased by 10.7% thanks to in-depth cost-cutting measures that included restructuring in France and other markets, the reduction

The European markets have shown signs of stabilizing in the last 12 months. Although some countries are still suffering, overall there are first signs of recovery. This supports our growth plans for the future.

We are continuing with our strategy to differentiate ourselves against our competitors, by focusing on customer-oriented processes as well as offering more energy-saving products, such as quick acting sectional doors or products with low energy consumption. Our cost reduction programs are running according to plan and increasing our competitiveness.

To improve our industrial product business, in the first half of 2014 we acquired Alpha Deuren BV, one of the leading producers of industrial sectional doors in Europe. With this acquisition, we will double our turnover in this business segment and quadruple our annual production volume of industrial sectional doors. In addition to cost reduction synergies, the acquisition also offers us cross-selling opportunities with Alpha Deuren's specialized door dealers.

Overall, we are looking very positively towards the future.

Novoferm Group CEO **Rainer Schackmann**

of material costs through procurement from China, and productivity improvements.

In yen terms, total net sales in Europe increased by 22.3% year on year to ¥42,653 million, while segment income rose by 41.9% year on year to ¥1,000 million.

Business Environment and Trends

While the European economies as a whole are expected to recover, challenging conditions are likely to continue in the construction market. We anticipate a recovery in housing construction in Germany, but conditions in other regions are expected to remain difficult. Non-residential construction is expected to recover in Germany and the Netherlands, but a slowdown is predicted in France.

Despite weak trends in the garage door market, we expect to achieve sales growth in this environment through strategies that include the introduction of new products. We also expect to achieve higher sales of hinged doors and industrial doors by adopting a proactive approach to pricing for project-related orders. Net sales are expected to increase by 2.1% and operating income by 3.1% year on year in local currency terms in 2014.

Strategies and Initiatives

The Sanwa Group's future business initiatives in Europe will focus on the improvement of the income structures of individual group companies through further restructuring and cost-cutting efforts. We will also target growth in new markets through a policy of dynamic expansion, including the establishment of outlets in Russia, Eastern Europe, the Middle East and other regions. In January 2014, the Sanwa Group began to move into the Middle East in earnest with the establishment of Novoferm Middle East as a sales office based in Doha, Qatar. Novoferm Middle East will act as a base for the Group's expansion into the Middle East and will work to capture local demand generated by a building rush.

In June 2014, Novoferm acquired 100% of shares in Alpha Deuren International B.V., a major industrial door manufacturer in the Netherlands. This company manufactures and sells industrial doors, residential garage doors and other products, primarily in Germany, the Netherlands and France, and there is potential for major synergies with Novoferm. Alpha Deuren is the most cost-competitive company in the industry thanks to its system-based production and sales methods. As a result of this business merger, the Novoferm Group will not only become one of the leading business groups in Europe in its mainstay areas of garage doors and hinged doors, but will also achieve its long-cherished goal of becoming a leader in the industrial door market. This acquisition will allow Novoferm to react quickly to an emerging recovery trend in the European market and work towards its goal of establishing a strong position in the industrial door market in Europe and especially in Germany.

Asia

“The Shoutou-en” in Taiwan

Sanwa Tajima Corporation and An-Ho Metal Industrial Co., Ltd., a local subsidiary, have supplied various products such as stainless curtain walls, steel doors for this high-grade residence.

Having built up the Sanwa Group’s business structures in Japan, North America and Europe, we are now focusing on the development of business infrastructure in Asia. In fiscal 2013, the aggregate net sales of our five key group companies in Asia increased by ¥1.1 billion year on year to ¥5.3 billion.

Overview of Operations in fiscal 2013 and Future Strategies

Our Chinese joint venture Shanghai Baosteel-Sanwa Door manufactures and sells products that include heavy-duty shutters and overhead doors. Net sales and operating income were both lower in fiscal 2013 because of the combined effects of China’s economic slowdown and reduced orders due to a decline in projects by Japanese companies. Work has started on large-scale properties, including super-high-rise buildings and industrial projects, in major Chinese cities. In fiscal 2014, the Sanwa Group will work to expand orders through key initiatives that include pricing measures designed to increase orders for local properties, entry into the markets for products for use in commercial facilities and office buildings, nationwide expansion through wide-area management, and marketing activities based on the tie-up with the Baosteel Group.

Novoferm Shanghai, which manufactures and sells steel doors in China, is working alongside Baosteel-Sanwa to capture local demand for doors. In fiscal 2013, sales of upmarket entrance doors, which are one of its flagship products, were weak due to the impact of real estate acquisition restrictions imposed by the Chinese government. Due to continued firm demand from medical institutions, net sales and the operating loss were both improved from the previous year, as the company works toward achieving full-year profitability. In fiscal 2014, Novoferm Shanghai plans to make full use of the production capacity created in fiscal 2013 to ensure stable production of door products and to achieve profitability, so that it can continue to contribute to improvement in the Sanwa Group’s business performance.

Vina-Sanwa manufactures and sells shutters, doors and other products in Vietnam. Orders, net sales and operating income all increased in fiscal 2013, primarily due to large-scale projects and projects involving Japanese-affiliated organizations. In fiscal 2014, Vina-Sanwa will continue working to improve its net income through initiatives that include the introduction of new products, such as designer apartment doors, and the expansion of its maintenance business.

The Taiwanese company An-Ho Metal Industrial continues to expand its door, shutter and stainless steel businesses. In fiscal 2013, it achieved growth in both net sales and operating income by focusing on commercial projects amid a lull in capital investment by the Taiwanese manufacturing sector. The company will continue its efforts to improve product quality in all categories in fiscal 2014, with the aim of establishing a position for itself as the foremost manufacturer of quality doors.

In Hong Kong, Sanwa Shutter H.K. experienced significant growth in net sales and operating income, thanks to the expansion of the construction market, especially infrastructure development. This was reflected in substantially higher orders, particularly relating to large-scale development projects. In fiscal 2014 the company will work to build a reliable income structure by diversifying its production line-up and establishing a repair and maintenance business.

These companies will continue to work within the Sanwa Group to strengthen our business base in Asia by creating business models that match local markets.

Compliance

The Sanwa Group is determined to meet public expectations and earn the trust of society. We have established a Compliance Code of Conduct, and implemented a range of measures designed to make the concepts contained therein an integral part of our corporate culture.

The Compliance Code of Conduct defines the specific rules of behavior to follow when translating the mission, corporate philosophy and values of the Sanwa Group and the spirit of our behavior guidelines, into actual conduct.

Employees learn about the Compliance Code of Conduct through in-house training and other activities. The purpose of these activities is to ensure legal compliance and to instill judgment and conduct that comply with public expectations.

We also monitor employee awareness of compliance issues through surveys. The findings are used to identify and remedy issues through ongoing improvement activities.

The Sanwa Group is committed to improving its process for prevention and early discovery of improper conduct that violates the law. To this end, we have introduced a corporate ethics hotline as part of our objective to promote compliance with laws and public expectations. The ethics hotline office can receive reports by phone, fax or through the Internet, and handles company-internal or external cases.

The Sanwa Group's CSR Promotion System

- The CSR Promotion Council proposes initiatives and development of Group-wide CSR activities.

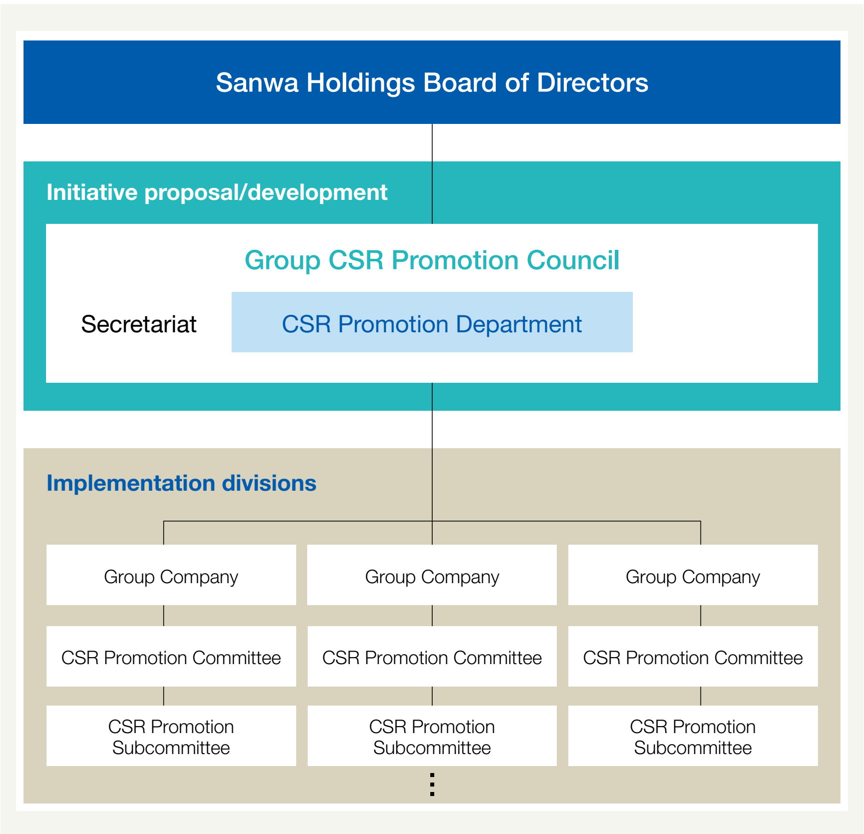
  Chairman: Officer in charge of Corporate Planning Unit

  Members: Officers in charge of divisions, general manager of Audit Department and Group Company Presidents and others

- Group companies establish CSR Promotion Committees and CSR Promotion Subcommittees to coordinate CSR activities.

- The CSR Promotion Department serves as the secretariat for the Group CSR Promotion Council and CSR promotion activities in general.

CSR Promotion Organizational System



Risk Management

Our risk management systems are designed to detect potential risks (factors that may adversely affect or hinder business activities) in advance at all stages of our operations at every group company and business unit. We can then implement countermeasures to prevent these risks from causing actual problems.

We are developing our risk management systems by applying the PDCA cycle. We work to detect risks promptly and then analyze and evaluate them to identify which risks are critical. Next, we devise and implement countermeasures. After implementation, we evaluate the countermeasures and continue them when necessary.

Environmental Protection Activities

The Sanwa Group has formulated the Sanwa Group Environmental Policy and is firmly committed to environmental preservation activities based on the policy.

We have also designated June 10 as “Sanwa Environment Day” to raise our employees’ awareness of the need to protect the environment and to promote environmental protection activities. On this day, group company employees participate in community clean-up campaigns in the areas around our various business sites, and similar environmental activities. Also, with the primary aim of reducing CO_2 emissions, our manufacturing units have developed energy conservation measures that cover proper operation of machinery and equipment as well as thorough monitoring of energy usage, and our sales units take care to follow eco-friendly driving practices when using company vehicles.

Sanwa Group Environmental Policy

Basic Philosophy

As globally integrated manufacturers of building materials, the Sanwa Group contributes to the realization of an enriched society capable of sustainable development through environmentally responsible business activities and the supply of environment-friendly products and services.

Basic Policies

1. To comply with legal systems and other requirements related to the environment, and communicate with society.
2. Appropriately assess impacts on the environment, set objectives and goals, and continuously work for the preservation and improvement of the environment.
3. Promote conservation and recycling of natural resources and energy, and endeavor to prevent pollution, for example through the reduction of waste.
4. Actively promote the development of environment-friendly products, and endeavor to improve our technological level further.
5. Endeavor to raise the awareness of environmental preservation of all people working for the Sanwa Group by ensuring they understand this Environmental Policy and providing them with information about the environment.
6. Encourage the companies that cooperate with us in our business activities to undertake environmental preservation initiatives, and endeavor to support their efforts to do so.

In order to promote the above policies we will endeavor to implement, maintain and continuously improve our environmental management system.

Sanwa Group seeks to contribute to society primarily through on community-based employee participation activities, to fulfill our roles and responsibilities as a member of the community.

Sanwa Group Social Contribution Policy

The Sanwa Group wants to be part of a society in which people can enjoy happy, fulfilling lives. We will help to build such a society through our continuing social contribution activities, and through human resource development initiatives designed to enrich the wider human characteristics of our employees.

1. The Sanwa Group will contribute to society through products and services of the highest quality.
2. As a good corporate citizen, the Sanwa Group will contribute to the development of local communities.
3. The Sanwa Group will provide effective support for social contribution activities involving its employees.

The Social Contribution Club

The Sanwa Group Social Contribution Club was established in November 2006 to commemorate the 50th anniversary of the founding of Sanwa Shutter Corporation. The Club carries out social contribution activities using funds that include donations from executives and employees.

In the year ended March 2014, a total of ¥4.4 million was donated to eight organizations. The following are some of the messages of appreciation that were received from these organizations.

Thank you for your very generous donation. Throughout Japan over 200,000 children are affected by more than 500 intractable diseases for which the causes are unknown, or for which no treatment method has been established. Our aim is to create a network to provide support for those children and their families. We will make effective use of your kind donation in these activities.

—National Support Network for Children Suffering from Intractable Diseases

Left: Mr. Kobayashi of the National Support Network for Children Suffering from Intractable Diseases
Right: Mr. Yamaki of the Social Contribution Club Administration Committee

We are truly grateful for your wonderful donation. Through our activities we try to provide emotional support to children who are suffering as a result of bullying, family problems or other issues. We look forward to your continuing support in the future.

—Childline Support Center Japan

Left: Ms. Magome of the Social Contribution Club Administration Office.
Right: Ms. Ota of Childline Support Center Japan

We are sincerely grateful for your generous donation. Children who travel to Tokyo for medical treatment face long and daunting battles with illness far from their homes. We believe opportunities for those children and their families the opportunity to relax in a homelike environment can have a positive effect on their treatment, and we will continue to administer our houses as places that provide warmth and comfort. We will ensure that your donation benefits those who use our houses.

—Family House

Left: Ms. Ueda of Family House
Right: Mr. Teramura of the Social Contribution Club Secretariat

Corporate Governance

Board of Directors

(As of June 26, 2014)

Hiroatsu Fujisawa, Kazuhiko Kinoshita, Ichiro Ueeda, Toshitaka Takayama, Wadami Tanimoto, Tamotsu Minamimoto, Masahiro Fukuda, Yasushi Takayama, Makoto Yasuda

Board of Directors, Statutory Audit & Supervisory Board Members and Executive Officers

(As of June 26, 2014)

Representative Director
Chairman and CEO
Toshitaka Takayama

Representative Director
President and COO
Tamotsu Minamimoto

Director
Executive Vice-President
Domestic Business Unit
Kazuhiko Kinoshita

Director
Senior Managing Executive Officer
Corporate Planning Unit
Yasushi Takayama

Director
Senior Managing Executive Officer
Europe Business Unit
Wadami Tanimoto

Director
Senior Managing Executive Officer
Asia Business Unit
Ichiro Ueeda

Director
Senior Executive Officer
Americas Business Unit
Masahiro Fukuda

Director
Senior Executive Officer
Strategic Re-Engineering Unit
Hiroatsu Fujisawa

Outside Director
Makoto Yasuda

Standing Statutory Auditor
Toshiaki Nakaya

Standing Statutory Auditor
Jiro Ichioka

Statutory Auditor
Katsuhiko Tanabe

Statutory Auditor
Jumpei Morimoto

Senior Executive Officer
Subleader, Asia Business Unit
Sampei Kametaka

Senior Executive Officer
General Manager, General Affairs Dept.
Tatsuto Satsuka

Executive Officer
General Manager, Asia Business Planning Dept.
Tsunahiro Watanabe

Executive Officer
Subleader, Europe Business Unit
Takenobu Hoizumi

Executive Officer
Subleader, Asia Business Unit
Takafumi Hashimoto

Executive Officer
President, VINA-SANWA Company Liability Ltd.
Hidemine Yasui

Audit & Supervisory Board Members

(As of June 26, 2014)

Katsuhiko Tanabe, Toshiaki Nakaya, Jiro Ichioka, Jumpei Morimoto

Basic Stance on Corporate Governance

Sanwa Holdings Corporation is a global corporation 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, the Sanwa Group seeks to build a highly transparent system that allows us to effectively 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 of 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 at a meeting of the Board of Directors held on May 15, 2006. In accordance with the resolution, the Company has established and implemented an internal control system, has established prescribed standards and procedures in each business operation to ensure that the Company’s internal organizations are operated soundly, effectively, and efficiently, free from improprieties, mistakes, and errors, and has implemented controls based on the standards and procedures. At its meeting on April 25, 2014, the Board of Directors adopted a resolution partially amending the Basic Policy on the Internal Control System.

Risk Management

In accordance with the basic matters pertaining to risk management established in the Risk Management Regulations, the Company identifies, shares, and mitigates risks and strives to minimize loss in the event an emergency occurs. In addition, the Company is developing a groupwide risk management system consisting of Risk Management Guidelines and Crisis Management Guidelines, which stipulate procedures from reporting when an emergency occurs to recovery measures.

Corporate Governance Structure

Sanwa Holdings has established a Board of Directors and a Audit & Supervisory Board. The Board of Directors is composed of nine members, including one outside director, and the Audit & Supervisory Board has four audit & supervisory board members, including two outside audit & supervisory board members. The outside director and audit & supervisory board members have been designated to play an independent role.

The Board of Directors Meetings and the Audit & Supervisory Board Meetings are normally held once per month. The Board of Directors makes important management decisions based on their considered judgment and supervise the execution of the directors’ responsibilities. To maintain and enhance management effectiveness, the Board consists of directors who are very familiar with Sanwa’s operations and an outside director with keen insight gained from a wealth of corporate management experience.

The Audit & Supervisory Board monitors the status of business execution by the Board of Directors and the executive officers, issue reports on their findings, and ensure that management actions are legal and proper. To increase the effectiveness of audits, they have been granted independence combined with enhanced responsibilities and authority. In partnership with the Audit Department, the corporate audit & supervisory board members ensure that the business is in sound financial health and pursue compliance with rigor and consistency across the Sanwa Group.

In fiscal 2013, the Board of Directors met 13 times with a 98.6% attendance rate for directors and corporate audit & supervisory board members, and the Audit & Supervisory Board met 12 times with a 100.0% attendance record.

We have also established a Group Strategy Committee as an advisory body to the Board of Directors. This council conducts high-level examination and coordination of group management policies as well as business management plans and budgets, and formulates medium-to-long term group strategies. They also deliberate matters pertaining to group-level strategies, offer their recommendations on these matters, and work with the Board of Directors to ensure timely and effective business decisions.

Supervision and audits of the detailed status of business execution is carried out at 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 corporate audit & supervisory board members audit the state of business execution by the executive officers.

To develop a consistent set of CSR activities across the Sanwa Group, the Group CSR Promotion Council, run by the CSR Promotion Department, meets four times a year. The council deliberates CSR policies of the entire Group, matters related to the quality assurance system and other CSR issues. Sanwa is actively working to fulfill its corporate social responsibilities, and to this end has established CSR Promotion Committee that plan and promote CSR activities together with individual work sites.

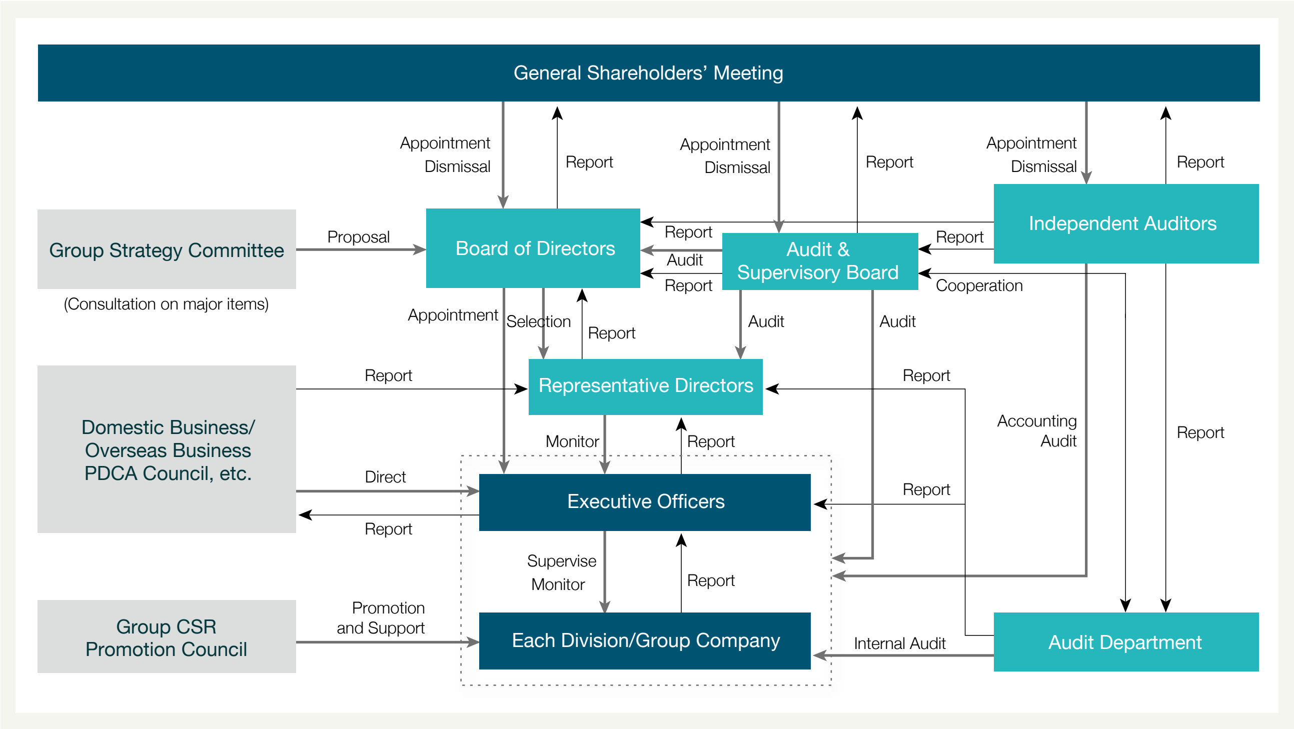
To establish and maintain a corporate governance system that earns the trust of society through its financial health, audit & supervisory board members travel directly to subsidiaries and affiliates to study their situation or issue requested reports. Furthermore, Sanwa's independent auditors, Kyoritsu Audit Corporation, conducts financial audits of Sanwa Holdings' major consolidated subsidiaries.

It is the view of Sanwa Holdings that the structure outlined above constitutes a governance system that ensures the competence of the Group's business operations and fulfills its corporate governance obligations.

Countermeasures against Large-Scale Acquisition of Sanwa Holdings Shares (Anti-Takeover Measures)

The Company has formulated countermeasures against large-scale acquisition of the company's shares (anti-takeover measures). At its meeting on May 16, 2014, the Board of Directors resolved to update the countermeasures against large-scale acquisition of the company's shares with the aim of securing and enhancing the company's corporate value and the common interests of shareholders. This resolution was approved at the 79th General Meeting of Shareholders held on June 26, 2014.

Sanwa Group Corporate Governance System



Financial Information

Consolidated Balance Sheets

Sanwa Holdings Corporation and Subsidiaries
As of March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
ASSETS			
Current assets:			
Cash and cash equivalents (Note 10)	**¥ 52,307**	¥ 22,275	**$ 512,814**
Short-term investments (Notes 3, 10)	**2,620**	2,243	**25,686**
Notes and accounts receivable, trade (Note 10)	**72,947**	63,820	**715,167**
Allowance for doubtful accounts	**(1,581)**	(1,335)	**(15,500)**
Inventories (Note 4)	**41,714**	38,170	**408,961**
Deferred income taxes (Note 14)	**4,632**	4,185	**45,412**
Other current assets	**4,882**	4,498	**47,863**
Total current assets	**177,521**	133,856	**1,740,403**
Property, plant and equipment:			
Land	**22,798**	22,583	**223,510**
Buildings and structures	**46,468**	43,214	**455,569**
Machinery and equipment	**65,256**	56,779	**639,765**
Construction in progress	**1,213**	1,218	**11,892**
	135,735	123,794	**1,330,736**
Less accumulated depreciation	**(80,963)**	(73,374)	**(793,755)**
Total property, plant and equipment	**54,772**	50,420	**536,981**
Intangible assets:			
Goodwill	**2,259**	2,325	**22,147**
Other intangible assets (Note 5)	**15,561**	14,718	**152,559**
Total intangible assets	**17,820**	17,043	**174,706**
Investments and other assets:			
Investments in non-consolidated subsidiaries and affiliates (Notes 3, 10)	**10,985**	8,104	**107,696**
Investments in securities (Notes 3, 10)	**11,798**	22,835	**115,667**
Net defined benefit asset (Note 7)	**1,432**	—	**14,039**
Deferred income taxes (Note 14)	**4,942**	4,961	**48,451**
Allowance for doubtful accounts	**(501)**	(469)	**(4,912)**
Other assets	**3,148**	5,021	**30,863**
Total investments and other assets	**31,804**	40,452	**311,804**
Total assets	**¥281,917**	¥241,771	**$2,763,894**

The accompanying notes are an integral part of these statements.

	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Notes 6, 10)	**¥ 30,094**	¥ 11,954	**$ 295,039**
Notes and accounts payable, trade (Note 10)	**43,608**	38,398	**427,529**
Accrued income taxes	**4,940**	3,754	**48,431**
Accrued expenses	**16,189**	13,134	**158,716**
Deferred income taxes (Note 14)	**16**	30	**157**
Other current liabilities	**13,938**	12,577	**136,647**
Total current liabilities	**108,785**	79,847	**1,066,519**
Long-term liabilities:			
Long-term debt (Notes 6, 10)	**39,060**	48,846	**382,941**
Retirement and severance benefits (Note 7)	**—**	9,440	**—**
Net defined benefit liability (Note 7)	**12,408**	—	**121,647**
Deferred income taxes (Note 14)	**5,154**	3,942	**50,529**
Other long-term liabilities	**2,554**	2,561	**25,043**
Total long-term liabilities	**59,176**	64,789	**580,160**
Total liabilities	**167,961**	144,636	**1,646,679**
Contingent liabilities (Note 8)			
NET ASSETS			
Shareholders' equity (Note 12)			
Common stock:			
Authorized—550,000,000 shares in 2014 and 2013			
Issued—257,920,497 shares in 2014 and 2013	**38,413**	38,413	**376,598**
Additional paid-in capital	**39,902**	39,902	**391,196**
Retained earnings	**37,708**	30,975	**369,686**
Treasury stock, at cost (18,174,813 shares in 2014 and 18,134,664 shares in 2013)	**(9,859)**	(9,833)	**(96,657)**
Total shareholders' equity	**106,164**	99,457	**1,040,823**
Accumulated other comprehensive income			
Net unrealized holding gains (losses) on securities	**545**	(1,601)	**5,343**
Foreign currency translation adjustments	**9,252**	(844)	**90,706**
Remeasurements of defined benefit plans	**(2,172)**	—	**(21,294)**
Total accumulated other comprehensive income	**7,625**	(2,445)	**74,755**
Stock acquisition rights	**167**	123	**1,637**
Total net assets	**113,956**	97,135	**1,117,215**
Total liabilities and net assets	**¥281,917**	¥241,771	**$2,763,894**

Consolidated Statements of Operations

Sanwa Holdings Corporation and Subsidiaries

For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Net sales	**¥ 311,957**	¥265,913	**$3,058,402**
Cost of sales (Note 13)	**225,954**	196,632	**2,215,235**
Gross profit	**86,003**	69,281	**843,167**
Selling, general and administrative expenses (Note 12)	**65,354**	55,107	**640,725**
Operating income	**20,649**	14,174	**202,442**
Other income (expenses)**:**			
Interest and dividend income	**575**	588	**5,637**
Interest expenses	**(918)**	(935)	**(9,000)**
Equity in earnings of non-consolidated subsidiaries and affiliates	**206**	117	**2,020**
Other, net (Note 15)	**(3,524)**	(868)	**(34,549)**
	(3,661)	(1,098)	**(35,892)**
Net income before income taxes and minority interests	**16,988**	13,076	**166,550**
Income taxes (Note 14)**:**			
Current	**6,060**	5,439	**59,412**
Deferred	**767**	456	**7,520**
	6,827	5,895	**66,932**
Income before minority interests	**10,161**	7,181	**99,618**
Net income	**¥ 10,161**	¥ 7,181	**$ 99,618**

	Yen		U.S. dollars (Note 1)
	2014	2013	**2014**
Per share:			
Net income —Basic	**¥42.38**	¥29.93	**$0.42**
—Diluted	**42.28**	29.87	**0.41**
Cash dividends	**13.00**	10.00	**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, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Income before minority interests	**¥10,161**	¥7,181	**$ 99,618**
Other comprehensive income (Note 16)			
Net unrealized holding gains on securities	**2,146**	1,712	**21,039**
Foreign currency translation adjustments	**9,930**	4,890	**97,353**
Share of other comprehensive income of non-consolidated subsidiaries and affiliates accounted for using the equity method	**167**	176	**1,637**
Total other comprehensive income	**12,243**	6,778	**120,029**
Comprehensive income	**¥22,404**	¥13,959	**$219,647**
Comprehensive income attributable to:			
Owners of the parent	**¥22,404**	¥13,959	**$219,647**
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, 2014 and 2013

	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	Remeasure-ments of defined benefit plans	Stock acquisition rights	Total net assets
Balance at March 31, 2012	¥38,413	¥39,902	¥25,999	¥(9,694)	¥(3,315)	¥(5,909)	¥ —	¥126	¥ 85,522
Net changes during the year									
Cash dividends			(2,160)						(2,160)
Net income for the year			7,181						7,181
Purchase of treasury stock				(226)					(226)
Disposal of treasury stock			(45)	87					42
Net changes during the year other than shareholders' equity					1,714	5,065	—	(3)	6,776
Total net changes during the year	—	—	4,976	(139)	1,714	5,065	—	(3)	11,613
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**

	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	Remeasure-ments of defined benefit plans	Stock acquisition rights	Total net assets
Balance at March 31, 2013	$376,598	$391,196	$303,676	$(96,402)	$(15,696)	$ (8,275)	$ —	$1,206	$ 952,303
Net changes during the year									
Cash dividends			(25,853)						(25,853)
Net income for the year			99,618						99,618
Change of scope of equity method			(7,755)						(7,755)
Purchase of treasury stock				(255)					(255)
Net changes during the year other than shareholders' equity					21,039	98,981	(21,294)	431	99,157
Total net changes during the year	—	—	66,010	(255)	21,039	98,981	(21,294)	431	164,912
Balance at March 31, 2014	**$376,598**	**$391,196**	**$369,686**	**$(96,657)**	**$ 5,343**	**$90,706**	**$(21,294)**	**$1,637**	**$1,117,215**

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, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Cash flows from operating activities:			
Net income before income taxes and minority interests	¥16,988	¥13,076	$166,550
Adjustments for:			
Depreciation and amortization	6,626	5,785	64,961
Equity in earnings of non-consolidated subsidiaries and affiliates	(206)	(117)	(2,020)
Interest and dividend income	(575)	(588)	(5,637)
Interest expenses	918	935	9,000
Increase (decrease) in allowance for doubtful accounts	102	5	1,000
Increase (decrease) in allowance for bonuses	1,653	382	16,206
Increase (decrease) in retirement and severance benefits	—	392	—
Increase (decrease) in net defined benefit liability and assets	1,096	—	10,745
Decrease (increase) in notes and accounts receivable	(5,044)	(260)	(49,451)
Decrease (increase) in inventories	393	213	3,853
Increase (decrease) in notes and accounts payable	3,512	(802)	34,431
Other, net	(404)	3	(3,961)
Subtotal	25,059	19,024	245,677
Interest and dividend income received	566	586	5,549
Interest expenses paid	(917)	(938)	(8,990)
Income taxes paid	(4,980)	(3,817)	(48,824)
Net cash provided by operating activities	19,728	14,855	193,412
Cash flows from investing activities:			
Payments for purchase of investments in securities	(3,138)	(5,462)	(30,765)
Proceeds from sales of investments in securities	15,412	4,556	151,098
Payments for purchase of tangible and intangible assets	(7,116)	(4,293)	(69,765)
Payments for advances	(1,431)	(1,504)	(14,029)
Proceeds from collections of advances	1,419	1,240	13,912
Acquisition for business	(72)	(292)	(706)
Other, net	858	442	8,412
Net cash provided by (used in) investing activities	5,932	(5,313)	58,157
Cash flows from financing activities:			
Increase in short-term loans, net	292	1,219	2,863
Proceeds from long-term loans	9,660	13	94,706
Repayments of long-term loans	(3,412)	(827)	(33,451)
Proceeds from issuance of bonds	—	3,000	—
Repayments of bonds	—	(5,000)	—
Purchase and disposal of treasury stock, net	(26)	(185)	(255)
Cash dividends paid	(2,637)	(2,160)	(25,853)
Other, net	—	(401)	—
Net cash provided by (used in) financing activities	3,877	(4,341)	38,010
Effect of exchange rate changes on cash and cash equivalents	495	249	4,853
Net increase in cash and cash equivalents	30,032	5,450	294,432
Cash and cash equivalents at beginning of year	22,275	16,825	218,382
Cash and cash equivalents at the end of year	¥52,307	¥22,275	$512,814

The accompanying notes are an integral part of these statements.

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 conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The Company's overseas subsidiaries have been prepared in conformity 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, 2014, which was ¥102 to US$1.00.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

At March 31, 2014, the Company had 79 subsidiaries and 19 affiliates.

The consolidation for the year ended March 31, 2014 (FY2013) includes Sanwa Holdings Corporation and its 37 consolidated subsidiaries. In FY2013, 1 company was excluded in the scope of consolidation because it was filed for liquidation. Equity method accounting is applied to investments in 8 non-consolidated subsidiaries and 5 affiliates at March 31, 2014. In FY2013, 1 company was included in the scope of equity method accounting because the significance was increased.

(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 revenues and expenses 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 which was 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 method 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) Retirement and Severance 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 straight-line 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 Method of Accounting)

Effective the year ended March 31, 2014, “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, revised on May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, revised on May 17, 2012) were partly adopted. As a result of the partial adoption of these revised accounting standards, the differences between the retirement benefit obligation and plan assets at fair value is recognized as liabilities or assets for retirement benefits and unrecognized actuarial gains or losses and net retirement benefit obligation at transition are recognized within net assets (accumulated other comprehensive income), after adjusting for tax effects.

The effect of the adoption of these revised accounting standards was included in accumulated other comprehensive income as remeasurements of defined benefit plans as of March 31, 2014 in accordance with transitional accounting treatments provided in the revised accounting standards.

As a result of the adoption of these revised accounting standards, assets for retirement benefits of ¥1,432 million ($14,039 thousand) and liabilities for retirement benefits of ¥12,408 million ($121,647 thousand) were recorded and accumulated other comprehensive income decreased by ¥2,172 million ($21,294 thousand) as of March 31, 2014. In addition, net assets per share decreased by ¥9.06 ($0.09).

(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 239,767 thousand and 239,960 thousand for the years ended March 31, 2014 and 2013, 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, 2013 have been made to conform to the presentation for the year ended March 31, 2014.

(p) Accounting Standards Issued but Not Yet Effective

Accounting standards for retirement benefits

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25) were revised on May 17, 2012. However, these accounting standards have not yet been fully adopted as of March 31, 2014.

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized net retirement benefit obligation at transition, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

These revised accounting standards were partly adopted effective the year ended March 31, 2014. However, the amendment of the calculation method of the retirement benefit obligation and service costs will be adopted effective April 1, 2014.

The impact of the adoption of the revised accounting standard on consolidated financial statements is in process of measuring.

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, 2014.

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 January 1, 2016. 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, 2014 and 2013, other securities, which are included in short-term investments and investment in securities, were as follows:

	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**

	Millions of yen			
	2013			
	Other securities			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Market value available				
Equity securities	¥19,069	¥1,023	¥(3,456)	¥16,636
Bonds and debentures	1,004	5	—	1,009
Other	4,670	87	(112)	4,645
	¥24,743	¥1,115	¥(3,568)	¥22,290
Market value not available	2,788	—	—	2,788
Total	¥27,531	¥1,115	¥(3,568)	¥25,078

	Thousands of U.S. dollars			
	2014			
	Other securities			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Market value available				
Equity securities	**$ 80,608**	**$13,685**	**$(5,598)**	**$ 88,695**
Bonds and debentures	**58,853**	**0**	**(0)**	**58,853**
Other	**226,785**	**942**	**(363)**	**227,364**
	$366,246	**$14,627**	**$(5,961)**	**374,912**
Market value not available	**(233,559)**	**—**	**—**	**(233,559)**
Total	**$132,687**	**$14,627**	**$(5,961)**	**$141,353**

At March 31, 2014 and 2013, investments in non-consolidated subsidiaries and affiliates were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Equity securities	**¥ 9,142**	¥6,187	**$ 89,627**
Advances	**1,843**	1,917	**18,069**
	¥10,985	¥8,104	**$107,696**

4. Inventories

Inventories at March 31, 2014 and 2013 comprised the following:

	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Finished goods	**¥ 9,800**	¥ 7,950	**$ 96,078**
Work in process	**16,514**	18,339	**161,902**
Raw materials and supplies	**15,400**	11,881	**150,981**
	¥41,714	¥38,170	**$408,961**

5. Other Intangible Assets

Other intangible assets at March 31, 2014 and 2013 comprised the following:

	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Trademark	**¥ 4,893**	¥ 4,066	**$ 47,971**
Software	**6,724**	4,916	**65,922**
Other	**3,944**	5,736	**38,666**
	¥15,561	¥14,718	**$152,559**

6. Short-term Debt and Long-term Debt

Short-term debt and long-term debt at March 31, 2014 and 2013 consisted of the following:

	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Short-term loans (unsecured)	**¥ 9,564**	¥ 8,592	**$ 93,764**
Current portion of long-term debt	**5,530**	3,362	**54,216**
Current portion of unsecured bonds	**—**	—	**—**
1.03% unsecured bonds, due 2014	**15,000**	—	**147,059**
Short-term debt	**¥30,094**	¥11,954	**$295,039**
1.03% unsecured bonds, due 2014	**—**	15,000	**—**
1.04% unsecured bonds, due 2015	**2,000**	2,000	**19,608**
1.16% unsecured bonds, due 2016	**2,400**	2,400	**23,529**
0.89% unsecured bonds, due 2016	**10,000**	10,000	**98,039**
1.00% unsecured bonds, due 2017	**2,000**	2,000	**19,608**
0.73% unsecured bonds, due 2018	**3,000**	3,000	**29,412**
Loans from banks and other financial institutions unsecured maturing 2014–2021 with interest average rate from 0.30% to 4.9%.	**25,190**	17,808	**246,961**
Long-term debt	**¥44,590**	¥52,208	**$437,157**
Less, current portion	**(5,530)**	(3,362)	**(54,216)**
Long-term debt	**¥39,060**	¥48,846	**$382,941**

Aggregate annual maturities of long-term loans at March 31, 2014 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2016	10,580	103,725
2017	6,680	65,490
2018 and thereafter	2,400	23,530
	¥19,660	$192,745

7. Retirement and Severance Benefits

For the year ended March 31, 2014

The Company and its consolidated subsidiaries have corporate pension plans and lump-sum payment plans as defined benefit pension plans, and have defined contribution pension plans.

The defined benefit pension plan and the retirement lump-sum payment plans for certain consolidated subsidiaries are calculated using the simplified accounting method.

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
	2014	2014
Beginning balance of retirement benefit obligations	¥40,737	$399,382
Service cost	1,159	11,363
Interest cost	787	7,716
Actual differences arising during the year	(1,111)	(10,892)
Retirement benefits paid	(2,146)	(21,039)
Other	2,851	27,950
Ending balance of retirement benefit obligations	¥42,277	$414,480

(2) Changes in plan assets (excludes application of simplified accounting method)

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Beginning balance of plan assets	¥27,237	$267,029
Expected return on plan assets	938	9,196
Actual differences arising during the year	1,637	16,049
Contribution made by the Company and consolidated subsidiaries	1,947	19,088
Retirement benefits paid	(1,607)	(15,755)
Other	1,446	14,177
Ending balance of plan assets	¥31,598	$309,784

(3) Changes in net defined benefit liability (only application of simplified accounting method)

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Beginning net defined benefit liability	¥289	$2,833
Retirement benefits expense	89	873
Retirement benefits paid	(16)	(157)
Contribution to plan	(65)	(637)
Ending net defined benefit liability	¥297	$2,912

(4) Reconciliation of retirement benefit obligations and plan assets with net defined benefit liability and asset on the Consolidated Balance Sheets (includes application of simplified accounting method)

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Funded retirement benefit obligations	¥ 36,292	$ 355,804
Plan assets	(31,983)	(313,559)
	4,309	42,245
Unfunded retirement benefit obligations	6,667	65,363
Net amount of liability and asset on Consolidated Balance Sheets	10,976	107,608
Net defined benefit asset	12,408	121,647
Net defined benefit liability	(1,432)	(14,039)
Net amount of liability and asset on Consolidated Balance Sheets	¥ 10,976	$ 107,608

(5) Retirement benefit expenses

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Service cost	¥1,159	$11,363
Interest cost	787	7,716
Expected return on plan assets	(938)	(9,196)
Amortization of actuarial differences	843	8,265
Retirement benefit expenses using the simplified method	91	892
Retirement benefit expenses for defined benefit pension plans	¥1,942	$19,040

(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
	2014	2014
Unrecognized actuarial differences	¥(3,392)	$(33,255)
Total	¥(3,392)	$(33,255)

(7) Plan assets

Breakdown of plan assets

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

(8) Basic assumptions for calculating retirement benefit obligations

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

2. Defined Contribution Pension Plans

	Millions of yen	Thousands of U.S. dollars
	2014	**2014**
Contributions to defined contribution pension plan	**¥306**	**$3,000**

For the year ended March 31, 2013

The following tables set forth the changes in retirement benefit obligation, fair value of plan assets and funded status of the Group at March 31, 2013.

Retirement Benefit Obligations

	Millions of yen
	2013
Retirement benefit obligation at the end of year	¥(41,402)
Fair value of plan assets at the end of year	27,612
Funded status	(13,790)
Unrecognized actuarial loss	6,323
Accrued pension liability recognized in the consolidated balance sheets	¥ (7,467)
Prepayment pension cost	1,973
Retirement and severance benefits	(9,440)

Some domestic subsidiaries have adopted alternative treatment of the accounting standards for retirement benefit for small business entities.

Severance and pension cost of the Group included the following components for the years ended March 31, 2013.

Retirement Benefit Costs

	Millions of yen
	2013
Service cost	¥1,118
Interest cost	971
Expected return on plan assets	(1,066)
Amortization:	
Prior service cost	—
Actuarial loss	982
	¥2,005
Loss on transfer of defined benefit pension	
Other	214
Net periodic benefit cost	¥2,219

Assumption used in the accounting for the defined benefit plans for the years ended March 31, 2013 was as follows:

Basic Assumptions for Calculating Retirement Benefit Obligations

	2013
Method of attributing benefits to periods of service	Straight-line basis
Discount rate	Mainly 1.0%
Long-term rate of return on fund assets	Mainly 3.5%
Amortization period for prior service cost:	
The Company and its domestic subsidiaries	Mainly 1 year
The foreign consolidated subsidiaries	Mainly 10 year
Amortization period for actuarial loss	Mainly 10 year

8. Contingent Liabilities

Contingent liabilities at March 31, 2014 and 2013, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
As a guarantor of indebtedness of :			
Affiliates	**¥1,179**	¥1,082	**$11,559**

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, 2014 and 2013, 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
	2014	2013	**2014**
Acquisition costs	**¥186**	¥378	**$1,824**
Accumulated depreciation	**163**	334	**1,598**
Net book value	**¥ 23**	¥ 44	**$ 226**

The Group leases certain machinery and equipment. Total lease payments under these leases were ¥21 million ($206 thousand) and ¥38 million for the years ended March 31, 2014 and 2013, respectively.

Obligations under non-cancelable operating leases as of March 31,2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	**2014**
Due within one year	**¥1,499**	¥1,231	**$14,696**
Due after one year	**3,605**	2,857	**35,343**
	¥5,104	¥4,088	**$50,039**

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 having 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 limit the use of derivatives to the volume of long-term debt and bonds and actual requirements based on the established internal control rules, and do 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.

The forward exchange contract and the interest swap transaction are almost used for the 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 manage exposure to market risks from charges 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 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, 2014 and 2013 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		
	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)**

	Millions of yen		
	2013		
	Book value	Market value	Difference
(1) Cash and deposits	¥ 21,740	¥ 21,740	¥ —
(2) Notes and accounts receivables, trade	63,820	63,820	—
(3) Securities and Investments in securities	22,290	22,290	—
Total assets	¥107,850	¥107,850	¥ —
(1) Notes and accounts payables, trade	(38,398)	(38,398)	—
(2) Short-term debt	(11,954)	(11,954)	—
(3) Long-term debt	(48,846)	(49,451)	(605)
Total liabilities	¥ (99,198)	¥ (99,803)	¥(605)

	Thousands of U.S. dollars		
	2014		
	Book value	Market value	Difference
(1) Cash and deposits	**$ 276,922**	**$ 276,922**	**$ —**
(2) Notes and accounts receivables, trade	**715,167**	**715,167**	**—**
(3) Securities and Investments in securities	**374,911**	**374,911**	**—**
Total assets	**$ 1,367,000**	**$ 1,367,000**	**$ —**
(1) Notes and accounts payables, trade	**(427,529)**	**(427,529)**	**—**
(2) Short-term debt	**(295,039)**	**(295,039)**	**—**
(3) Long-term debt	**(382,941)**	**(386,765)**	**(3,824)**
Total liabilities	**$(1,105,509)**	**$(1,109,333)**	**$(3,824)**

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 loans 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 quotation of the company bond that our company issues calculates the one based on the market price, and the one without the market price is calculated by the present value that discounts the principal and interest money total at the interest rate in which it tempers with the remaining period and the credit risk of the company bond.

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
	2014	2013	**2014**
	Book value		Book value
Investments in non-consolidated—subsidiaries and affiliates	**¥9,142**	¥6,187	**$89,627**
Other securities			
Unlisted equity securities	**176**	3,259	**1,725**
Others	**60**	65	**588**

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			
	2014		2013	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year
Cash and deposits	**¥28,246**	**¥ —**	¥21,740	¥ —
Notes and accounts receivables, trade	**72,947**	**—**	63,820	—
Securities and Investments in securities				
Other securities (Bonds)	**4,999**	**1,064**	—	1,074
Other securities (Others)	**21,682**	**1,509**	2,778	1,866
Total	**¥127,874**	**¥2,573**	¥88,338	¥2,940

	Thousands of U.S. dollars	
	2014	
	Within 1 year	Over 1 year
Cash and deposits	$ 276,922	$ —
Notes and accounts receivables, trade	715,167	—
Securities and Investments in securities		
Other securities (Bonds)	49,010	10,431
Other securities (Others)	212,568	14,794
Total	$1,253,667	$25,225

11. Derivatives Transactions

There were no derivative transactions to which hedge accounting was not applied at March 31, 2014 and 2013.

Derivative transactions to which hedge accounting is applied at March 31, 2014 and 2013 were as follows:

	Millions of yen					
	2014			2013		
	Contract amounts	Over 1 year	Market value	Contract amounts	Over 1 year	Market value
Foreign currency forward contracts: Objected by long-term receivables Receive floating, pay fixed	¥ 410	¥ 410	¥(26)	—	—	—
Interest swap contracts: Objected by long-term loans Receive floating, pay fixed	¥8,200	¥8,200	¥ 68	¥8,700	¥8,200	¥(105)

	Thousands of U.S. dollars		
	2014		
	Contract amounts	Over 1 year	Market value
Foreign currency forward contracts: Objected by long-term receivables Receive floating, pay fixed	4,020	4,020	(255)
Interest swap contracts: Objected by long-term loans Receive floating, pay fixed	$80,392	$80,392	$ 667

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, 2014 and 2013.

Equity deal expenses (Included in “Selling, general and administratve expenses”) were ¥43 million ($422 thousand) and ¥38 million for the years ended March 31, 2014 and 2013.

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)

(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
Before vested						
Beginning of period	—	—	—	—	156,000	**—**
Granted	—	—	—	—	—	**86,000**
Forfeited	—	—	—	—	—	**—**
Vested	—	—	—	—	156,000	**—**
Unvested	—	—	—	—	—	**86,000**
After vested						
Beginning of period	76,000	82,000	99,000	102,000	—	**—**
Vested	—	—	—	—	156,000	**—**
Exercised	—	—	—	—	—	**—**
Expired	—	—	—	—	—	**—**
Exercisable	76,000	82,000	99,000	102,000	156,000	**—**

(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
Exercise price	1	1	1	1	1	**1**
Average share price at exercise	—	—	—	—	—	**—**
Fair value unit price (Date of grant)	301	263	250	243	252	**515**

	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
Exercise price	0.010	0.010	0.010	0.010	0.010	**0.010**
Average share price at exercise	—	—	—	—	—	**—**
Fair value unit price (Date of grant)	2.951	2.578	2.451	2.382	2.471	**5.049**

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
Method of estimation	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	**Black-Scholes model**
Volatility	26.6%	30.7%	31.4%	33.5%	30.0%	**30.7%**
Expected remaining period	8 years	7 years	6 years	5 years	10 years	**9 years**
Expected dividend	¥13 per share	¥10 per share	¥5 per share	¥8 per share	¥8 per share	**¥10 per share**
Risk-free interest rate	1.33%	0.94%	0.46%	0.41%	0.78%	**0.79%**

13. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses were ¥2,659 million (US$26,069 thousand) and ¥2,147 million for the years ended March 31, 2014 and 2013, respectively.

And so on, research and development expenses included in cost of sales were ¥490 million (US$4,804 thousand) and ¥293 million for the years ended March 31, 2014 and 2013, respectively.

14. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in statutory tax rate of approximately 38.0% for the years ended March 31, 2014 and 2013. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rates for the years ended March 31, 2014 and 2013 differ from the Company's statutory tax rates for the following reasons:

	2014	2013
Statutory tax rate	**38.0%**	38.0%
Expenses not deductible for income tax purposes	**0.8**	1.3
Current operating losses of subsidiaries	**(0.1)**	0.1
Depreciation of goodwill	**1.0**	1.0
Other	**0.5**	4.7
Effective tax rate	**40.2**	45.1

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred tax assets:			
Allowance for bonuses	**¥ 1,224**	¥ 768	**$ 12,000**
Provision for retirement benefits	**—**	4,513	**—**
Net defined benefit liability	**5,085**	—	**49,853**
Tax loss carryforwards	**1,046**	957	**10,255**
Securities	**605**	645	**5,931**
Investment in affiliates securities	**124**	76	**1,216**
Net unrealized holding losses on securities	**—**	864	**—**
Other	**4,248**	3,248	**41,646**
	12,332	11,071	**120,901**
Less valuation allowance	**(946)**	(651)	**(9,274)**
Total	**¥11,386**	¥10,420	**$111,627**
Deferred tax liabilities:			
Depreciation	**(5,340)**	(4,312)	**(52,353)**
Prepayment pension cost	**—**	(349)	**—**
Net defined benefit asset	**(618)**	—	**(6,059)**
Net unrealized holding gains on securities	**(327)**	—	**(3,206)**
Other	**(697)**	(585)	**(6,832)**
Total	**¥ (6,982)**	¥ (5,246)	**$ (68,450)**
Net deferred tax assets	**¥ 4,404**	¥ 5,174	**$ 43,177**

Net deferred tax assets at March 31, 2014 and 2013 were included in the consolidated balance sheet as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current assets	¥ 4,632	¥ 4,185	$ 45,412
Investments and other assets	4,942	4,961	48,451
Current liabilities	(16)	(30)	(157)
Long-term liabilities	(5,154)	(3,942)	(50,529)
Net deferred tax assets	¥ 4,404	¥ 5,174	$ 43,177

(Change in statutory effective tax rate)

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company and its domestic subsidiaries are no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014. As a result, the effective statutory tax rate used to measure the deferred tax assets and liabilities of the Company and its domestic subsidiaries was changed from 38.0% to 35.6% for the temporary differences expected to be realized or settled from fiscal years beginning April 1, 2014.

The impact of the reduction of the effective statutory tax rate was immaterial.

15. Other Income (Expenses)

Other, net, for the years ended March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Gain (Loss) on sales and disposal of fixed assets	¥(1,442)	¥ (49)	$(14,137)
Gain (Loss) on sales of investments in securities	1,044	213	10,235
Write-down of investments in securities	(440)	(74)	(4,314)
Loss on restructuring cost of subsidiary	(511)	(869)	(5,010)
Loss on liquidation of subsidiaries	(1,797)	—	(17,618)
Other, net	(378)	(89)	(3,705)
	¥(3,524)	¥(868)	$(34,549)

16. Other Comprehensive Income

The reclassification adjustments and tax effects for components of other comprehensive income (loss) for the year ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Unrealized holding gains on securities:			
Amount arising during the year	¥ 4,300	¥2,799	$ 42,157
Reclassification adjustments for losses realized in net income	(965)	(140)	(9,461)
Before tax effect	3,335	2,659	32,696
Tax effect	(1,189)	(947)	(11,657)
Total unrelized holding gains on securities	2,146	1,712	21,039
Foreign currency translation adjustments:			
Amount arising during the year	9,930	4,890	97,353
Reclassification adjustments for losses realized in net income	—	—	—
Total foreign currency translation adjustments	9,930	4,890	97,353
Share of other comprehensive income of non-consolidated subsidiaries and affiliates accounted for using the equity method:			
Amount arising during the year	167	176	1,637
Total other comprehensive income	¥12,243	¥6,778	$120,029

17. Segment Information

Information about operations in report segments of the Group for the years ended March 31, 2014 and 2013, was as follows:

(1) Report Segments

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**

Millions of yen

2013	Japan	North America	Europe	Total	Adjustment cost	Consolidated Financial Statement
Sales to customers	¥161,536	¥69,391	¥34,884	¥265,811	¥ 102	¥265,913
Inter-segment	8	40	160	208	(208)	—
Total sales	161,544	69,431	35,044	266,019	(106)	265,913
Segment income (loss)	¥ 11,688	¥ 3,486	¥ 705	¥ 15,879	¥ (1,705)	¥ 14,174
Segment assets	¥110,985	¥45,203	¥25,748	¥181,936	¥59,835	¥241,771
Depreciation	2,705	1,624	1,046	5,375	53	5,428
Investment in equity method companies	—	291	1,120	1,411	2,068	3,479
Capital expenditures	1,083	1,858	1,345	4,286	7	4,293

Thousands of U.S. dollars

2014	Japan	North America	Europe	Total	Adjustment cost	Consolidated Financial Statement
Sales to customers	**$1,784,441**	**$854,774**	**$418,167**	**$3,057,382**	**$ 1,020**	**$3,058,402**
Inter-segment	**167**	**598**	**1,951**	**2,716**	**(2,716)**	**—**
Total sales	**1,784,608**	**855,372**	**420,118**	**3,060,098**	**(1,696)**	**3,058,402**
Segment income (loss)	**$ 166,314**	**$ 44,696**	**$ 9,804**	**$ 220,814**	**$ (18,372)**	**$ 202,442**
Segment assets	**$1,131,128**	**$569,285**	**$321,305**	**$2,021,718**	**$742,176**	**$2,763,894**
Depreciation	**27,676**	**19,569**	**12,892**	**60,137**	**451**	**60,588**
Investment in equity method companies	**—**	**3,549**	**13,500**	**17,049**	**30,284**	**47,333**
Capital expenditures	**25,079**	**30,784**	**13,745**	**69,608**	**157**	**69,765**

(2) Related Information

a) Information on products and each service

Millions of yen

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

	Millions of yen				
	2013				
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	¥175,030	¥60,900	¥26,775	¥3,208	¥265,913

	Thousands of U.S. dollars				
	2014				
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	**$1,971,785**	**$757,980**	**$294,059**	**$34,578**	**$3,058,402**

b) Information on Each region

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

	Millions of yen			
	2013			
	Japan	North America	Europe	Total
Property, plant and equipment	¥30,136	¥11,398	¥8,886	¥50,420

	Thousands of U.S. dollars			
	2014			
	Japan	North America	Europe	Total
Property, plant and equipment	**$302,441**	**$128,236**	**$106,304**	**$536,981**

18. 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, 2014, was approved at the general shareholders' meeting held on June 26, 2014:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥7.0 per share)	**¥1,678**	**$16,451**

(Cancellation of Treasury Stock)

At the meeting of the Board of Directors held on May 14, 2014, the Company resolved to cancel treasury stock pursuant to Article 178 of the Companies Act of Japan, and canceled it as follows.

1. Class of stock to be cancelled
   Common shares
2. Number of shares to be cancelled
   8,000,000 shares
3. Scheduled date of cancellation
   May 30, 2014

KYORITSU AUDIT CORPORATION

Independent Auditors' 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, 2014, 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, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity 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, 2014 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.

Kyoritsu

Tokyo, Japan
June 25, 2014

Consolidated Subsidiaries and Affiliated Companies

As of March 31, 2014

Domestic

SANWA SHUTTER CORPORATION
The core company of the Sanwa Group.
No.1 supplier of rolling steel shutters, overhead doors, steel hinge doors and maintenance and repair services in Japan.
- Address: Shingashi 2-3-5, Itabashi-ku, Tokyo, 175-0081, Japan
- TEL: +81-3-5998-9111

SHOWA FRONT CO., LTD.
A leading manufacturer of facades for stores and other building materials.
- Address: Uchikanda 1-13-7, Chiyoda-ku, Tokyo, 101-0047, Japan
- TEL: +81-3-3293-6737

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

SANWA TAJIMA CORPORATION
Manufactures and sells various kinds of stainless steel building products.
- Address: Ikebukuro 2-77-5, Toshima-ku, Tokyo, 171-0014, Japan
- TEL: +81-3-5954-5880

SANWA EXTERIOR NIIGATA PLANT CO., LTD.
Manufactures various exterior products.
- Address: Oigashima 1397-1, Tsubameshi, Niigata, 959-0113, Japan
- TEL: +81-256-98-5551

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

SUZUKA ENGINEERING CO., LTD.
Manufactures automatic machine device for rubber industry.
- Address: Ogosohigashi 2-1-65, Yokkaichishi, Mie, 510-0951, Japan
- TEL: +81-59-346-4774

SHOWA KENSAN CO., LTD.
Manufactures automatic doors for store fronts.
- Address: Nakano 1453, Oura-machi, Oura-gun, Gunma, 370-0603, Japan
- TEL: +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
- TEL: +81-3-5396-7611

Overseas

OVERHEAD DOOR CORPORATION
A leading U.S. manufacturer of garage doors and shutters.
- Address: 2501 South State Highway 121, Suite 200 Lewisville, TX 75067, U.S.A.
- TEL: +1-469-549-7110

NOVOFERM GROUP (Novoferm GmbH)
One of the leading manufacturers of shutters and doors in Europe.
- Address: Isselburger Strasse 31, 46459 Rees, Germany
- TEL: +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
- TEL: +86-21-5692-5550

NOVOFERM (SHANGHAI) CO., LTD.
Manufactures and sells doors.
- Address: No.118 Mingye Road, Shenshan Industrial Area, Songjiang, Shanghai, 201602 China
- TEL: +86-21-5779-3335

SANWA HOLDINGS CORPORATION, SHANGHAI REPRESENTATIVE OFFICE
- Address: Room 1405, Chunshenjiang Building, 400 Zhejiang Road (MID), Shanghai, 200001 China
- TEL: +86-21-3318-0127

SANWA SHUTTER DESIGN (SHANGHAI) CORPORATION
- Address: Room 7AF, Xinda Building, 1399 Beijing West Road, Shanghai, 200042 China
- TEL: +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
- TEL: +852-2833-6619

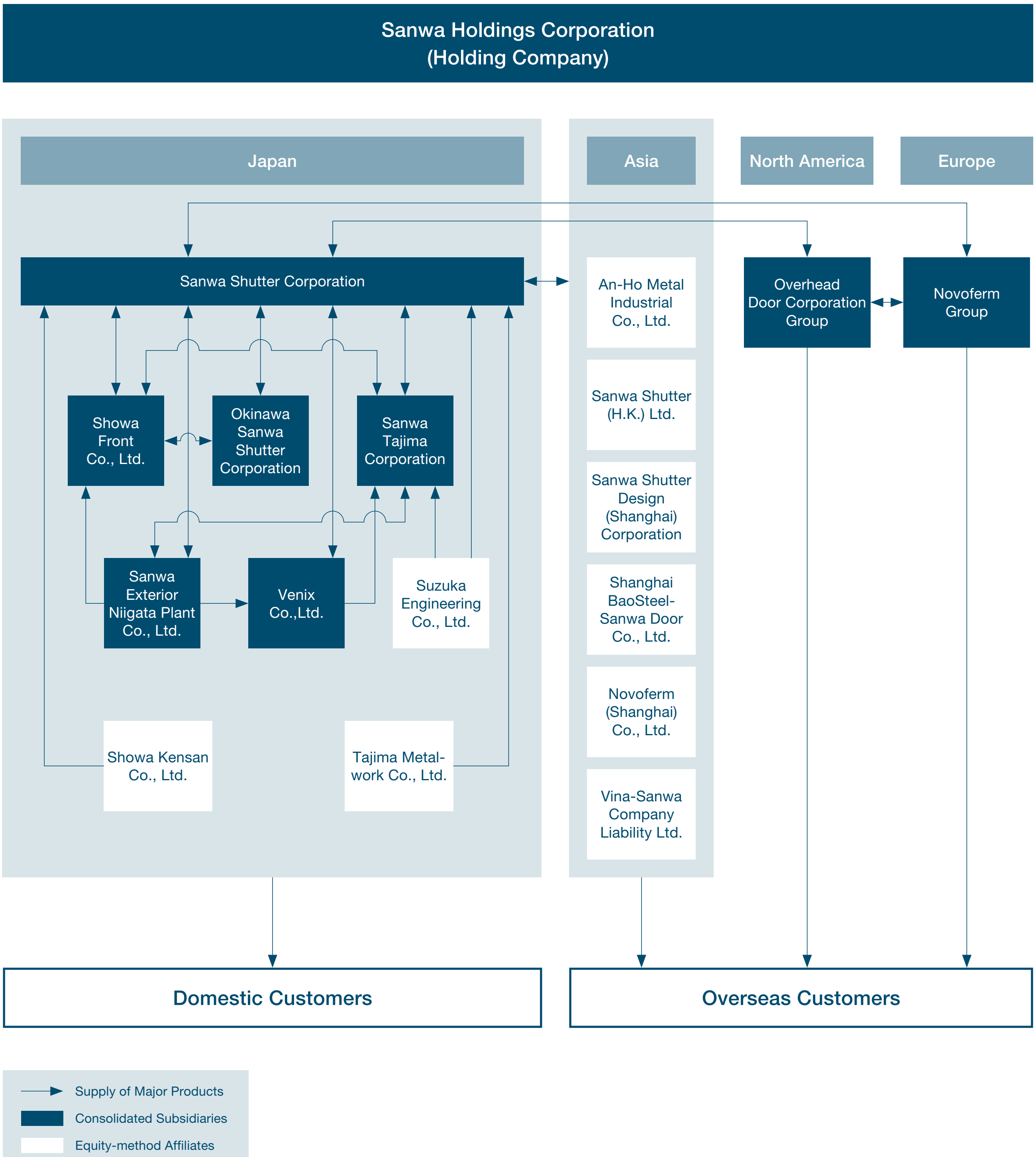
AN-HO METAL INDUSTRIAL CO., LTD.
Manufactures and sells shutters and doors.
- Address: 7Fl, No. 27, Section 1, Chungshan North Road, Taipei, Taiwan
- TEL: +886-2-2521-0013

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
- TEL: +84-4-3772-8301

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

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

Group Organization

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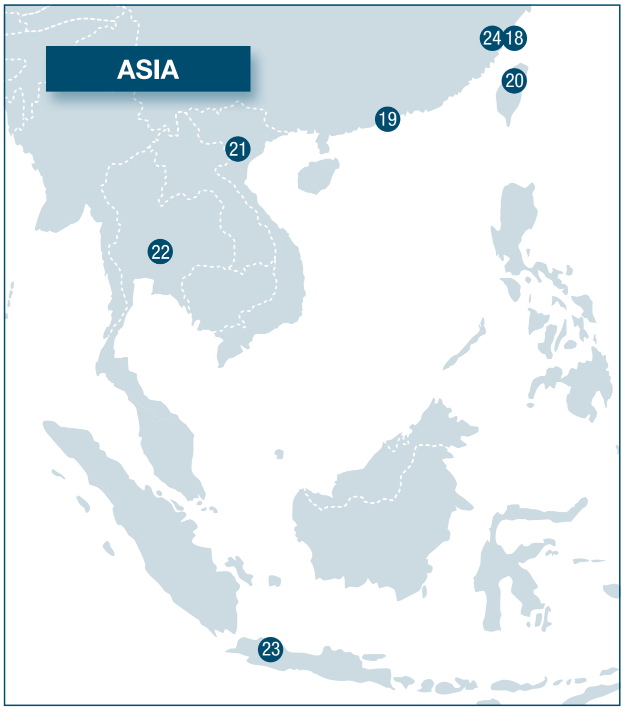
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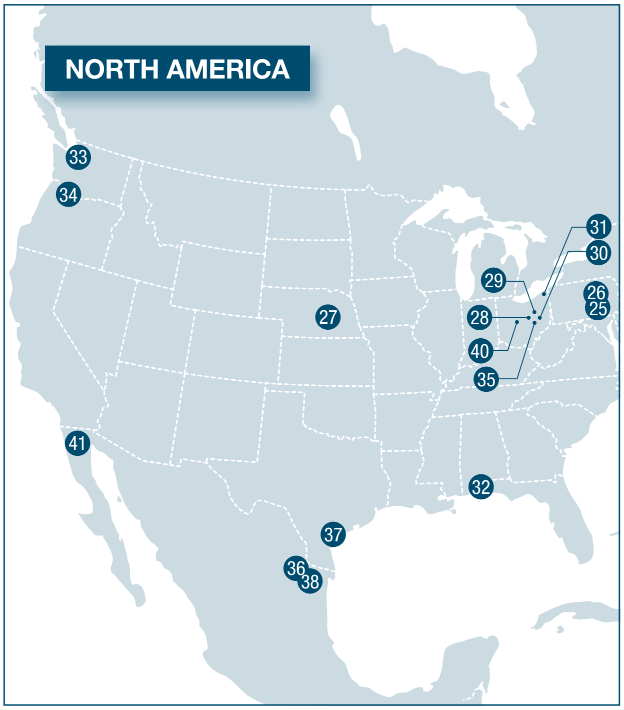
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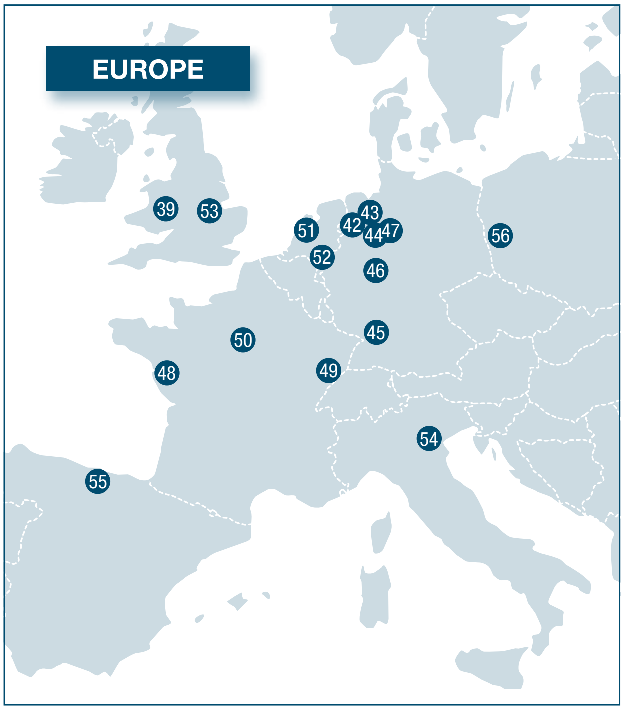
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Group Plant Locations

Company	Plant Name	Country	Products
SANWA SHUTTER, JAPANESE SUBSIDIARIES & AFFILIATES			
Sanwa Shutter Corporation	1 Sapporo	Japan	Rolling Shutters, Overhead Sectional Doors, Doors & Door Frames
	2 Ashikaga		Rolling Shutters, Overhead Sectional Doors
	3 Ota		Doors & Door Frames
	4 Shizuoka		Window Shutters, Doors & Door Frames
	5 Gifu		Rolling Shutters, Overhead Sectional Doors
	6 Hiroshima		Rolling Shutters, Doors & Door Frames
	7 Kyushu		Rolling Shutters
Okinawa Sanwa Shutter Corporation	8 Okinawa		Rolling Shutters, Doors & Door Frames
Sanwa Tajima Corporation	9 Saitama		Stainless Steel Fittings, Automatic Revolving Doors
	10 Nagoya		Stainless Steel Fittings
Sanwa Exterior Niigata Plant Co., Ltd.	11 Niigata		Exterior Items
Venix Co., Ltd.	12 Ranzan		Aluminum Partitions
Showa Kensan Co., Ltd.	13 Gunma		Automatic Doors
Yoshida Seisakusyo Co., Ltd.	14 Saku		Stainless Steel Fittings
Suzuka Engineering Co., Ltd.	15 Yokkaichi		Rubber Mixing Plants
Metalwork Kansai Co., Ltd.	16 Sannan		Stainless Steel Fittings
Hayashi Industries Co., Ltd.	17 Niigata		Doors & Door Frames
AFFILIATED COMPANIES (ASIA)			
Shanghai BaoSteel-Sanwa Door Co., Ltd.	18 Shanghai	China	Overhead Sectional 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 Bekasi	Indonesia	Rolling Shutters
Novoferm (Shanghai) Co., Ltd.	24 Shanghai	China	Hinge Doors
ODC (U.S.A.)			
Access Systems Division	25 Lewistown	U.S.A.	Rolling Doors
	26 Williamsport		Residential Garage Doors, Sectional Steel Doors
	27 Grand Island		Residential Garage Doors, Sectional Steel Doors
	28 Mt. Hope		Residential Garage Doors, Sectional Steel Doors, Hardware Parts
	29 Dalton		Rolling Doors
	30 Trail		Sheet Doors
	31 Conneaut		Window Frames, Premium Doors
	32 Pensacola		Residential Garage Doors, Sectional Steel Doors, Hardware Parts
	33 Centralia		Residential Wood Doors
	34 Portland		Residential Garage Doors, Sectional Steel Doors
Genie	35 Baltic	U.S.A.	Garage Door Openers
	36 Matamoros	Mexico	Garage Door Opener Assembly
Horton	37 Corpus Christi	U.S.A.	Automatic Entrance Systems
	38 Matamoros	Mexico	Automatic Entrance Systems
	39 Telford	U.K.	Automatic Entrance Systems
TODCO	40 Marion	U.S.A.	Truck & Trailer Doors
	41 Tecate	Mexico	Truck & Trailer Doors
NOVOFERM (EUROPE)			
Novoferm (NF) GmbH	42 Haldern	Germany	Doors & Door Frames
	43 Werth		Residential Garage Doors, Door Frames
	44 Dortmund		Residential Garage Doors, Sectional Door Panels
NF Riexinger Tüenwerke GmbH	45 Brackenheim		Fireproof Doors & Door Frames, Industrial Doors
NF Siebau GmbH	46 Buschhütten		Other Doors
NF Tormatic GmbH	47 Dortmund		Garage Door Operators
NF France S.A.S.	48 Machecoul	France	Residential Garage Doors
	49 Bavilliers		Residential Garage Doors
	50 Melun		Fireproof Doors & Door Frames
NF Nederland B.V.	51 Waardenburg	Netherlands	Industrial Doors
	52 Roermond		Industrial Doors
Novoferm UK Limited	53 Luton	U.K.	Residential Garage Doors
NF Schievano s.r.l.	54 Padova	Italy	Doors & Door Frames
NF Alsal S.A.	55 Cantabria	Spain	Doors & Door Frames, Residential Garage Doors, Industrial Doors
Novoferm Door Sp. zo.o	56 Wykroty	Poland	Tubular Frame Doors
Dong Bang Novoferm Inc.	57 Seoul	South Korea	Doors & Door Frames

History of Sanwa Holdings

1956	Apr.	Established Sanwa Shutter Manufacturing Co., Ltd. (President: Manji Takayama), a predecessor of this company, in Amagasaki, Hyogo Prefecture.
1963	Apr.	Merged three group companies and established Sanwa Shutter Corporation. Relocated headquarters to Tokyo.
1970	Jul.	Listed on the First Section of the Tokyo Stock Exchange.
1974	Aug.	Entered into technical tie-up with Overhead Door Corp. (U.S.A.).
	Oct.	Relocated the headquarters to Shinjuku, Tokyo.
1981	May	Toshitaka Takayama becomes President and Manji Takayama Corporate Advisor.
1983	Mar.	Deployed nationwide 24-hour service.
1986	Oct.	Established Sanwa Shutter (HK) Ltd. in Hong Kong.
1988	Sep.	Established An-Ho Metal Industrial Co., Ltd. in Taiwan.
1992	Oct.	Established Sun Metal Co., Ltd. in Thailand.
1996	Jun.	Established Sanwa USA Inc. and acquired Overhead Door Corp., a leading U.S. manufacturer of garage doors and shutters.
	Nov.	Established PT. Sanwamas Metal Industry in Indonesia.
2003	Oct.	Acquired Novoferm, Europe’s second-largest manufacturer of doors and shutters.
2004	Jan.	Established Sanwa Shutter Design (Shanghai) Corporation in Shanghai.
	Apr.	Established an internal office on corporate social responsibilities 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.
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.
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.
	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, and the two subsidiaries become specialized manufacturing operations.
	Dec.	Overhead Door Corporation acquired Creative Door Services Ltd., a leader in the door business in Western Canada, and which became a new Canadian subsidiary of ODC.
2012	Jan.	Sanwa Shutter Corporation announced that it concluded an OEM contract with LIXIL Corporation to supply some types of lightweight shutters and lightweight doors from March 2012.
	May	Overhead Door Corporation acquired Door Controls, Inc., an automatic door distributor.
	Aug.	Showa Front Co., Ltd. acquired Ace Co., Ltd., a front sash manufacturer and seller.
	Oct.	Overhead Door Corporation acquired Advanced Door Automation, LLC., an automatic door distributor.
2013	May	Overhead Door Corporation acquired Texas Access Controls, Inc., an automatic door distributor.

Corporate Data

As of March 31, 2014

HEAD OFFICE: Shinjuku Mitsui Building, 52F
Nishi-Shinjuku 2-1-1, Shinjuku-ku,
Tokyo, 163-0478, Japan

Telephone: +81-3-3346-3019
Facsimile: +81-3-3346-3177

ESTABLISHED: April 10, 1956

CAPITAL (PAID-IN): ¥38,413 million

EMPLOYEES: Consolidated: 8,372

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: 257,920,497 shares
Number of shareholders: 10,155

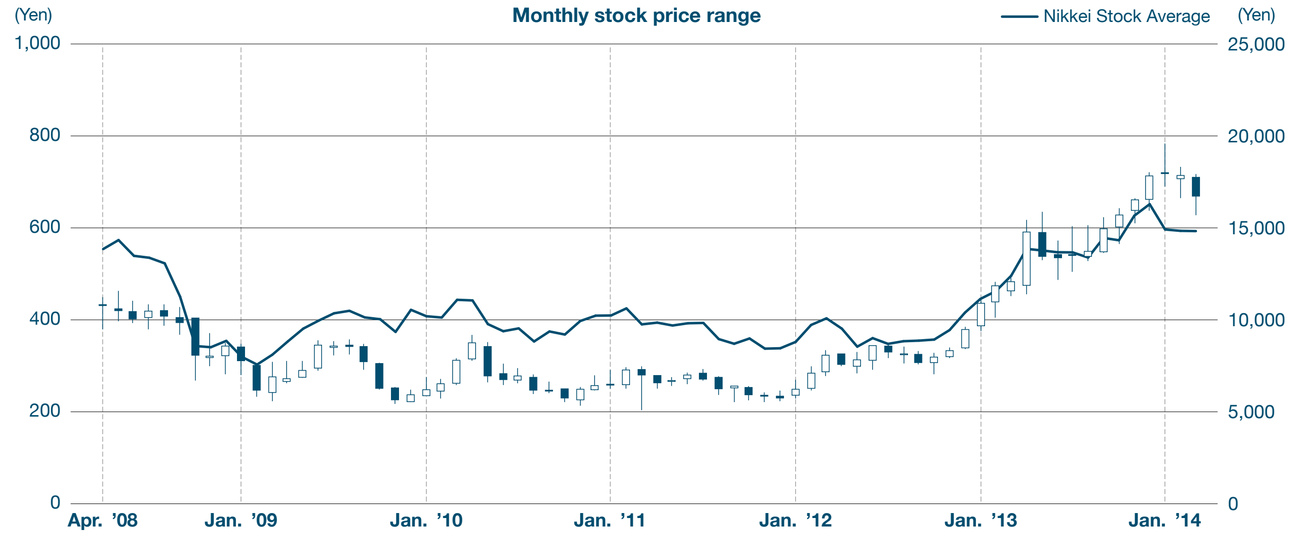
PRINCIPAL SHAREHOLDERS:

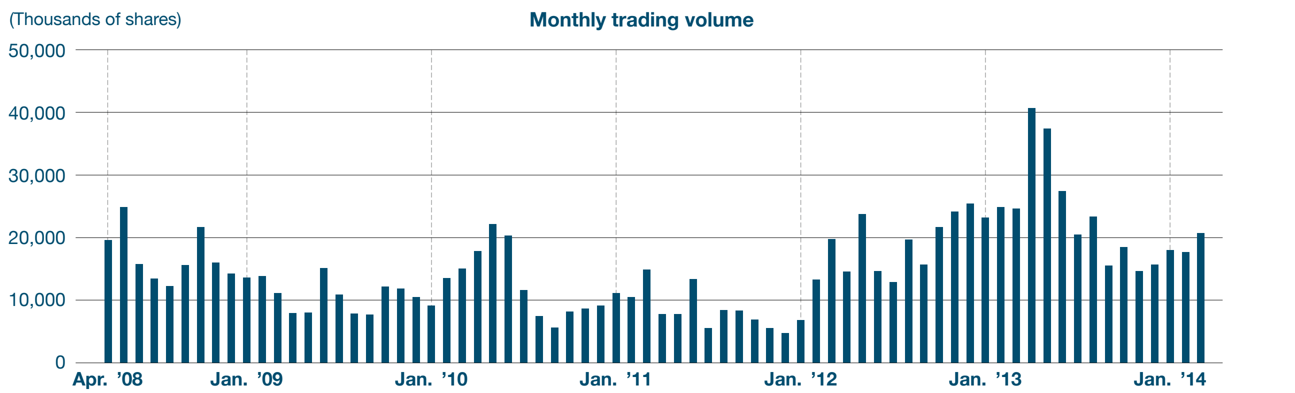
	Percentage of voting rights (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	6.78
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.17
Sumitomo Mitsui Banking Corporation	4.71
The Dai-ichi Life Insurance Company, Limited	3.37
Nippon Life Insurance Company	3.30
Northern Trust Co. (AVFC) Re 15pct Treaty Account	3.26
Aioi Nissay Dowa Insurance Co., Ltd.	2.67
Nisshin Steel Co., Ltd.	2.07
Mitsubishi UFJ Trust and Banking Corporation	1.93
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	1.90

TREND OF STOCK PRICE:

	High	Low
April 1, 2006–March 31, 2007	¥800	¥582
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

MONTHLY STOCK DATA:





Sanwa Holdings Corporation

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