April 28, 2015

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 [Japan Standards] (Consolidated)

Company name:	MAX Co., Ltd.	Stock listing: Tokyo Stock Exchange	
Securities code:	6454	URL:http://www.max-ltd.co.jp	
Representative:	Hachiro Kawamura, President and CEO		TEL: +81-3-3669-8106
Inquiries:	Yasushi Asami, Managing Executive Officer		

Date of annual shareholder meeting June 26, 2015
Date of filing of financial statements June 26, 2015
Date of commencement of dividend payment June 29, 2015
The supplementary explanation document for the accounts is created. Yes
The briefing for the accounts is held. (for investment analysts and fund managers) Yes

(Millions of yen rounded down)

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Consolidated Operating Results (Total)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2015	64,950	0.2	5,290	15.4	5,939	23.1	3,222	14.7
FY ended March 2014	64,791	12.5	4,583	13.8	4,825	3.5	2,809	12.8

(Note) Comprehensive income
FY ended March 31, 2015: 5,479 million yen (58.1%)
FY ended March 31, 2014: 3,465 million yen (-10.4%)

	Net Income per Share	Net Income per Share after Dilution	ROE	ROA	Operating Margin
	Yen	Yen	%	%	%
FY ended March 2015	65.37	—	5.1	6.9	8.1
FY ended March 2014	56.88	—	4.5	5.7	7.1

(Note) Equity in (earnings) losses of affiliates
FY ended March 31, 2015: — million yen
FY ended March 31, 2014: — million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY ended March 31, 2015	88,590	65,495	73.8	1,326.48
FY ended March 31, 2014	84,557	61,995	73.2	1,255.50

(Reference) Shareholders' equity
FY ended March 31, 2015: 65,379 million yen
FY ended March 31, 2014: 61,889 million yen

(3) Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financial Activities	Cash and Cash Equivalents at End of Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 31, 2015	6,713	(1,275)	(2,025)	15,343
FY ended March 31, 2014	4,801	(6,090)	(3,901)	11,025

2. Dividends

	Dividends per Share					Total Dividends	Payout Ratio (Consolidated)	Dividend on Equity
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY ended March 2014	—	—	—	36.00	36.00	1,774	63.3	2.9
FY ended March 2015	—	—	—	37.00	37.00	1,823	56.6	2.8
FY ending March 2016 (Forecast)	—	—	—	37.00	37.00		51.4	

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half (Total)	32,200	2.9	2,720	3.4	2,800	(2.1)	1,940	1.4	39.36
Full year	67,000	3.2	5,400	2.1	5,570	(6.2)	3,550	10.2	72.02

* Notes

(1) Changes in material subsidiaries during the consolidation of this period (changes in specific subsidiaries affecting the scope of consolidation): None

New: — (Company name:) Excluded: — (Company name:)

(2) Changes in Accounting Principles, Changes in Accounting Estimates and Restatements

1) Changes due to revisions to accounting standards, etc.: Yes
2) Changes other than 1): None
3) Changes in accounting estimates: Yes
4) Restatements: None

(3) Number of outstanding shares (common stocks)

1) Number of shares outstanding at term-end (including treasury stocks)
   As of March 31, 2015: 49,500,626 shares
   As of March 31, 2014: 50,500,626 shares
2) Number of treasury stock at term-end
   As of March 31, 2015: 212,716 shares
   As of March 31, 2014: 1,205,864 shares
3) Number of average stock during term
   Twelve months ended March 31, 2015: 49,291,366 shares
   Twelve months ended March 31, 2014: 49,391,797 shares

(Reference) Non-consolidated Operating Results

Non-consolidated Operating Results for the Fiscal Year Ended March 31, 2015
(April 1, 2014 to March 31, 2015)

(1) Non-consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2015	58,570	(1.5)	4,610	13.6	5,340	8.9	3,033	(3.5)
FY ended March 2014	59,456	12.5	4,057	14.6	4,903	8.2	3,142	26.2

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY ended March 2015	61.54	－
FY ended March 2014	63.62	－

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY ended March 31, 2015	83,987	64,146	76.4	1,301.48
FY ended March 31, 2014	80,710	62,035	76.9	1,258.46

(Reference) Shareholders' equity:
FY ended March 31, 2015: 64,146 million yen
FY ended March 31, 2014: 62,035 million yen

***Display concerning execution condition of the auditing procedure**

This summary of financial results is not subject to auditing procedures based on the Financial Instruments and Exchange Act, and at the time of its disclosure, the auditing procedure for the financial statements based on the Financial Instruments and Exchange Act has not ended.

***Explanation and other special notes regarding the appropriate use of the earnings forecast**

Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate. Therefore, actual results and other achievements may differ substantially from the above forecasts for various reasons. For the preconditions of our earnings forecast and matters to be noticed when using the forecast, please refer to page 7 of the appendix, "1. Operating Results, (1) Analysis of Consolidated Operating Results, 3) Outlook for the Coming Term."

Table of Contents of the appendix

[Qualitative Information and Financial Statements]

1. Operating Results

(1) Analysis of Consolidated Operating Results

1) Business results of all companies during the consolidated fiscal year under review

(Millions of yen, %)

	FY 2015 (Ended March 2015)	FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	64,950	64,791	+159	+0.2
Operating Income	5,290	4,583	+707	+15.4
Ordinary Income	5,939	4,825	+1,113	+23.1
Net Income	3,222	2,809	+412	+14.7
Net Income per Share	65.37 yen	56.88 yen	+8.49 yen	–
Operating Margin	8.1	7.1	+1.0 point	
ROE	5.1	4.5	+0.6 points	

During the consolidated cumulative period under review (fiscal year ended March 31, 2015), the Japanese economy continued to recover at a gradual pace where, backed by a weakening yen and rising stock prices due to economic and financial measures implemented by the government, signs of improvement in corporate earnings mainly led by export-related companies were seen. Amid rising expectation for a recovery in corporate earnings, capital investments rose and improvement in income conditions was reached. On the other hand, consumer spending stagnation and persisting lowered number of new domestic housing starts following the consumption tax hike maintained the business environment surrounding the Company still adverse.

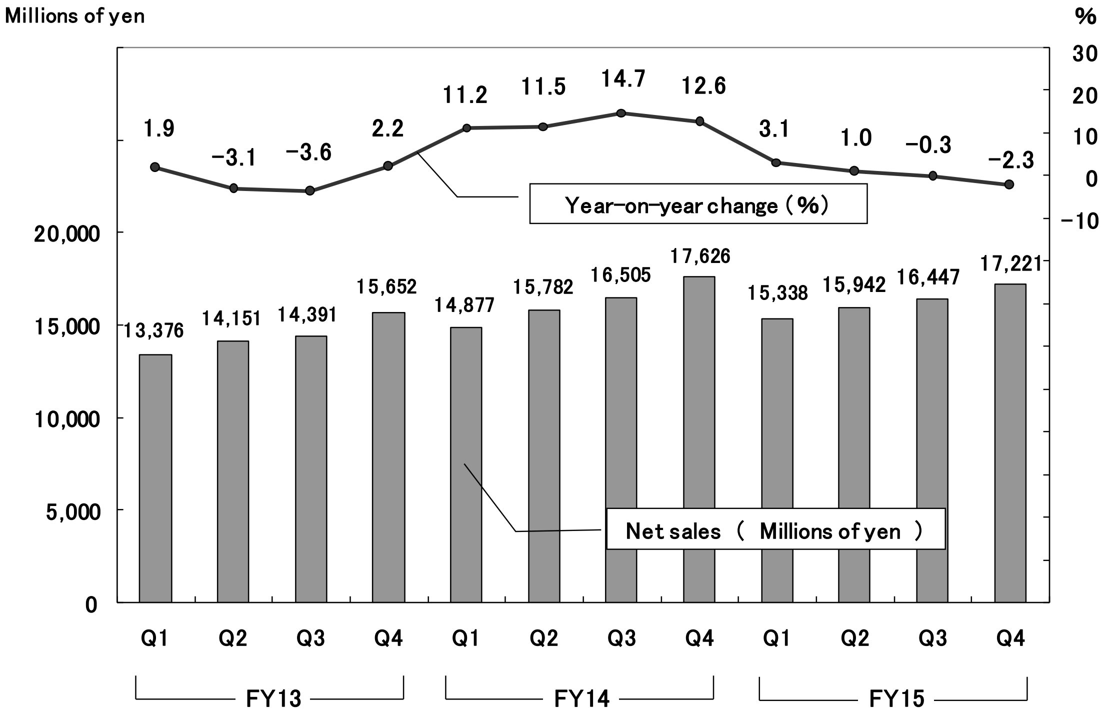
Overseas, although the United States economic recovery has been supporting the Company's business performance, the future outlook remains uncertain, as the Europe and Asian economies' growth remained low

Under such circumstances, the Max Group has been pursuing to transform itself into a company that could sustainably generate revenues, by proclaiming a management policy for this fiscal term of "1. Increasing earning capacity, 2. Establishing growth businesses, 3. Thinking and acting by oneself." Still, we have enhanced customer value and enterprise value, by implementing the *sangen* principle of focusing on real locations, real goods and real conditions across all companies and organizations, and by solving customers' issues and challenges.

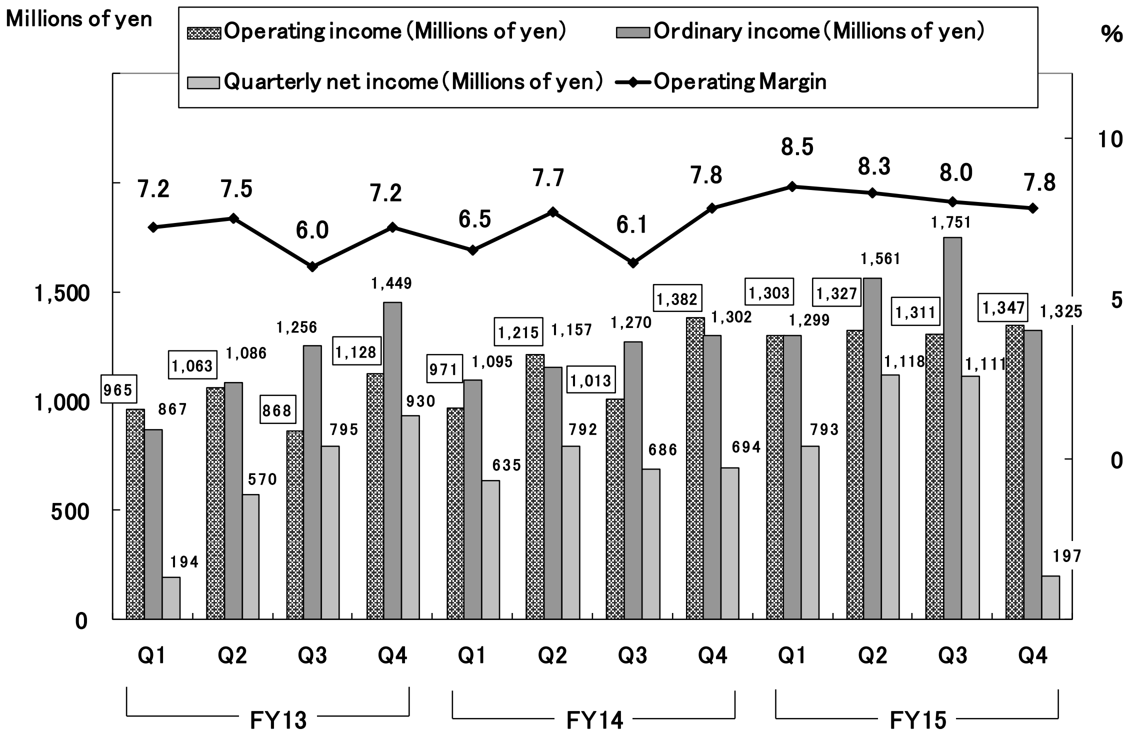
In the Office Equipment segment, sales increased since Lighthouse (UK) Holdco Limited become a subsidiary of the Max Group from the first quarter. In the Industrial Equipment segment, although sales of tools for concrete structures maintained strong in both domestic and overseas markets, decreased domestic sales of tools for wood structures led to an overall decrease in the segment sales. In the HCR Equipment segment, despite decreased sales of walker products, sales stayed at the previous year level due to increased sales for the Company's major product line of standard wheel chairs.

As a result, net sales increased 0.2% from the previous fiscal year to ¥64,950 million. Operating income increased 15.4% from the previous fiscal year to ¥5,290 million. Ordinary income increased 23.1% from the previous fiscal year to ¥5,939 million. Net income also rose 14.7% from the previous fiscal year to ¥3,222 million.

Quarterly Net Sales Trend and Changes Year-on-Year



Quarterly Earnings Trend



2) Results by business sector
Office Equipment Segment

(Millions of yen, %)

	FY 2015 (Ended March 2015)	FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	22,356	21,132	+1,224	+5.8
Operating Income	4,274	3,934	+339	+8.6
Operating Margin	19.1	18.6	+0.5 points	

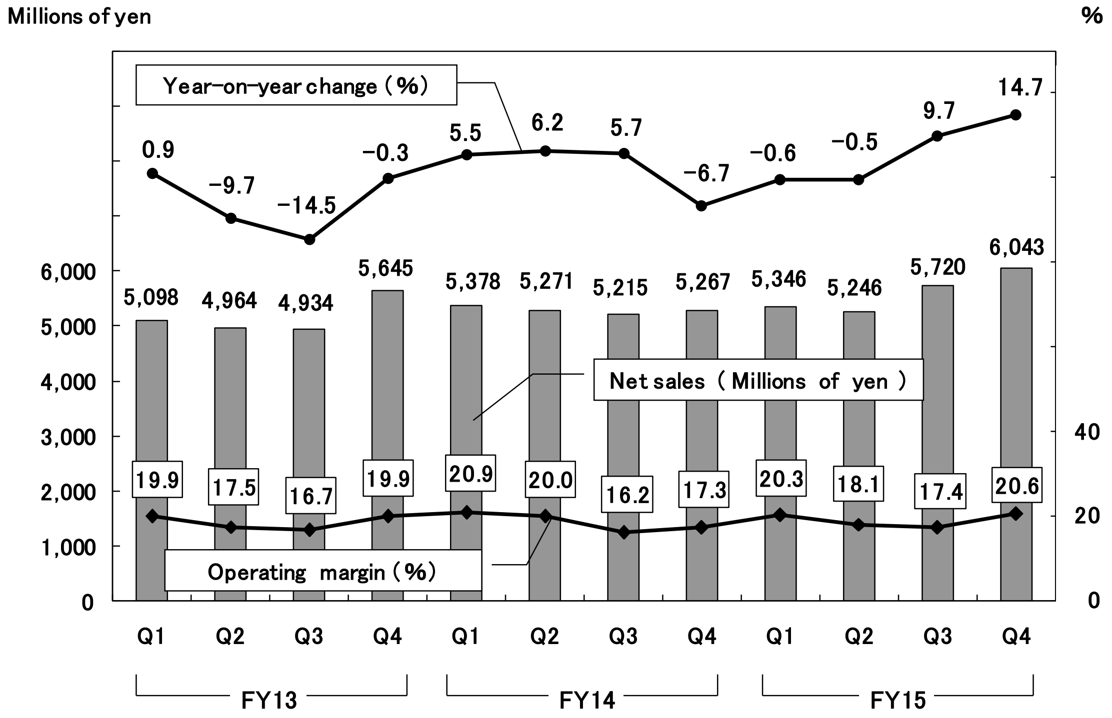
Business results for the Office Equipment segment were as follows: Net sales ¥22,356 million (an increase of 5.8% from the previous term), operating income ¥4,274 million (an increase of 8.6% from the previous term), and operating margin 19.1%.

In domestic office operations, with a focus on factories and construction businesses, the Company promoted the spread of office equipment including “BEPOP” signage creation machines and “LETATWIN” tube markers. However, revenue decreased in the overall segment due to a prolonged decline in consumer spending and a drop in demand after the pre-tax hike buying rush.

In overseas office operations, revenue increased in the overall segment due to factors including the contribution of sales by the consolidated subsidiary Lighthouse (UK) Holdco Limited from the first quarter and a recovery in stapler and office equipment sales in the Asian market.

In auto-stapler operations, recovery in the photocopier market led to more shipments of equipment and consumables, thus resulting in an increase in revenue.

Office Equipment Segment Sales and Operating Margin Trend



Industrial Equipment Segment

(Millions of yen, %)

	FY 2015 (Ended March 2015)	FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	39,109	40,182	(1,073)	(2.7)
Operating Income	1,247	979	+268	+27.5
Operating Margin	3.2	2.4	+0.8 points	

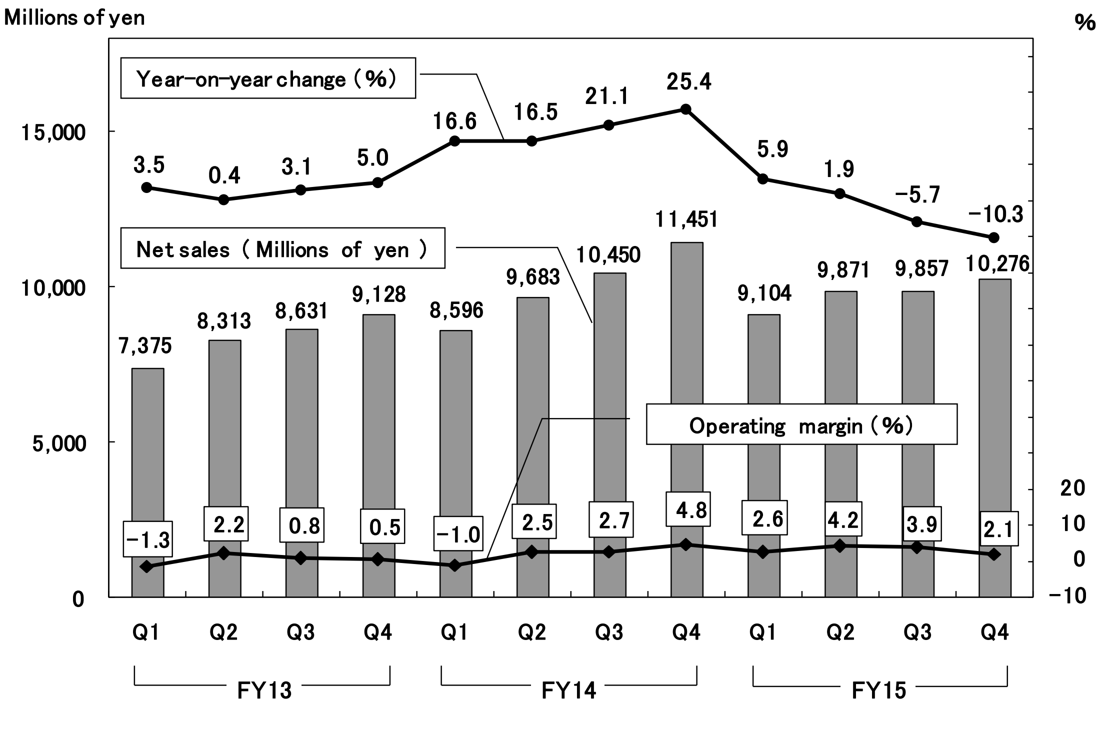
Results in the Industrial Equipment segment were as follows: Net sales ¥39,109 million (a decrease of 2.7% from the previous term), operating income ¥1,247 million (an increase of 27.5% from the previous term), and operating margin 3.2%.

In the domestic industrial equipment product operations, sales remained strong for tools to use in concrete structures which have been expanding across multiple markets. However, a continued decrease in the number of new housing starts led to decreased sales for the Company's major product line of high-pressure nailers, air compressors and other tools for wood structures, thus resulting in a decrease in revenue.

In the overseas industrial equipment product operations, in addition to sales of tools for concrete structures further expanding, sales of tools for wood structures were strong in the North American markets due to the recovery in the United States economy. As a result, the overall segment sales increased.

In residential environment operations, overall revenues decreased as the benefit from the high-performance ventilation systems, for which sales began in the previous term, were offset by the weakened sales of the Company's major product line of bathroom heaters, ventilators and dehumidifiers, following a decrease in the number of new housing starts.

Industrial Equipment Segment Sales and Operating Margin Trend



HCR Equipment Segment

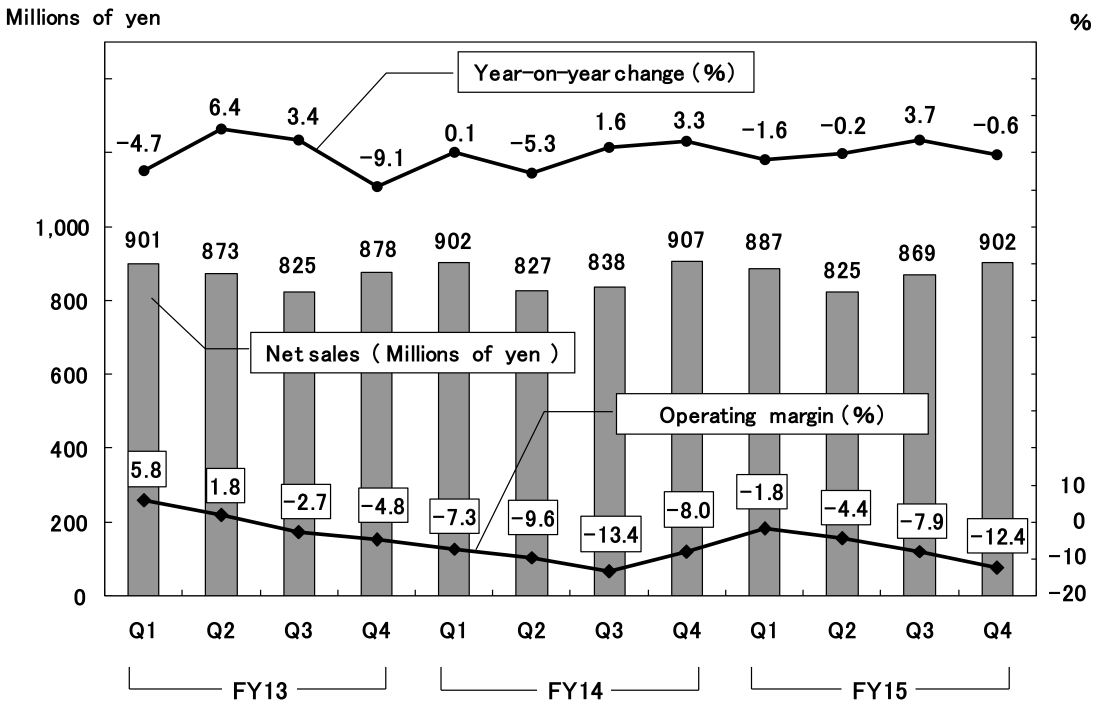
(Millions of yen, %)

	FY 2015 (Ended March 2015)	FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	3,484	3,475	+8	+0.2
Operating Income	(231)	(330)	+99	—
Operating Margin	(6.6)	(9.5)	+2.9 points	

Results in the HCR Equipment segment were as follows: Net sales ¥3,484 million (an increase of 0.2% from the previous term) and operating income -¥231 million.

Although sales of walker products declined, starting operations on rental routes sustained strong sales for the Company's major product line of standard wheelchairs, thus resulting in sales staying at the previous year level.

HCR Equipment Segment Sales and Operating Margin Trend



3) Outlook for the Coming Term

As employment and income conditions improve alongside the boost in corporate earnings, a gradual recovery trend in domestic business conditions is foreseen, although the number of new housing starts are likely to continue to stall, rather than rapidly increase.

Overseas, the U.S. economy is picking up, while the Europe and Asian emerging countries remain at a low level. As a result, the situation surrounding the Max Group defies prediction.

Under such circumstances, we will strive to enhance results both in Japan and overseas by continuing to focus on the management policy for this fiscal term of “establishing growth businesses” and “increasing earning capacity.”

We project for the coming term, net sales of ¥67,000 million, an increase of 3.2% over the current term with a 2.1% increase in operating income from the current term to ¥5,400 million and a 6.2% decrease in ordinary income from the current term to ¥5,570 million, thus resulting in net income attributable to shareholders of parental company of ¥3,550 million, a 10.2% increase over the current term.

(2) Analysis of Financial Position

1) Analysis of the Consolidated Balance Sheets

(Millions of yen, %)

	FY 2015 (As of March 31, 2015)	FY 2014 (As of March 31, 2014)	Comparison with position at end of previous consolidated fiscal year	
			Increase (decrease)	Rate of increase (decrease)
Total Assets	88,590	84,557	+4,032	+4.8
Net Assets	65,495	61,995	+3,500	+5.6
Equity Ratio	73.8	73.2	+0.6 points	

Assets increased ¥4,032 million in comparison with the position at end of the previous consolidated fiscal year, to ¥88,590 million. Current assets increased ¥4,437 million due to factors such as a rise of ¥4,318 million in cash and deposits. Non-current assets decreased ¥404 million due to factors such as a decrease of ¥297 million in buildings and structures (net).

Liabilities increased ¥532 million in comparison with the position at end of the previous consolidated fiscal year, to ¥23,094 million. Current liabilities increased ¥940 million, as accounts payable rose by ¥706 million and so did income taxes payable by ¥280 million. Non-current liabilities decreased ¥407 million due to factors such a ¥457 million decrease in net defined benefit liability.

Net assets increased ¥3,500 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥65,495 million. Shareholders' equity increased by ¥1,143 million. Key factors were cash dividends paid of ¥1,788 million and a decrease in retained earnings of ¥182 million due to a revision of accounting policy related to retirement benefits. These were offset by a net income of ¥3,222 million.

2) Analysis of Consolidated Cash Flow

Summary of Consolidated Cash Flow

(Millions of yen)

Category	FY 2014	FY 2015	Increase (decrease)
Cash and cash equivalents at beginning of the year	16,073	11,025	(5,047)
Surplus of operating activities	4,801	6,713	1,912
Surplus of investment activities	(6,090)	(1,275)	4,815
Surplus of financial activities	(3,901)	(2,025)	1,876
Effect of exchange rate change on cash and cash equivalents	143	373	230
Net increase (decrease) in cash and cash equivalents	(5,047)	3,786	8,833
Net increase (decrease) in cash and cash equivalents accompanying changes in the scope of consolidation	−	531	531
Cash and cash equivalents at end of the year	11,025	15,343	4,318

Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") at the end of the consolidated fiscal period under review was ¥15,343 million due to an increase of ¥3,786 million in cash and cash equivalents and of ¥531 million in cash and cash equivalents accompanying changes in the scope of consolidation.

Factors in the status of each type of cash flow in the consolidated fiscal year under review were as follows.

Cash flows from operating activities

Funds provided by operating activities in the consolidated fiscal year under review amounted to ¥6,713 million. The key increases came from income before income taxes of ¥5,375 million. The key decreases came from a decrease of ¥754 million in notes and accounts payable-trade and payment of ¥1,917 million in income taxes.

Cash flows from investment activities

Funds used in investment activities in the consolidated fiscal year under review were ¥1,275 million. The key expenditures came from purchase of short-term and long term investment securities of ¥4,391 million and purchase of property, plant and equipment of ¥1,382 million. The key increases came from proceeds of ¥3,631 million from redemption of short-term and long term investment securities.

Cash flows from financing activities

Funds used in financing activities in the consolidated fiscal year under review were ¥2,025 million. The key expenditures were cash dividends paid of ¥1,788 million.

The trend of the Group’s cash flow indicators is as follows.

	FY 2012	FY 2013	FY 2014	FY 2015
Equity Ratio (%)	75.1	75.7	73.2	73.8
Market Value-Based Equity Ratio (%)	64.1	70.2	66.8	78.7
Cash Flow to Interest Bearing Debt Ratio (%)	0.7	0.7	0.5	0.4
Interest Coverage Ratio (times)	99.7	116.6	121.0	167.9

- Equity Ratio: Shareholders’ Equity ÷ Total Assets
- Market Value-Based Equity Ratio: Market Value of Shares ÷ Total Assets
- Cash Flow to Interest Bearing Debt Ratio: Interest-Bearing Debt ÷ Operating Cash Flows
- Interest Coverage Ratio: Operating Cash Flows ÷ Interest Payments

(Note 1) In each case, indices are calculated based on consolidated financial figures.
(Note 2) Market Value of Shares is based on the number of outstanding shares excluding treasury stock.
(Note 3) For Cash Flow, operating cash flow is used.
(Note 4) Interest-Bearing Debt includes all debt on the consolidated balance sheets that incur interest.

(3) Basic Policy Relating to Distribution of Profits and Dividends for the Current and Coming Term

1) Basic Policy Relating to Distribution of Profits

The company has positioned returning profits to shareholders as one of the highest priority policies and it is the company's policy to increase the return on equity by pursuing growth of the business and business profits and make distribution of the results supported by corporate performance.

Accordingly, our dividend policy is "maintaining a minimum of 40% payout ratio and targeting rate of dividends to net assets of 2.5%."

2) Dividends for Current Term

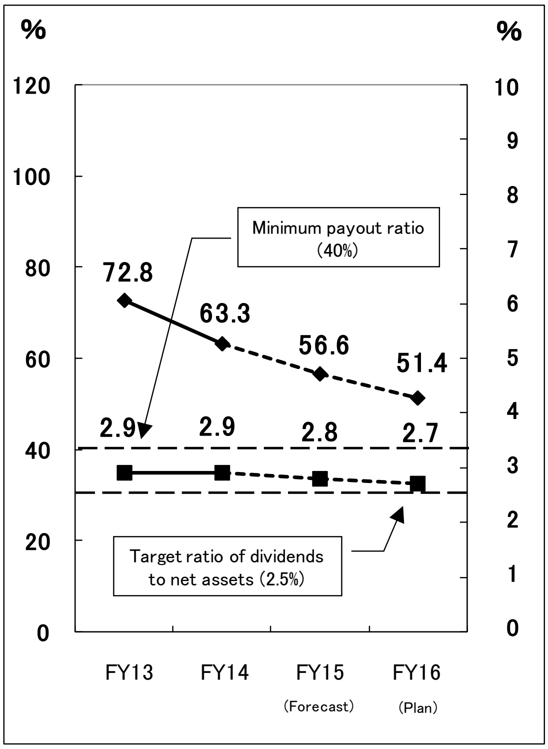
During the term under review, the Company was impacted by the sluggish personal spending accompanying consumption tax hike and the decreased number of new housing starts. However, corporate earnings remained solid due to the following factors: group-wide cost cutting and plant restructuring, acceleration of an earnings recovery at each business section, expansion of overseas operations and exploit of opportunities for Lighthouse (UK) Holdco Limited.

In light of these circumstances, the Company plans to raise the dividend by 1 yen from the latest dividend forecast to a "¥37 per share annual dividend" paid for the current term in acknowledgement of the support that our shareholders have always shown.

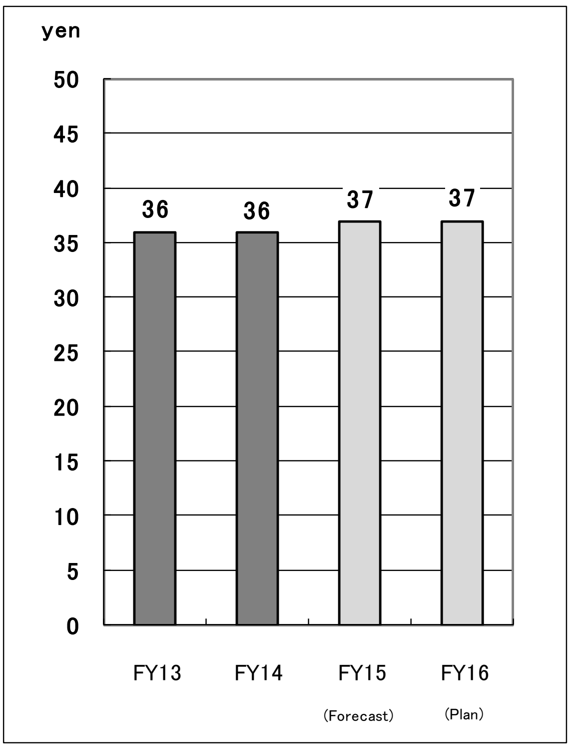
3) Outlook for Dividends for Coming Term

Although the Company's performance may be impacted by various factors such as the economic environment and exchange rate fluctuations in both domestic and overseas markets, or the amendments to the national tax system including the consumption tax, taking into account the company's corporate performance outlook in terms of the coming term and the medium and long term, and its financial position, we plan to make the same dividend payment of "¥37 per share annual dividend."

Payout ratio and dividends to net assets ratio



Dividends per share



(4) Business Risks

1) Trend in the Domestic New Housing Starts

Among the businesses of the Group, nailers, air compressors, battery-power tools, consummables including staples, nails, screws and the like, residential environmental equipment including bathroom heaters, ventilators and dehumidifiers, and 24-hour ventilation systems for the construction market are included among the principal products of the industrial equipment business. Consequently, decline in domestic new housing starts may impact the demand for such products and the business performance of the industrial equipment business while an increase may provide a positive impact.

2) Trends in the Foreign Exchange Rates

Among the sales overseas and procurement from overseas in the Group, there are foreign currency denominated transactions and are subject to the influences of changes in the foreign exchange rates at the time of yen conversion.

3) Fluctuations in the Prices of Raw Materials

Among the products of the Group, ordinary wire materials are used as raw material in the manufacture of consummables including staples, nails, screws and wires for the rebar-tying tools. The prices for the ordinary wire materials may be subject to fluctuations due to shortage in raw materials such as iron ore, coal and oil and demand trends in other countries. The Group has identified the restructuring of the profit structure as one of the issues and continue to take actions to strengthen cost competitiveness; however, sudden changes in raw material prices may adversely affect corporate performance.

4) Matters Concerning Product Quality

The Company places high priority on the quality of the products and has put in place an organization for quality management and quality assurance including the acquisition of ISO9001 certification in development and manufacturing; however, there is no guarantee that no defects will arise with respect to all products. In the unlikely event of an occurrence of product accidents or the like, expenses due to notifying customers, inspection of products and recall will arise and may adversely impact on the corporate performance.

5) Information Leakage, Damage or Destruction of Information System

Regarding the confidentiality of customer information and availability of order information, the Group aims to enhance information security maintenance through measures including acquisition of “Information Security Management System (ISMS).” In addition, an ISMS Risk Response Plan had been formulated and customer information leakage measures in terms of staffing, organization, physics and technology are being implemented. With respect also to system damage or destruction, business continuation plan has been formulated and training has been implemented but in the case of incidence of information leakage, system damage or destruction there may an adverse impact on the business.

6) Limits to Intellectual Property Protection

The Group has been strengthening the customer trust through the Max brand by accumulating technology and know-how that differentiate the Group from competitors and product development that meets the customer needs. The Group recognizes the importance of the intellectual properties that have been accumulated in the Group and are taking measures to protect such properties. However, there are cases where manufacture of similar products by a third party cannot be prevented and this may adversely impact on the Group’s market competitiveness. In addition, efforts are made to the extent possible to not infringe upon intellectual property held by third parties, however, there are possibilities that such intellectual properties are being infringed and this may adversely impact the business.

7) Pension Benefit Obligations

Group calculates its retirement benefit expenses and obligations based on the assumptions set under actuarial calculations including discount rate and expected rate of return on investments. In addition, the discount rate is set taking into account the market yields on Japanese Government Bonds. When the actual results diverge from the assumptions or when the assumptions are changed, the effects are accumulated and is recognized regularly over the future and in general, impact on the expenses recognized over future periods and the recorded obligations. Further decline in discount rate or deterioration of investment yield may adversely impact on corporate performance.

8) Country Risk

In the course of engaging in business activities overseas, there are risks of unexpected change in laws and regulations, existence or the appearance of unfavorable factors that are of economic disadvantage, social or political turmoil due to terrorism, war or other factors. By the manifestation of such risks, impediments will arise in business activities overseas and may impact the Group performance and future plans.

2. State of the Group

The Group is constituted by 27 subsidiaries and 1 affiliate, and engaged in manufacture and sales of office equipment including staplers, time recorders, labeling machines and auto staplers, also industrial equipment centered on nailers, air compressors, rebar tying tools, battery-power tools, bathroom heaters, ventilators, dehumidifiers and 24-hour ventilation systems throughout buildings, as well as HCR equipment including both standard and special wheel chairs.

Further, the Group is also engaged in logistics relating to the businesses and other services.

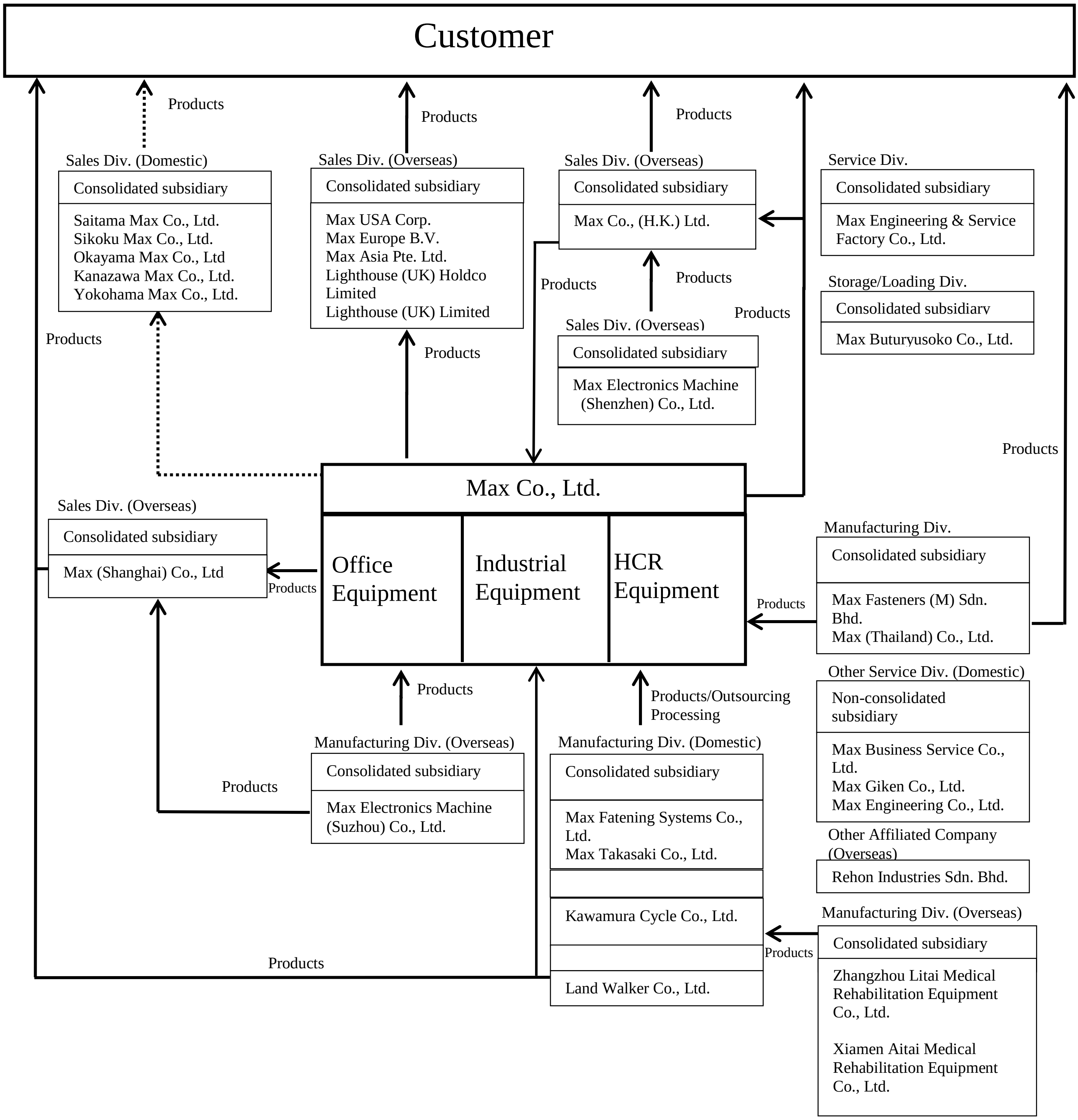
The positioning concerning each business segment of the Group is as follows.

Office Equipment:	In addition to the manufacture and sales performed by the Company, manufacturing is also being performed mainly by Max Fasteners (M) Sdn. Bhd. and Max Electronic Machinery (Shenzhen) Co., Ltd., and the products are purchased by the Company for marketing.
Industrial Equipment:	In addition to the manufacture and sales by the Company, manufacturing is also performed mainly by Max Fastening Systems Co., Ltd., Max Takasaki Co., Ltd., Max Fasteners (M) Sdn. Bhd., Max (Thailand) Co., Ltd., and Max Electronics Machinery (Suzhou) Co., Ltd., and purchased by the Company for marketing.
HCR Equipment:	In addition to the manufacture and sales by the Company, said operations are also performed at Kawamura Cycle Co., Ltd.

Part of the Company’s domestic sales are being performed by subsidiaries including Saitama Max Co., Ltd. and a part of overseas sales are being conducted through overseas subsidiaries including Max USA Corporation. With respect to the storage and shipping are being performed by Max Buturyusoko Co., Ltd. In addition, with respect to after service and repairs, these are performed by Max Engineering & Service Factory Co., Ltd.

Further, although no changes were applied in specific subsidiaries, please take note that Max Co., Ltd. has included Lighthouse (UK) Holdco Limited and Lighthouse (UK) Limited in its scope of consolidation since the consolidated first quarter of the period under review, in conjunction with their increased importance.

Our Business Chart



(Note) ←········ mark indicates the business flow related to consolidated subsidiaries acting as our sales agencies.

3. Management Policies

(1) Company's Basic Management Policies

The basic management philosophy of the Group is through the process of expanding "customer value," all employees, by taking action to "enhance customer support and combining our strengths vibrantly and enjoyably" "will grow together" and with this organizational power as the source pursue the expansion of business and business profits and aim for sustainable success and development.

The following 4 items have been identified as the basic management posture:

1) Enforce Management That Knows the Customers and Knows the Real Location

Who are our customers? In order to know those customers and also to know ourselves, practice with vigor the sangen principle of real locations, real goods and real conditions and by resolving the causes of problems and issues enhance customer value and enhance enterprise value.

2) Enforce Transparent Management

Emphasize consolidated accounting and based on generally fair and appropriate accounting standards, we will publicize the Company's policies, performance and conditions in a timely and appropriate manner both internally and to the outside.

3) Enforce Fully Participatory Management

Employees will actively participate in management through performance of their tasks and within their own respective roles will expand business results.

4) Enforce Management in which the Fruits are Distributed to Employees

The results will be distributed fairly to "shareholders," "employees" and to "community."

(2) Target Management Indicators

During the term ending March 2016, business activities will be conducted by the following target management indicators: Sales of ¥67,000 million, Operating Income of ¥5,400 million, Ordinary Income of ¥5,570 million and Net Income aattributable to shareholders of parental company of ¥3,550 million with an Operating Margin of 8.1%.

Medium-Term Management Plan

(Millions of yen, %)

	Current Term		Next Term		Medium Term		2018 / 2015
	FY 2015		FY 2016		FY 2018		
	Actual Results	Rate of increase (decrease)	Planned Results	Rate of increase (decrease)	Planned Results	Rate of increase (decrease)	Annual average expansion rate
Net Sales	64,950	0.2	67,000	3.2	75,000	7.1	4.9
Operating Income	5,290	15.4	5,400	2.1	7,500	19.0	12.3
Ordinary Income	5,939	23.1	5,570	(6.2)	7,600	18.8	8.6
Net Income Attributable to Shareholders of Parental Company	3,222	14.7	3,550	10.2	4,800	20.0	14.2
Net Income per Share (yen)	65.37	–	72.02	–	97.38	–	–
Operating Margin	8.1	–	8.1	–	10.0	–	–
ROE	5.1	–	5.4	–	6.8	–	–

(3) Medium and Long Term Management Strategy

Our Basic Philosophy on Management Policies

The Group has formulated a three-year Medium-Term Management Plan to be executed through fiscal year ending March 31, 2018.

In order to increase our earning capacity and establish growth businesses, we have formulated the following four fundamental strategies: 1) Shift investments to growth areas; 2) Restructure our consumable business; 3) Reduce costs through capital investment and reorganization of locations; 4) Explore and cultivate new technological fields. Accordingly, while implementing these strategies, the Group is committed to achieving sustained growth and enhancing group-wide profitability.

Office Equipment Segment

1) In the domestic office operations, we will intermittently introduce new and differentiated products into the market and enhance our product lineup. We will establish and further expand new consumables business through paper staplers and non-metallic binding tools.
2) In the overseas office operations, we will further enhance market share in the staplers business by reinforcing our sales routes and channels in new pioneer countries within the Asian market. In the labeling machine operations, we will fully utilize the marketing methods of Lighthouse (UK) Limited that we acquired in January 2014 and further expand sales in Europe and Asian markets.
3) In the auto-stapler operations, we are pushing forward with the product development through "Design-in" activities in collaboration with OEM photocopier manufacturer customers.

Industrial Equipment Segment

1) In the domestic industrial equipment product operations, we will seize markets in the area marketing, revise workload allocation in operating activities, and expand sales of air tools such as nailers and compressors. Furthermore, we will continue to expand and reinforce sales of tools for concrete structures into multiple markets. Also, we will come up with new wrapping forms for the packing market in the agriculture and food industries, which will lead to sales expansion in the consumable business.
2) In the overseas industrial equipment product operations, we will enhance popularity of tools for concrete structures by building sales channels in the Europe and U.S. markets. Our aim is to restructure the consumables business by increasing sales of gas- and high-pressure nailers.
3) In residential environment operations, we will provide our customers with proposals for multiple products targeting leading customers and markets and centering electric bathroom heaters, ventilators and dehumidifiers with which we have acquired top shares in the markets. In order to improve profitability, we will strive to standardize the basic designs and parts of our products, further enhance productivity and reduce costs.

HCR Equipment Segment

At the group company Kawamura Cycle Co., Ltd., our top priority is improving profitability. We focus our activities in maximizing productivity through automation of processing equipment and reduction of product units, and concomitantly, in changing allocation of operating workload to sales routes toward sales expansion.

(4) Issues Facing the Company

1) Enhancement of Enterprise Value

The Group will strive to improve profit margin on sales by establishing growth businesses and enhance earning capacity, as well as will enhance the return on equity.

In the Office Equipment segment, regarding our founding business - “documents binding” - starting with staplers, we will endeavour to achieve business growth through sales of machines using both metallic and non-metallic staples and their consumables, and through both domestic and overseas business promotion. In the labeling machines operations, we will expand the “BEPOP” signage creation machines and their consumables business operations by providing our customers with proposals according to the needs of the location of use. In addition, in the auto-stapler operations, we will develop new products and explore new markets by throughly looking for the problems faced by the OEM photocopier manufacturer customers, and by further boosting our collaboration through “Design-in” activities.

In the Industrial Equipment segment, regarding both the domestic and the overseas industrial equipment product operations, we will actively execute operating measures meant to increase activities toward customers in line with the changing market environment as it concerns the number of new housing starts. Also, we will strive to expand sales for wood structures including nailers, air compressors and their consumables – coil nailers, staples, etc. Nevertheless, we will enhance popularity of tools for concrete structures by resolving customers’ problems on their job scene. In the residential environment business, by providing our customers with proposals for multiple products centering bathroom heaters, ventilators, dehumidifiers and 24-hour ventilation systems with which we have acquired top shares in the markets, we will achieve business expansion. Also, we will strive to enhance profitability through product design and parts reviewing.

In the HCR Equipment segment, we are committed to reducing product costs as our top priority, in order to enhance and reinforce profitability in welfare items operations centered on wheelchairs from Kawamura Cycle Co. At the plant of Zhangzhou Litai Medical Rehabilitation Equipment Co., Ltd., we will implement a production system that enables us to reduce inventories and shorten the lead time, as well as by automation of production and processing facilities, we will automatize every process.

The Group will continue to understand the need of our customers at their job scene and thus provide products that highly satisfy them. Also, by further expanding the Max brand supported by its staplers, nailers, bathroom heaters, ventilators and dehumidifiers to name a few, the Group will be able to compete and succeed on the global stage.

Still, in order to meet the expectations of our stakeholders in addition to achieving our business objectives, we are committed to also enhancing our corporate governance as a priority issue. We will strive to further sustain growth and improve corporate value on a mid-to-long term by appropriately applying the “Corporate Governance Code” effective as of this June (scheduled).

2) Responding to “Environment Preservation”

The Group places “environment preservation” as one of the priority issues and has been taking steps toward reducing all load on the environment emanating from all sources including business activities from product development, manufacturing and disposal as well as promoting the use of environmentally friendly office products.

Four plants located in Gunma Prefecture (Tamamura, Fujioka, Yoshii and Takasaki) have each obtained ISO14001 certification.

3) Responding to “Protection of Personal Information”

The Group has defined protection of customer information assets and the protection of internal information assets as a priority issue and has taken measures to respond to the Personal Information Protection Act and has formulated basic policies for information security management to secure confidentiality, completeness and availability information assets. Furthermore, the Group has obtained the certification for “Information Security Management System (ISMS)” on April 27, 2004.

4. Basic Approach to Selection of Accounting Standards

For the time being, the Group has applied the Japanese standards to its consolidated financial statements, as we have no listing overseas scheduled, not to mention our net sales and few locations overseas. However, considering the shift in foreign shareholders’ percentage and trends of International Financial Reporting Standards (IFRS) adoption in other domestic companies, the Group is open to further consider the use of IFRS.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	FY 2015 (As of March 31, 2015)
ASSETS		
Current assets		
Cash and deposits	11,025	15,343
Notes and accounts receivable-trade	14,595	14,024
Short-term investment securities	3,611	4,009
Merchandise and finished goods	4,592	5,336
Work in process	1,058	983
Raw materials	2,043	1,644
Deferred tax assets	996	1,199
Other	996	839
Allowance for doubtful accounts	(3)	(27)
Total current assets	38,916	43,354
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,115	6,817
Machinery, equipment and vehicles, net	1,806	1,969
Land	7,230	7,255
Lease assets, net	499	519
Construction in progress	239	375
Other, net	694	776
Total property, plant and equipment	17,586	17,714
Intangible assets		
Goodwill	—	705
Other	254	249
Total intangible assets	254	955
Investments and other assets		
Investment securities	22,317	22,473
Long-term loans receivable	567	487
Deferred tax assets	3,417	2,578
Other	1,506	1,036
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	27,799	26,566
Total non-current assets	45,641	45,236
Total assets	84,557	88,590

(Millions of yen)

	FY 2014 (As of March 31, 2014)	FY 2015 (As of March 31, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	4,228	3,912
Short-term loans payable	1,850	1,850
Lease obligations	180	190
Accounts payable	1,608	2,314
Income taxes payable	932	1,212
Accrued consumption taxes	72	294
Deferred tax liabilities	19	19
Provision for bonuses	1,428	1,407
Provision for directors' bonuses	41	43
Other	1,336	1,393
Total current liabilities	11,698	12,638
Non-current liabilities		
Long-term loans payable	150	150
Lease obligations	319	329
Deferred tax liabilities for land revaluation	550	498
Provision for directors' retirement benefits	125	154
Provision for product warranties	—	65
Net defined benefit liability	9,536	9,078
Asset retirement obligation	27	27
Negative goodwill	37	30
Other	116	122
Total non-current liabilities	10,863	10,456
Total liabilities	22,562	23,094
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	42,828	42,798
Treasury stock	(1,423)	(250)
Total shareholders' equity	64,290	65,434
Other comprehensive incomes		
Valuation difference on available-for-sale securities	583	1,578
Revaluation reserve for land	(1,364)	(1,213)
Foreign currency translation adjustment	279	1,057
Remeasurements of defined benefit plans	(1,899)	(1,477)
Total of other comprehensive income	(2,401)	(54)
Minority interests	105	116
Total net assets	61,995	65,495
Total liabilities and net assets	84,557	88,590

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Net sales	64,791	64,950
Cost of sales	40,822	40,264
Gross profit	23,968	24,686
Selling, general and administrative expenses	19,385	19,395
Operating income	4,583	5,290
Non-operating income		
Interest income	96	99
Dividend income	106	111
Rent income	42	23
Amortization of negative goodwill	7	7
Foreign exchange gains	83	438
Other	57	104
Total non-operating income	395	784
Non-operating expenses		
Interest expenses	40	39
Taxes and dues	25	18
Product quality warranty expenses	18	—
Tender offer-related expense	12	—
Other	56	76
Total non-operating expenses	152	135
Ordinary income	4,825	5,939
Extraordinary income		
Gain on sales of non-current assets	—	21
Gain on negative goodwill	43	—
Gain on sales of investment securities	26	—
Gain on product quality warranties	135	—
Total extraordinary income	206	21
Extraordinary loss		
Loss on sales of non-current assets	24	30
Loss on abandonment of non-current assets	38	91
Impairment loss	415	31
Loss on revision of retirement benefit plan	9	—
Loss on liquidation of subsidiaries and associates	—	42
Product quality warranty expenses	—	389
Other	19	—
Total extraordinary loss	506	585
Income before income taxes	4,525	5,375
Income taxes-current	1,920	2,113
Income taxes-deferred	(215)	32
Total income taxes	1,705	2,146
Income before minority interest	2,819	3,229
Minority interests in income	10	7
Net income	2,809	3,222

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Income before minority interest	2,819	3,229
Other comprehensive incomes		
Valuation difference on available-for-sale securities	356	995
Revaluation reserve for land	—	51
Foreign currency translation adjustment	289	781
Adjustments relating to retirement benefits	—	422
Total of other comprehensive income	645	2,250
Comprehensive income	3,465	5,479
(Breakdown)		
Comprehensive income relating to shareholders of parental company	3,449	5,469
Comprehensive income relating to minority shareholders	15	10

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of the year	12,367	10,517	42,697	(96)	65,486
Cumulative effect of changes in accounting principles					—
Balance at beginning of the year reflecting changes in accounting principles	12,367	10,517	42,697	(96)	65,486
Changes of items during the period					
Dividends of surplus			(1,814)		(1,814)
Current net income			2,809		2,809
Purchase of treasury shares				(1,326)	(1,326)
Disposal of treasury shares					—
Retirement of treasury shares					—
Reversal of difference in revaluation of land			(864)		(864)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	130	(1,326)	(1,195)
Balance at end of the year	12,367	10,517	42,828	(1,423)	64,290

(Millions of yen)

	Accumulated Other Comprehensive Income					Minority Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Revaluation Reserve for Land	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at beginning of the year	226	(2,228)	(4)	—	(2,006)	304	63,784
Cumulative effect of changes in accounting principles							—
Balance at beginning of the year reflecting changes in accounting principles	226	(2,228)	(4)	—	(2,006)	304	63,784
Changes of items during the period							
Dividends of surplus							(1,814)
Current net income							2,809
Purchase of treasury shares							(1,326)
Disposal of treasury shares							—
Retirement of treasury shares							—
Reversal of difference in revaluation of land							(864)
Net changes of items other than shareholders' equity	356	864	283	(1,899)	(394)	(198)	(593)
Total changes of items during the period	356	864	283	(1,899)	(394)	(198)	(1,788)
Balance at end of the year	583	(1,364)	279	(1,899)	(2,401)	105	61,995

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	12,367	10,517	42,828	(1,423)	64,290
Cumulative effect of changes in accounting principles			(182)		(182)
Balance at beginning of the year reflecting changes in accounting principles	12,367	10,517	42,645	(1,423)	64,108
Changes of items during the period					
Dividends of surplus			(1,788)		(1,788)
Current net income			3,222		3,222
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares				0	0
Retirement of treasury shares			(1,181)	1,181	—
Reversal of difference in revaluation of land			(99)		(99)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	153	1,172	1,325
Balance at end of the year	12,367	10,517	42,798	(250)	65,434

(Millions of yen)

	Accumulated Other Comprehensive Income					Minority Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Revaluation Reserve for Land	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at beginning of the year	583	(1,364)	279	(1,899)	(2,401)	105	61,995
Cumulative effect of changes in accounting principles							(182)
Balance at beginning of the year reflecting changes in accounting principles	583	(1,364)	279	(1,899)	(2,401)	105	61,813
Changes of items during the period							
Dividends of surplus							(1,788)
Current net income							3,222
Purchase of treasury shares							(9)
Disposal of treasury shares							0
Retirement of treasury shares							—
Reversal of difference in revaluation of land							(99)
Net changes of items other than shareholders' equity	995	151	778	422	2,346	10	2,356
Total changes of items during the period	995	151	778	422	2,346	10	3,682
Balance at end of the year	1,578	(1,213)	1,057	(1,477)	(54)	116	65,495

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Net profit before tax and adjustments	4,525	5,375
Depreciation and amortization	1,956	1,924
Amortization of negative goodwill	(7)	(7)
Impairment loss	415	31
Increase (decrease) in allowance for doubtful accounts	(1)	23
Amortization of goodwill	—	164
Gain on negative goodwill	(43)	—
Increase (decrease) in provision for bonuses	74	(20)
Increase (decrease) in provision for directors' bonuses	(23)	1
Increase (decrease) in product quality warranties	(144)	—
Increase (decrease) in provision for product warranties	—	65
Increase (decrease) in provision for directors' retirement benefits	(163)	28
Increase (decrease) in net defined benefit liability	627	25
Interest and dividend income	(203)	(211)
Interest expenses	40	39
Loss (gain) on liquidation of subsidiaries and associates	—	42
Product quality warranty expenses	—	389
Foreign exchange losses (gains)	(2)	(101)
Loss on abandonment of noncurrent assets	38	91
Loss (gain) on sales of noncurrent assets	24	8
Tender offer-related expense	12	—
Loss (gain) on sales of short-term and long term investment securities	(26)	—
Decrease (increase) in notes and accounts receivable-trade	(575)	897
Decrease (increase) in inventories	304	111
Increase (decrease) in notes and accounts payable-trade	(222)	(754)
Increase (decrease) in accrued consumption taxes	(171)	229
Decrease (increase) in other assets	462	112
Increase (decrease) in other liabilities	(175)	(112)
Subtotal	6,718	8,356
Interest and dividend income received	205	314
Interest expenses paid	(39)	(39)
Income taxes (paid) refund	(2,083)	(1,917)
Cash flows from operating activities	4,801	6,713

(Millions of yen)

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Cash flows from investment activities		
Purchase of short-term and long term investment securities	(7,567)	(4,391)
Purchase of investments in subsidiaries	(1,642)	(3)
Proceeds from sales and redemption of short-term and long term investment securities	4,201	3,631
Purchase of property, plant and equipment	(1,430)	(1,382)
Proceeds from sales of property, plant and equipment	104	263
Purchase of intangible assets	(102)	(70)
Payments of loans receivable	(41)	(14)
Collection of loans receivable	135	108
Payments into time deposits	(400)	—
Proceeds from withdrawal of time deposits	652	—
Other	—	584
Cash flows from investment activities	(6,090)	(1,275)
Cash flows from financing activities		
Proceeds from loans payable	50	—
Decrease in short-term loans payable	(551)	(2)
Repayment of long-term loans payable	(50)	—
Proceeds from sales of treasury shares	—	0
Purchase of treasury shares	(1,327)	(9)
Cash dividends paid	(1,811)	(1,788)
Cash dividends paid to minority shareholders	(3)	(0)
Repayments of lease obligations	(207)	(225)
Cash flows from financing activities	(3,901)	(2,025)
Effect of exchange rate change on cash and cash equivalents	143	373
Net increase (decrease) in cash and cash equivalents	(5,047)	3,786
Balance of cash and cash equivalents, beginning of the period	16,073	11,025
Net increase (decrease) in cash and cash equivalents accompanying changes in the scope of consolidation	—	531
Balance of cash and cash equivalents, end of the period	11,025	15,343

(5) Notes Relating to the Assumption of Going Concern

None.

(6) Material Matters Forming the Basis for the Preparation of Consolidated Financial Statements

1) Matters Relating to the Scope of Consolidation

(a) Number of consolidated subsidiaries: 24

Names of principal consolidated subsidiaries

Kawamura Cycle Co., Ltd., Max Fastening Systems Co., Ltd., Lighthouse (UK) Holdco Limited, Max Engineering & Service Factory Co., Ltd., Saitama Max Co., Ltd., Max (Thailand) Co., Ltd., Max Fasteners (M) Sdn. Bhd

In conjunction with their increased importance, starting with the consolidated fiscal year under review, Lighthouse (UK) Holdco Limited and Lighthouse (UK) Limited were included in the Company's scope of consolidation, whereas both have been non-consolidated subsidiaries in the previous consolidated fiscal year.

Max Kuragano Co., Ltd., which had appeared in the Company's scope of consolidation in the previous consolidated fiscal year, was excluded from said scope because it was absorbed, while Max Takasaki Co., Ltd. survived in this absorption merger dated October 1, 2014.

Sunsunny Industry Co., Ltd. was also excluded from the Company's scope of consolidation upon its liquidation.

(b) Number of non-consolidated subsidiaries: 3

Names of non-consolidated subsidiaries

Max Business Service Co., Ltd., Max Giken Co., Ltd. and Max Engineering Co., Ltd.

The reason for exclusion from consolidation

The three non-consolidated subsidiaries are all small and the impact of their aggregate total assets, sales, net income or losses for the term (amount corresponding to the holdings) and profit reserves (amount corresponding to holdings) are in each case of the consolidated financial statement not material; thus, have been excluded from the scope of consolidation.

2) Matters Relating to the Application of the Equity Method

(a) Number of non-consolidated subsidiaries and associates that apply the equity method

There are no corresponding non-consolidated subsidiaries and associates.

(b) Names of principal companies among non-consolidated subsidiaries and associates that do not apply the equity method

Max Business Service Co., Ltd.

The reason for the non-application of the equity method

The companies that do not apply the equity method are all small and the impact of their aggregate net income or losses for the term (amount corresponding to the holdings) and profit reserves (amount corresponding to holdings) on the consolidated financial statements are in each case not material; thus, have been excluded from the scope of application of the equity method.

3) Matters Relating to the Business Years of Consolidated Subsidiaries

Among consolidated subsidiaries, the financial closing date of overseas subsidiaries is December 31. For these companies, consolidated financial statements based on provisional results as of December 31 have been prepared.

As for Lighthouse (UK) Holdco Limited and Lighthouse (UK) Limited, these subsidiaries close their accounts on December 31, thus the financial results as of this closing date are used, while necessary adjustments for consolidation are made to reflect significant transactions that occurred between December 31 and March 31.

Furthermore, the last date of the business year of the domestic consolidated subsidiaries coincides with the closing date of consolidation.

4) Matters Relating to the Accounting Standards

(a) Valuation bases and methods of important assets

(i) Marketable Securities

Other marketable securities

(A) Those with market prices

Market Value Method based on the market prices as of the consolidated closing date (evaluation differences are reported as a component in the shareholder equity and the disposition cost is calculated suing the moving average method).

(B) Those without market prices

Cost method using the moving average method.

Further, no marketable securities for trading or bonds to be held to materials are being held.

(ii) Inventories

Principally, the cost method based on the gross averaging method (method of devaluing the book value due to a decline in revenues)

(b) Method of Depreciation of Material Depreciable Assets

(i) Tangible Fixed Assets (Excludes leases assets including rental real estate)

In principle, the declining balance method is used. However, for buildings acquired after April 1, 1998 the company and the domestic consolidated subsidiaries use a straight line depreciation (excluding equipment attached to buildings).

Further, with respect to the useful life and the residual value, the same methods and standards provided for in the Corporate Tax Act are applied.

(ii) Intangible Fixed Assets

The Company and the domestic consolidated subsidiaries use the straight line method. With respect to the useful life, it is according to the same method and standards provided for in the Corporate Taxation Act. However, with respect to software for own use, straight line method based on projected usable period (5 years), for software intended for sales to the market, the amortization amount based on projected sales volume and equal distribution amount based on the residual effective period (3 years or less) are compared and whichever is the larger is recognized.

(iii) Lease Assets

With respect to lease assets related to financing lease without transfer of title, a straight line method with zero residual value with the lease term as the useful life is applied.

(c) Criteria for the Recording of Material Provisions

(i) Allowance for Doubtful Accounts

The Company and the consolidated subsidiaries, in order to prepare for losses due to defaults of claims, book expected unrecoverable amounts calculated based on the historical bad loan rates with respect to general claims or with respect to bankruptcy reorganization claims or the like amount after taking into account the likelihood for recovery on an individual basis .

(ii) Provisions for Bonuses

The Company and the consolidated subsidiaries in order to allocate to the payment of bonuses to employees book expected payment amount corresponding to the consolidated accounting year under review.

(iii) Provisions for Directors Bonuses

The Company and the consolidated subsidiaries in order to allocate to the payment of bonuses to director's book expected payment amount corresponding to the accounting year under review.

(iv) Provision of Directors Retirement Benefits

The Company and the consolidated subsidiaries to prepare for the payment of directors retirement benefits, book ¥133 million required to be paid at the end of the term pursuant to internal rules and to prepare the payment of retirement benefits to executive officers book ¥20 million required to be paid pursuant to internal rules.

(v) Provision for product warranties

In order to provide for payments for repairs during free-charge product warranty period, the stated provision is calculated based on past repair records.

(d) Method of Accounts Processing for the Payment of Retirement Benefits

The Company and the consolidated subsidiaries to prepare for the payment of retirement benefits to employee record amounts deemed to be rising as of the end of the consolidated accounting year under review based on the retirement benefit obligations and the pension assets as of the end of the consolidated accounting year under review. Further, with respect to actuarial differences, these are expensed over 5 years from the immediately succeeding consolidated accounting year from the year of incidence using the straight line method. In addition, with respect to historical service liabilities, these are expensed over 5 years from the year of incidence using the straight line method.

(e) Method of Amortization and Amortization Period for Good Will

Good will is amortized by the use of the straight line method (amortization period is the period in which the effects of the good will continue but not more than 20 years). Further, with respect to negative good will that arose prior to the application of "Accounting Standards Relating to Corporate Combinations" (Corporate Accounting Standard No. 21, December 26, 2008), these are mainly amortized by the straight line method over 20 years.

(f) Scope of Cash in the Consolidated Cash Flow Statement

Cash (Cash and Cash Equivalents) in the consolidated cash flow statement consists of cash on hand, demand deposit and short term investments that are easily converted to cash and whose risk of price fluctuation is small and whose maturity date comes within 3 months of the date of acquisition.

(g) Other Material Matters for the Preparation of the Consolidated Financial Statements

Accounting Treatment of Consumption Tax and other Taxes

With respect to the Consumption Tax and the Local Consumption Tax, it is by tax exclusion method.

5) Change in Accounting Principles

We have adopted "Accounting Standards for Retirement Benefits" (Corporate Accounting Standards No. 26 of May 17, 2012, hereinafter referred to as "Retirement Benefits Accounting Standards") and "Implementation Guidance on Accounting Standard for Retirement Benefits" (Corporate Accounting Standards No. 25 of March 26, 2015, hereinafter referred to as "Implementation Guidance on Retirement Benefits") from the consolidated fiscal year under review on provisions stipulated in the texts of the Section 35 of the Retirement Benefits Accounting Standards and of the Section 67 of the Implementation Guidance on Retirement Benefits: we have revised the accounting method for retirement benefit obligations and service cost, and we have changed the method of discount determination to a method that uses single weighted average discount rate reflecting amounts for each estimated period for payment of retirement benefits and other payments, by making use of service period basis as the attribution method for projected retirement benefits.

To apply the Retirement Benefits Accounting Standards, we comply with the transitional handling stipulated in the Section 37 of Retirement Benefits Accounting Standards, and effect of changes of the accounting method for retirement benefit obligations and service cost, financial effects are added to or subtracted from retained earnings, at the beginning of the consolidated fiscal year under review.

As the result, net defined benefit liability increased by ¥282 million, while retained earnings decreased by ¥182 million, as of the beginning of the consolidated fiscal year under review. There was only minor impact on operating income, ordinary income and quarterly net income before income taxes during the consolidated period under review.

For more details on the effect to per share information, please refer to the corresponding section.

6) Change in Accounting Estimates

Expenses required for free-charge repairs of products in the domestic industrial equipment product operations are recorded as existing expenses that have actually incurred. However, because a reasonable estimate can be made for the time when needed, starting with the current consolidated accounting year the Company has recorded the corresponding amount estimated in the provision for product warranties.

As a result of this change, the operating income, ordinary income and income before income taxes for the current period under review were ¥65 million lower, respectively.

(7) Notes Relating to the Consolidated Financial Statements

(Consolidated Balance Sheet Related)

1) Details of Accumulated Depreciation

(Millions of yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2014)
Property, plant and equipment	46,957	47,588
Investments and other assets	304	310

2) The details relating non-consolidated subsidiaries and associates are as follows.

(Millions of yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2014)
Investment securities	1,574	100

3) Based on the Law Relating to Revaluation of Land (Law No. 34 promulgated March 31, 1998), revaluation of land for business use was performed and the amount corresponding to taxes related to said revaluation difference has been recorded in liabilities as “Deferred Tax Liabilities for Land Revaluation” and the amount after deduction of said amount has been recorded in the net assets as “Revaluation Reserve for Land”. The date of the revaluation was March 31, 2002 and the method of revaluation was by calculation after reasonable adjustments based on the appraised amount of property tax as provided in Article 2, Paragraph 3 of the Law Implementation Order Relating to Revaluation of Land (Cabinet Order No. 119, promulgated March 31, 1998).

Further, the difference between market value and the book value after revaluation as of the end of the term in which the revaluation was performed is as follows.

(Millions of yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Land	(2,289)	(2,362)
Land for lease	(254)	(2)

4) Notes receivable discount and export bill discount

(Millions of yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Notes receivable discount	403	427
Export bills discount	39	8

(Consolidated Statement of Income Related)

1) Selling, General and Administrative Expenses account includes the following major items and amounts.

(Millions of yen)

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Salaries	5,573	5,694
Packing and delivery expenses	1,882	1,891
Promotion expenses	1,590	1,488
Depreciation	659	662
Provision for bonuses	944	916
Provision for directors' bonuses	41	43
Provision for directors' retirement benefits	46	62
Provision for product warranties	—	65
Retirement benefit expenses	1,535	1,033
Provision of allowance for doubtful accounts	0	23

2) Research and Development Expenses included in the General and Administrative Expenses are as follows.

(Millions of yen)

FY2014 (From April 1, 2013 to March 31, 2014)	FY2015 (From April 1, 2014 to March 31, 2015)
2,537	2,440

3) Details of Loss on Abandonment of Non-current Asset are as follows.

(Millions of yen)

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Buildings and structures	3	38
Machinery, equipment and vehicles	9	23
Construction in progress	0	—
Demolition expense	21	28
Tools, furniture and fixtures	2	1
Total	38	91

(Statement of Consolidated Comprehensive Income Related)

Reclassification Adjustments and Tax Effect Relating to Other Comprehensive Income

(Millions of yen)

	FY2014 (From April 1, 2013 to March 31, 2014)	FY2015 (From April 1, 2014 to March 31, 2015)
Valuation difference on available-for-sale securities		
Occurred in this period	486	1,373
Reclassification adjustment	(25)	(3)
Before tax effect adjustment	460	1,370
Tax effect	(104)	(375)
Valuation difference on available-for-sale securities	356	995
Revaluation reserve for land		
Occurred in this period	—	—
Reclassification adjustment	—	—
Before tax effect adjustment	—	—
Tax effect	—	51
Revaluation reserve for land	—	51
Foreign currency translation adjustment		
Occurred in this period	289	781
Adjustments relating to retirement benefits		
Occurred in this period	—	201
Reclassification adjustment	—	564
Before tax effect adjustment	—	765
Tax effect	—	(343)
Adjustments relating to retirement benefits	—	422
Total other comprehensive income	645	2,250

(Consolidated Statement of Changes to Shareholders Equity Related)

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

1) Matters Relating to Outstanding Shares

Type of Share	Beginning of the year	Increase	Decrease	End of the year
Common shares (thousands of shares)	50,500	-	-	50,500

2) Matters Relating to Treasury Shares

Type of Share	Beginning of the year	Increase	Decrease	End of the year
Common shares (thousands of shares)	95	1,109	-	1,205

(Summary of Causes of Change)

The breakdown of the increase in the number of shares is as follows.

Increase due to the purchase of shares less than one unit 9,000 shares

Increase due to the purchase of own shares through off-hours trading 1,100,000 shaes

3) Matters Relating to Dividends

(a) Amount of dividends paid

Resolution	Type of Share	Aggregate Dividend (¥ Million)	Dividend per Share (¥)	Date of Record	Effective Date
June 27, 2013 Regular General Meeting of the Shareholders	Common shares	1,814	36	March 31, 2013	June 28, 2013

(b) Of the dividend whose date of record is in the consolidated accounting year under review, those whose effective date of dividends falls in the immediately succeeding consolidated accounting year

Resolution	Type of Share	Dividend Resource	Aggregate Dividend (¥ Million)	Dividend per Share (¥)	Date of Record	Effective Date
June 27, 2014 Regular General Meeting of the Shareholders	Common shares	Retained earnings	1,774	36	March 31, 2014	June 30, 2014

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

1) Matters Relating to Outstanding Shares

Type of Share	Beginning of the Year	Increase	Decrease	End of the Year
Common shares (thousands of shares)	50,500	-	1,000	49,500

2) Matters Relating to Treasury Shares

Type of Share	Beginning of the Year	Increase	Decrease	End of the Year
Common shares (thousands of shares)	1,205	7	1,000	212

(Summary of Causes of Change)

The breakdown of the increase in the number of shares is as follows.

Increase due to the purchase of shares less than one unit 7,000 shares

The breakdown of the decrease in the number of shares is as follows.

Decrease due to retirement of treasury shares 1,000,000 shares

3) Matters Relating to Dividends

(a) Amount of dividends paid

Resolution	Type of Share	Aggregate Dividend (¥ Million)	Dividend per Share (¥)	Date of Record	Effective Date
June 27, 2014 Regular General Meeting of the Shareholders	Common shares	1,774	36	March 31, 2014	June 30, 2014

(b) Of the dividend whose date of record is in the consolidated accounting year under review, those whose effective date of dividends falls in the immediately succeeding consolidated accounting year.

Resolution	Type of Share	Dividend resource	Aggregate Dividend (¥ Million)	Dividend per Share (¥)	Date of Record	Effective Date
June 26, 2015 Regular General Meeting of the Shareholders	Common shares	Retained earnings	1,823	37	March 31, 2015	June 29, 2015

(Consolidated Cash Flow Statement Related)

The relationship between the closing balance of Cash and Cash Equivalents and the amount recorded in the accounts on the consolidated balance sheet is as follows.

(Millions of yen)

	FY2014 (From April 1, 2013 to March 31, 2014)	FY2015 (From April 1, 2014 to March 31, 2015)
Cash and deposits	11,025	15,343
Cash and cash equivalents	11,025	15,343

(Segment Information)

1) Summary of Reporting Segments

The reporting segments of the Company are those of the constituent units of the Company for which separate financial statements are available and are subject to regular review by the board of directors for decisions on allocation of management resources and to assess business performance.

The Company has a manufacturing and sales organization with products and services and with respect to the products and services handled formulates comprehensive domestic and overseas strategies and engage in business activities.

Therefore, the Company is constituted by segments by products and services based on the manufacturing and sales organization and have 3 reporting segments of “Office Equipment”, “Industrial Equipment” and “HCR Equipment”.

“Office Equipment” segment is engaged in the manufacture and sale of office equipment and stationery related products. “Industrial Equipment” segment is engaged in the manufacture and sale of construction machinery and tools as well as residential equipment. “HCR Equipment” is engaged in the manufacture and sale of assistive technologies.

2) Method of calculating the amounts of segment sales, income or loss, assets and other items

The method used in accounting treatment for the reported business segment is generally consistent with what is included in the “Material Matters that form the Basis for the Preparation of the Consolidated Financial Statements”.

3) Information on the amount of sales, profit and losses for reported segments

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Report segment			Total
	Office Equipment	Industrial Equipment	HCR Equipment	
Net Sales				
Net sales to outside customers	21,132	40,182	3,475	64,791
Inter-segments sales or transfers	-	-	-	-
Total	21,132	40,182	3,475	64,791
Segment profit (loss)	3,934	979	(330)	4,583
Segment assets	19,924	28,914	2,933	51,772
Other items				
Depreciation and amortization	630	1,153	113	1,898
Amortization of negative goodwill	-	7	-	7
Gain on negative goodwill	-	-	43	43
Impairment loss	5	399	10	415
Increase in property, plant and equipment and intangible assets	656	1,162	48	1,868

(Note) Segment profit (loss) is consistent with operating income in consolidated statement of income.

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Report segment			Total
	Office Equipment	Industrial Equipment	HCR Equipment	
Net Sales				
Net sales to outside customers	22,356	39,109	3,484	64,950
Inter-segments sales or transfers	-	-	-	-
Total	22,356	39,109	3,484	64,950
Segment profit (loss)	4,274	1,247	(231)	5,290
Segment assets	20,994	27,310	2,809	51,114
Other item				
Depreciation and amortization	657	1,184	91	1,933
Amortization of goodwill	164	-	-	164
Amortization of negative goodwill	-	7	-	7
Impairment loss	-	31	-	31
Increase in property, plant and equipment and intangible assets	1,696	797	70	2,565

(Note) Segment profit (loss) is consistent with operating income in consolidated statement of income.

4) Difference between the total amount of income (loss) of reported segments and the amount appropriated in the consolidated balance sheet, as well as key details of said difference (items related to adjustment of differences)

(Millions of Yen)

Assets	FY 2014	FY 2015
Reporting segment total	51,772	51,114
Group-wide assets (Note)	32,785	37,476
Total assets in the consolidated balance sheet	84,557	88,590

(Note) Company-wide assets are principally investment marketable securities not attributable to reported segments.

5) Information relating to loss or goodwill due to impairment of non-current assets

Current consolidated accounting year (From April 1, 2014 to March 31, 2015)

As an activity in the Office Equipment segment, the Company has included Lighthouse (UK) Holdco Limited and Lighthouse (UK) Limited in its scope of consolidation since the consolidated first quarter of the period under review, in conjunction with their increased importance. Please take note that an ¥819 million goodwill is recorded for this activity.

6) Information relating to loss due to impairment of non-current assets

Previous consolidated accounting year (April 1, 2013 to March 31, 2014)

The Company groups its assets according to its management accounting segmentation as the smallest units generating cash flows. As a result, the book value of the Yoshii factory, unutilized assets, and assets to be sold have been reduced to the recoverable value and the said reduction has been recorded in extraordinary losses as “Impairment loss.”

Recoverable value has been calculated to the net disposal value. In the previous consolidated accounting year, the assets subject to loss on impairment of ¥415 million are dormant land or other assets. The net disposal value has been calculated based on the real estate appraisal value and the appraised amount of property tax.

Current consolidated accounting year (From April 1, 2014 to March 31, 2015)

The Company groups its assets according to its management accounting segmentation as the smallest units generating cash flows. As the result, the book value of the Yoshii factory, unutilized assets, and assets to be sold have been reduced to the recoverable value and the said reduction has been recorded in extraordinary losses as “Impairment loss.”

Recoverable value has been calculated according to the net disposal value. In the current consolidated accounting year, the assets subject to loss on impairment of ¥31 million are Yoshii factory, dormant land or land to be sold. The net disposal value has been calculated based on the real estate appraisal value and the appraised amount of property tax.

(Per Share Information)

(Yen)

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Net assets per share	1,255.50	1,326.48
Earnings per share	56.88	65.37

(Note) 1. With respect to the earnings per share after adjusting for latent shares, as no latent shares exist, no inclusion has been made.

2. The basis for the calculation of the earnings per share is as follows.

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Net income for the term (¥Million)	2,809	3,222
Amount not relating to common shares (¥Million)	-	-
Net income for the term relating to common shares (¥Million)	2,809	3,222
Average number of common shares outstanding during the term (shares)	49,391,797	49,291,366

3. The basis for the calculation of net assets per share is as follows.

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (As of March 31, 2015)
Total of Net Assets (¥ Million)	61,995	65,495
Amount to be deducted from the total of net assets (¥ Million)	105	116
(Of which Minority Holdings (¥ Million))	(105)	(116)
Closing net assets relating to common shares (¥ Million)	61,889	65,379
Number of common shares as of end of term used in the calculation of net assets per share (shares)	49,294,762	49,287,910

(Note) As described in the “Change in Accounting Policy” section, we have adopted the Retirement Benefits Accounting Standards and comply with the transitional handling stipulated in the Section 37 of the said Standard.

As the result, the net assets per share in this consolidated fiscal year decreased by ¥4.07 and the net income per share decreased by ¥0.37.

(Notes on Significant Changes in the Amount of Shareholders’ Equity)

None.

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	FY 2015 (As of March 31, 2015)
ASSETS		
Current assets		
Cash and deposits	7,939	10,607
Notes receivable-trade	1,697	1,427
Notes and accounts receivable-trade	12,783	12,892
Short-term investment securities	3,611	4,009
Merchandise and finished goods	3,442	3,903
Work in process	805	716
Raw materials	1,220	914
Prepaid expenses	143	160
Deferred tax assets	616	810
Short-term loans receivable	327	348
Accounts receivable-other	431	200
Other	110	87
Allowance for doubtful accounts	(3)	(0)
Total current assets	33,125	36,077
Non-current assets		
Property, plant and equipment		
Buildings	4,926	4,664
Structures, net	241	212
Machinery and equipment, net	946	970
Vehicles, net	9	7
Tools, furniture and fixtures, net	278	290
Land	6,243	6,223
Lease assets, net	424	449
Construction in progress	204	295
Total property, plant and equipment	13,274	13,114
Intangible assets	161	141
Investments and other assets		
Investment securities	20,729	22,354
Stocks of subsidiaries and associates	8,977	8,828
Long-term loans receivable	934	917
Deferred tax assets	2,088	1,613
Real estate for rent, net	860	258
Lease and guarantee deposits	134	112
Other	430	574
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	34,149	34,653
Total current assets	47,585	47,909
Total assets	80,710	83,987

(Millions of yen)

	FY 2014 (As of March 31, 2014)	FY 2015 (As of March 31, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	4,218	4,025
Short-term loans payable	1,850	1,850
Lease obligations	159	176
Accounts payable	1,261	1,872
Income taxes payable	864	1,061
Deposits received	1,227	1,205
Current portion of guarantee deposits received	721	750
Provision for bonuses	1,058	1,074
Provision for directors' bonuses	41	43
Other	245	370
Total current liabilities	11,648	12,430
Non-current liabilities		
Long-term loans payable	150	150
Lease obligations	265	272
Deferred tax liabilities for land revaluation	550	498
Provision for retirement benefits	5,911	6,244
Provision for directors' retirement benefits	118	154
Provision for product warranties	—	65
Asset retirement obligation	14	14
Other	16	9
Total non-current liabilities	7,027	7,409
Total liabilities	18,675	19,840
NET ASSETS		
Shareholders’ equity		
Capital stock	12,367	12,367
Capital surplus		
Legal capital surplus	10,517	10,517
Total capital surplus	10,517	10,517
Retained earnings		
Legal retained earnings	3,091	3,091
Other retained earnings		
Reserve for reduction entry of land	121	121
Reserve for reduction entry of depreciable assets	58	55
General reserve	33,770	33,770
Retained earnings brought forward	4,319	4,117
Total retained earnings	41,361	41,157
Treasury stock	(1,423)	(250)
Total shareholders’ equity	62,824	63,792
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	576	1,568
Revaluation reserve for land	(1,364)	(1,213)
Total valuation and translation adjustments	(788)	354
Total net assets	62,035	64,146
Total liabilities and net assets	80,710	83,987

(2) Non-consolidated Statements of Income

(Millions of yen)

	FY 2014 (From April 1, 2013 to March 31, 2014)	FY 2015 (From April 1, 2014 to March 31, 2015)
Net sales	59,456	58,570
Cost of sales	39,186	38,354
Gross profit	20,270	20,215
Selling, general and administrative expenses	16,212	15,604
Operating income	4,057	4,610
Non-operating income		
Interest and dividend income	743	486
Rent income	37	24
Foreign exchange gains	137	303
Miscellaneous income	34	38
Total non-operating income	954	853
Non-operating expenses		
Interest expenses	42	42
Other	66	80
Total non-operating expenses	108	123
Ordinary income	4,903	5,340
Extraordinary income		
Gain on reversal of provision for product quality warranties	135	—
Gain on sales of investment securities	20	—
Total extraordinary income	156	—
Extraordinary loss		
Loss on sales of non-current assets	11	27
Loss on abandonment of non-current assets	28	44
Impairment loss	392	27
Product quality warranty expenses	—	389
Loss on liquidation of subsidiaries and associates	—	61
Other	19	25
Total extraordinary loss	450	576
Income before income taxes	4,610	4,763
Income taxes-current	1,730	1,722
Income taxes-deferred	(262)	7
Total income taxes	1,467	1,730
Net income	3,142	3,033

(3) Non-consolidated Statements of Changes in Net Assets

Accounting year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' Equity			
	Capital stock	Capital surplus		
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus
Balance at beginning of the year	12,367	10,517	—	10,517
Cumulative effect of changes in accounting principles				
Balance at beginning of the year reflecting changes in accounting principles	12,367	10,517	—	10,517
Changes of items during the period				
Dividends of surplus				
Current net income				
Purchase of treasury shares				
Disposal of treasury shares				
Retirement of treasury shares				
Reversal of reserve for reduction entry of depreciable assets				
Reversal of difference in revaluation of land				
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	—	—	—
Balance at end of the year	12,367	10,517	—	10,517

(Millions of yen)

	Shareholders' Equity					
	Retained Earnings					
	Legal Retained Earnings	Other Retained Earnings				Total Retained Earnings
		Reserve for Reduction Entry of Land	Reserve for Reduction Entry of Depreciable Assets	General Reserve	Retained Earnings Brought Forward	
Balance at beginning of the year	3,091	121	60	33,770	3,853	40,897
Cumulative effect of changes in accounting principles						
Balance at beginning of the year reflecting changes in accounting principles	3,091	121	60	33,770	3,853	40,897
Changes of items during the period						
Dividends of surplus					(1,814)	(1,814)
Current net income					3,142	3,142
Purchase of treasury shares						
Disposal of treasury shares						
Retirement of treasury shares						
Reversal of reserve for reduction entry of depreciable assets			(2)		2	—
Reversal of difference in revaluation of land					(864)	(864)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	(2)	—	466	463
Balance at end of the year	3,091	121	58	33,770	4,319	41,361

(Millions of yen)

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	
Balance at beginning of the year	(96)	63,687	217	(2,228)	(2,011)	61,676
Cumulative effect of changes in accounting principles		—				—
Balance at beginning of the year reflecting changes in accounting principles	(96)	63,687	217	(2,228)	(2,011)	61,676
Changes of items during the period						
Dividends of surplus		(1,814)				(1,814)
Current net income		3,142				3,142
Purchase of treasury shares	(1,326)	(1,326)				(1,326)
Disposal of treasury shares		—				—
Retirement of treasury shares		—				—
Reversal of reserve for reduction entry of depreciable assets		—				—
Reversal of difference in revaluation of land		(864)				(864)
Net changes of items other than shareholders' equity			358	864	1,222	1,222
Total changes of items during the period	(1,326)	(863)	358	864	1,222	359
Balance at end of the year	(1,423)	62,824	576	(1,364)	(788)	62,035

Accounting year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' Equity			
	Capital Stock	Capital Surplus		
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus
Balance at beginning of the year	12,367	10,517	—	10,517
Cumulative effect of changes in accounting principles				
Balance at beginning of the year reflecting changes in accounting principles	12,367	10,517	—	10,517
Changes of items during the period				
Dividends of surplus				
Current net income				
Purchase of treasury shares				
Disposal of treasury shares				
Retirement of treasury shares				
Reversal of reserve for reduction entry of depreciable assets				
Reversal of difference in revaluation of land				
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	—	—	—
Balance at end of the year	12,367	10,517	—	10,517

(Millions of yen)

	Shareholders' Equity					
	Retained Earnings					
	Legal Retained Earnings	Other Retained Earnings				Total Retained Earnings
		Reserve for Reduction Entry of Land	Reserve for Reduction Entry of Depreciable Assets	General Reserve	Retained Earnings Brought Forward	
Balance at beginning of the year	3,091	121	58	33,770	4,319	41,361
Cumulative effect of changes in accounting principles					(182)	(182)
Balance at beginning of the year reflecting changes in accounting principles	3,091	121	58	33,770	4,317	41,179
Changes of items during the period						
Dividends of surplus					(1,774)	(1,774)
Current net income					3,033	3,033
Purchase of treasury shares						
Disposal of treasury shares						
Retirement of treasury shares					(1,181)	(1,181)
Reversal of reserve for reduction entry of depreciable assets			(2)		2	—
Reversal of difference in revaluation of land					(99)	(99)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	(2)	—	(19)	(21)
Balance at end of the year	3,091	121	55	33,770	4,117	41,157

(Millions of yen)

	Shareholders' Equity		Valuation and Translation Adjustments			
	Treasury Stock	Total Shareholders' Equity	Valuation difference on available-for-sale securities	Revaluation Reserve for Land	Total Valuation and Translation Adjustments	Total Net Assets
Balance at beginning of the year	(1,423)	62,824	576	(1,364)	(788)	62,035
Cumulative effect of changes in accounting principles		(182)				(182)
Balance at beginning of the year reflecting changes in accounting principles	(1,423)	62,641	576	(1,364)	(788)	61,853
Changes of items during the period						
Dividends of surplus		(1,774)				(1,774)
Current net income		3,033				3,033
Purchase of treasury shares	(9)	(9)				(9)
Disposal of treasury shares	0	0				0
Retirement of treasury shares	1,181	—				—
Reversal of reserve for reduction entry of depreciable assets		—				—
Reversal of difference in revaluation of land		(99)				(99)
Net changes of items other than shareholders' equity			991	151	1,143	1,143
Total changes of items during the period	1,172	1,150	991	151	1,143	2,293
Balance at end of the year	(250)	63,792	1,568	(1,213)	354	64,146