

**Financial Results for the Year Ended March 2015 [Based on the Japanese Accounting Standards]
(Consolidated)**

May 8, 2015

Name of the company: Takachiho Koheki Co., Ltd. Stock Market: Tokyo Stock Exchange First Section
 Code No.: 2676 URL: <http://www.takachiho-kk.co.jp>
 Representative (job title): Hideo Toda (President and CEO)
 Contact person (job title): Masazumi Uematsu (Director, Executive Officer,
 General Manager of the Corporate Management Division)
 TEL: 03-3355-1111
 Date of the shareholder's meeting: June 26, 2015
 Date of dividends payment: June 29, 2015
 Registration date of annual securities report: June 29, 2015

(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results for the FY2014 (from April 1, 2014 to March 31, 2015)

(1) Consolidated Operating Results (Percent figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2014	18,809	(3.9)	688	(33.2)	865	(23.6)	589	4.3
FY 2013	19,581	7.9	1,030	24.6	1,133	12.4	565	1.5

Note: Comprehensive income: 748 million yen 13.0% for FY 2014
 662 million yen (10.9%) for FY 2013

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY 2014	60.13	59.96	4.0	4.4	3.7
FY 2013	57.76	57.71	4.0	6.0	5.3

Reference: Equity in earnings (losses) of affiliates: 0 million yen for FY 2014
 - million yen for FY 2013

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY 2014	19,839	14,947	75.0	1,515.65
FY 2013	19,297	14,343	73.9	1,455.71

Reference: Owner's equity: 14,879 million yen for FY 2014
 14,263 million yen for FY 2013

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
FY 2014	1,255	(2,650)	(230)	4,887
FY 2013	487	(352)	(205)	6,462

2. Dividends

	Annual cash dividends per share					Total cash dividends (Annual) million yen	Payout ratio (Consolidated) %	Dividends to net assets (Consolidated) %
	At 1st quarter end yen	At 2nd quarter end yen	At 3rd quarter end yen	At fiscal year end yen	Total yen			
FY 2013	—	12.00	—	12.00	24.00	235	41.5	1.7
FY 2014	—	12.00	—	12.00	24.00	235	39.9	1.6
FY 2015 forecast	—	12.00	—	12.00	24.00		37.4	

3. Forecast of Consolidated Operating Results for FY 2015 (from April 1, 2015 to March 31, 2016)

(Percent figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to the shareholders of the parent company		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY 2015	10,680	23.7	340	42.5	340	2.8	140	(55.5)	14.27
1st half									
FY 2015	23,000	22.3	1,160	68.6	1,160	34.0	630	6.8	64.21

* Notes:

(1) Changes to principal subsidiaries during the period (changes to specified subsidiary companies accompanying changes to the scope of consolidation): Applicable

Newly, 2 companies (names)
Guardfire Singapore Pte. Ltd.
TK Fire Fighting Co., Ltd.

(2) Changes in accounting policies and estimates, and retrospective restatement:

(i) Changes in accounting policies due to amendments of accounting standards, etc.: Applicable
(ii) Changes in accounting policies other than (i) above: None
(iii) Changes in accounting estimates: None
(iv) Retrospective restatement: None

Note: For details, see P.24 of the attached material, "5. Consolidated Financial Statements (7) Changes in Accounting Policies."

(3) Number of shares issued (common stock)

(i) Number of shares issued at the end of the period (including treasury shares)

FY 2014	10,167,300	FY 2013	10,147,800
FY 2014	349,807	FY 2013	349,807
FY 2014	9,810,963	FY 2013	9,790,984

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares issued during the period

Reference: Nonconsolidated Financial Results

Nonconsolidated Financial Results for FY 2014 (from April 1, 2014 to March 31, 2015)

(1) Nonconsolidated Operating Results

(Percent figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2014	14,710	(0.5)	741	1.9	1,083	15.9	890	41.3
FY 2013	14,785	10.5	728	57.9	935	24.0	630	31.6

	Net income per share	Fully diluted net income per share
	yen	yen
FY 2014	90.73	90.48
FY 2013	64.36	64.30

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY 2014	17,682	14,211	80.3	1,445.95
FY 2013	17,224	13,354	77.4	1,360.24

Reference: Owner's equity: 14,195 million yen for FY 2014, 13,327 million yen for FY 2013

* Implementation status of financial audit:

This report on financial results is exempt from audit procedures under the Financial Instruments and Exchange Act of Japan. As of the release of this report, an audit of consolidated financial statements pursuant to the law is in progress.

* Appropriate use of forecasts and other items warranting special mention:

(Note on the forecasts, etc.)

The operating result forecast and other forward-looking statements contained in this report are based on the information currently available to the Company and certain assumptions the Company considers reasonable, and the Company by no means guarantees such achievement. In addition, final results may differ significantly from forecasts due to a variety of factors. With regard to the assumptions for result forecasts, see P. 5 of the attached material, "1. Analysis of Operating Results/Financial Position (1) Analysis of Operating Results."

(How to obtain supplementary materials for financial results)

The Company is scheduled to hold the meeting for results briefing for institutional investors and analysts on Tuesday, May 19, 2015.

Supplementary materials for financial results to be delivered at such meeting are going to be posted on the website of the Company promptly after the meeting.

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1. Analysis of Operating Results/Financial Position

(1) Analysis of Operating Results

(i) Operating results for current consolidated fiscal year

Public investment continued at a high level and the earnings of large-scale manufacturing companies grew due to increased exports. Weakness was seen in housing investment and personal consumption, although repercussions from the consumption tax increase are finally easing. Amid continuing improvement in the employment/income environment, Japan's economy is expected to recover gradually due to various economic countermeasures and reduced crude oil prices, but there is fear of a downturn in the global economy depressing that of Japan.

Although the market environment for our Group remains harsh due to increasingly fierce competition, we are striving to improve profitability by creating original added value to achieve further growth and expand our global business by entering growing markets primarily in Asia.

In the System Segment, by increasing the added value of our flagship products – Electronic Article Surveillance Systems and Access Control Systems, developing new markets for RFID Systems, Retail Security Solution, Cloud-based Wireless LAN Systems – and establishing the Fire Protection System Business conducted in Thailand by Takachiho Fire, Security & Services (Thailand) Ltd. as a core business by expanding to the ASEAN region through the acquisition of Guardfire, we have endeavored to expand our global business. In the Device Segment Semiconductors Business, we have promoted the sale of telecom-related new products and enhancing board design proposals using a variety of semiconductors. In the Industrial Systems Business, we have focused on sales promotions in global markets by promoting the sale of Electronic Lock for overseas ATMs and establishing new sales channels for Mechanical Components in the U.S.

For operating results in the current consolidated fiscal year, sales decreased 3.9 percent YOY to 18,809 million yen, because System Segment sales were affected by the negative impact of the consumption tax increase that caused major customers to postpone capital investment whereas Device Segment sales, mainly to manufacturing companies, showed a favorable trend.

In terms of profit/loss status, although we reduced SG&A expenses by 1.9 percent YOY, we were unable to offset the impact of reduced sales and increased merchandise procurement costs caused by yen depreciation, resulting in decreased operating income of 33.2 percent YOY to 688 million yen and decreased ordinary income of 23.6 percent YOY to 865 million yen. Net income increased 4.3 percent YOY to 589 million yen because total corporate tax decreased as a result of reduced taxable income resulting from the impairment loss recorded in past fiscal years being included in deductible expenses for tax purposes as a consequence of the assignment of Non-current assets.

* Only the balance sheets of Guardfire Limited and Guardfire Singapore Pte. Ltd. were consolidated because December 31, 2014 (the year end closing date) is deemed as the acquisition date.

The Operating results of each Segment are as follows:

(System Segment)

System Segment sales decreased 12.7 percent YOY to 7,050 million yen and operating income, affected by increased procurement costs due to yen depreciation, resulted in a loss of 224 million yen, a decrease of 483 million yen YOY.

For Security Solution Products, sales decreased 9.3 percent YOY to 5,566 million yen, although sales of IP (Network) Cameras stayed firm, affected by the postponement of retail store openings and capital investment because of the prolonged sales slump following the rush in demand before the consumption tax increase.

For Other System Solution Products, sales decreased 23.4 percent YOY to 1,484 million yen, although sales of the Wireless LAN System increased, which is increasingly used, because of decreased sales of postal mailing equipment and a delay in developing special tags for RFID or moving large projects forward.

(Device Segment)

Device Segment sales increased 4.2 percent YOY to 9,441 million yen and operating income increased 26.2 percent YOY to 657 million yen.

For Semiconductors Products, sales decreased 5.4 percent YOY to 3,712 million yen, although sales continued to be strong in home appliances such as LCD televisions and printers, and electronic parts for semiconductor manufacturing equipment, because the market for game machines remained sluggish and that JAPAN MICRO ELECTRONICS K.K. was excluded from the scope of our consolidated subsidiaries.

For Mechanical Component Products, sales increased 11.5 percent YOY to 5,728 million yen because our sales of Mechanical Components for Japanese manufacturers' overseas ATMs stayed strong and, in addition to the products for the Amusement Market which continued to achieve increased sales volume, sales of Mechanical Components for OA Equipment remained firm.

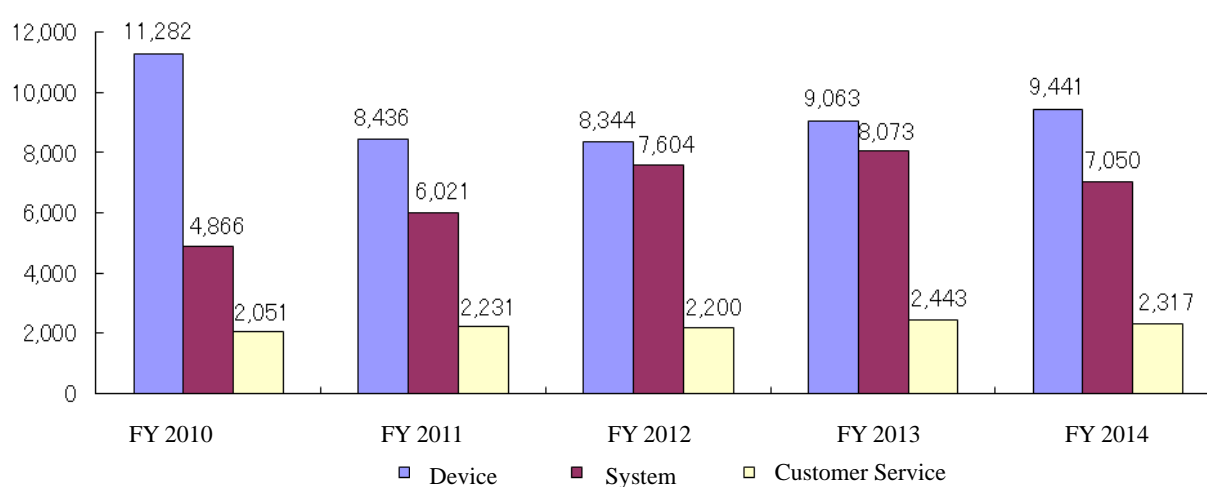
(Customer Service Segment)

Sales in the Customer Service Segment decreased 5.2 percent YOY to 2,317 million yen, despite stable maintenance revenue, due to lower installation fees resulting from decreased equipment sales in the System Segment. Operating income increased 0.4 percent YOY to 247 million yen as a result of our efforts in reducing SG&A expenses.

*Starting from the current consolidated fiscal year, Mailing Products are included in Other System Solution Products. As a result, sales of Other System Solution Products for the previous consolidated fiscal year increased 486 million yen.

Part of the business of Other System Solution Products is included in Security Solution Products. As a result, sales of Security Solution Products for the previous consolidated fiscal year increased 175 million yen.

(millions of yen) Sales by Segment



(ii) Forecast for the next fiscal year

The Japanese economy is expected to recover gradually due to improvement in the employment/income environment resulting from the recovery of corporate earnings in the export industry and the recovery of the global economy, as well as the impact of various economic countermeasures and reduced crude oil prices. While the U.S. economy is expected to continue to recover in private-sector demand, it is feared that the future outlook of the economies, geopolitical risks of Europe, China and emerging countries might depress the global economy, which still makes the overall situation unstable.

Under such circumstances, our Group, under the medium-term vision, “Create Original Added Value and Expand Our Global Business,” is striving to achieve further business growth.

Specifically, in the System Segment, we have been striving to increase the added value of existing business and expand the business of Takachiho Fire, Security & Services (Thailand) Ltd. and Mighty Card Corporation, and in November 2014, we made Guardfire Limited, a subsidiary, which are highly evaluated in their design capabilities and product supply capabilities, in the main markets for Fire protection systems for the POG* Business (energy-related plants for electric power generation and natural gas/petrochemical plants) in Southeast Asia. Through such efforts, we aim to boost the share of our Fire protection systems for the POG* Business in the ASEAN region which are expected to achieve big growth. At the same time, we intend to achieve growth by enhancing the synergy within the Group. In the Device Segment, we are planning to boost our share in the industrial equipment market through Analog ICs, our strength in the Semiconductors Business and reestablish our revenue base by expanding telecommunications/sensor market sales. In the Industrial Systems Business, which remained strong during the previous fiscal year, we are also planning to develop new markets in Japan, and expand sales in China and the U.S.

*Fire protection systems for the oil, gas, petrochemical and power generation industries.

For the result forecast for the next fiscal year, we expect net sales to be 23,000 million yen, ordinary income to be 1,160 million yen, and net income attributable to the shareholders of the parent company to be 630 million yen.

Sales forecasts by Segment are as follows:

	System	Device	Customer Service	Total
Net sales (million yen)	10,830	9,760	2,410	23,000
Rate of increase compared to FY 2014 (%)	53.6	3.4	4.0	22.3

*Includes sales of Guardfire Limited and Guardfire Singapore Pte. Ltd.

(2) Analysis of Financial Position

(i) Assets, liabilities and net assets

Total assets as of the end of the current consolidated fiscal year increased 542 million yen YOY to 19,839 million yen. This is because while goodwill increased 1,454 million yen and notes and accounts receivable–trade increased 786 million yen, cash and deposits decreased 1,574 million yen due to the purchase of Guardfire Limited, merchandise and finished goods and Land decreased 170 million yen and 167 million yen, respectively.

Liabilities decreased 61 million yen YOY to 4,892 million yen. This is because while notes and accounts payable–trade increased 265 million yen, income taxes payable decreased 285 million yen.

Net assets increased 603 million yen YOY to 14,947 million yen. This is mainly because retained earnings increased 444 million yen and the Valuation difference on available-for-sale securities increased 104 million yen. The Equity ratio increased 1.1 percent from the end of the previous consolidated fiscal year to 75.0 percent.

(ii) Cash flow

Cash and cash equivalents as of the end of the current consolidated fiscal year decreased 1,574 million yen (24.4%) YOY to 4,887 million yen.

(Cash flow from operating activities)

Cash flow from operating activities during the current consolidated fiscal year increased 767 million yen (157.4%) YOY to 1,255 million yen. This is mainly because net income before income taxes and minority interests amounted to 900 million yen with corporate tax, paid being 619 million yen and the decrease in accounts payable–trade being 130 million yen, whereas accounts receivable–trade decreased 517 million yen, inventory assets decreased 364 million yen and amortization of goodwill amounted to 264 million yen.

(Cash flow from investment)

Cash flow from investment during the current consolidated fiscal year decreased 2,298 million yen YOY to -2,650 million yen. This is mainly because while proceeds from sales of tangible fixed assets through the sale of unused land amounted to 170 million yen, the expenditure for the share acquisition of a subsidiary resulting from the purchase of Guardfire Limited accompanying a change to the scope of consolidation amounted to 2,679 million yen and the purchase of tangible fixed assets amounted to 96 million yen.

(Cash flow from financing activities)

Cash flow from financing activities during the current consolidated fiscal year decreased 24 million yen YOY to -230 million yen. This is due to the dividend payment of 235 million yen.

Index	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Equity ratio (%)	78.3	73.1	74.2	73.9	75.0
Equity ratio based on current market value (%)	53.3	47.9	47.3	54.4	50.3
Interest coverage ratio	788.6	1,145.2	464.2	262.3	937.1

Note: The above indexes are calculated according to the following formula:

Equity ratio = Shareholder's equity ÷ Total assets

Equity ratio based on the current market value = Market capitalization ÷ Total assets

Interest coverage ratio = Operating cash flow ÷ Interest expenses paid

1. Each index is calculated based on the consolidated financial numerical values.
2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares issued at the end of the fiscal year (after deduction of treasury shares).
3. Operating cash flow represents cash flow from operating activities. Interest expenses paid represent the relevant amount paid in the Consolidated Cash Flow Statements.

(3) Basic Policy for profit sharing and the Dividends for the current and next fiscal years:

The Company makes it its basic policy to pay dividends in a stable manner and considers it an important business challenge to return profits to our shareholders and to stably and continuously pay dividends. At the same time, we have focused on investment for future growth and through retained earnings for business expansion.

We are striving to expand into Asia based on the medium-term strategy "Expansion of our Global Business." During the current consolidated fiscal year, we acquired Guardfire Limited, which is highly evaluated for its design and product supply capabilities in the field of energy-related plants for electric power generation and natural gas/petrochemical plants in Southeast Asia.

* Fire protection systems for the oil, gas, petrochemical and power generation industries.

The year-end dividend for the current fiscal year will be 12 yen per share. Since we distributed an interim dividend of 12 yen per share, the total annual dividend will be 24 yen per share. We also plan to continue paying dividends twice a year with the record dates being September 30 and March 31 in the next fiscal year.

2. Corporate Group

Our Group consists of 14 companies, namely, the Company, 10 consolidated subsidiaries, 1 affiliated company, and 2 nonconsolidated subsidiaries. The Group carries out a variety of business operations, and is engaged in export, import and sale of products, and the provision of services such as installation, maintenance, system design and system operation subcontracting by seeking and securing high-tech electronics products from outstanding overseas manufacturers.

The Products currently handled by us are security systems, other system equipment, application software, semiconductor/electronic parts, mechanical components.

The Positioning of products and the correlation between segments and products in our business is as follows:

<System Segment>

(Security Solution Products)

Our Group is engaged in consulting and designing systems in the security of electronic article surveillance/video monitoring and selling retail security equipment such as electronic article surveillance systems, access control systems, surveillance cameras, monitoring video recording apparatuses and security tags, as well as store management equipment, such as customer traffic counters and operational support services. The Group conducts sales to a wide variety of customers in the retail and distribution industries, ranging from large-scale stores such as shopping centers to small stores such as drugstores. We are also engaged in designing/establishing Fire Protection Systems for the POG* Business and selling related equipment for office buildings, commercial facilities, power-generating energy-related plants, natural gas/petrochemical plants.

S-Cube k.k. develops and sells self-alarming tag systems for electronic article surveillance and carries out transactions with various customers, including hardware stores and electronic retail stores.

Takachiho Fire, Security & Services (Thailand) Ltd. of Thailand is engaged in consulting and designing systems in the security of electronic article surveillance/video monitoring and selling electronic article surveillance systems, access control systems, surveillance cameras, Fire Protection Systems.

Guardfire Limited and Guardfire Singapore Pte. Ltd. are engaged in the system design and sale of fire protection systems for the POG* Business in Southeast Asia.

*Fire protection systems for the oil, gas, petrochemical and power generation industries.

(Other System Solution Products)

Our Group is also engaged in designing/establishing cutting-edge electronics technology systems and selling related equipment, such as network system equipment, RFID library systems using IC tags, RFID tags for logistics/inventory control systems, related peripheral equipment and automated postal mail inserters (folding and inserting machines) capable of enclosing postal mail, printing addresses, sorting postal mail.

TK Communication Technology co., Ltd is engaged in consulting and designing systems in enclosing postal mail, printing addresses, sorting postal mail and selling automated postal mail inserters (folding and inserting machines) and Inkjet Printing Systems and comprehensive management systems for enclosing and sealing operations.

Mighty Card Corporation, as the leading RFID technology company in Japan, is engaged in the system development, sales of RFID Tags (contactless IC chips) and peripheral equipment (Reader/writer).

<Device Segment>

(Semiconductors Products)

Our Group is engaged in sales and consulting (design support for electronic equipment) of various types of semiconductors as represented by analog ICs, sensors such as silicon microphones and electronic parts. These products are used in various areas, such as industrial electronics equipment and information-telecommunications equipment including smartphones and portable video game consoles.

TAKACHIHO KOHEKI (H.K.) Ltd. and TAKACHIHO TRADING (SHANGHAI) Co., Ltd. are engaged in selling the above-mentioned products in China and Southeast Asia.

(Mechanical Component Products)

Our Group is engaged in selling and consulting in mechanical components that enhance safety, convenience and comfort, such as slide rails, gas springs and lifting systems. These products are used for opening and closing/withdrawal/safety mechanism (slide rails/gas springs/cylinder lock systems) of ATMs at financial institutions and convenience stores, withdrawal/lifting mechanism (slide rails/lifting systems) of built-in kitchen systems, paper feeding mechanism (slide rails/dampers) of copiers.

TAKACHIHO KOHEKI (H.K.) Ltd. and TAKACHIHO TRADING (SHANGHAI) CO., Ltd. are engaged in selling the above-mentioned products in China and Southeast Asia.

<Customer Service Segment>

Our Group is engaged in system design, delivery and installation, maintenance, subcontracting of system operations and operational surveillance services for various products handled in the System Segment.

To enhance customer satisfaction through a prompt response, we also offer services 24 hours a day, 365 days a year and from 300 service bases throughout Japan.

TK Communication Technology co., Ltd. is engaged in providing support services for delivery, installation, maintenance of postal mailing products and improving systems.

Correlation between Segment and Products:

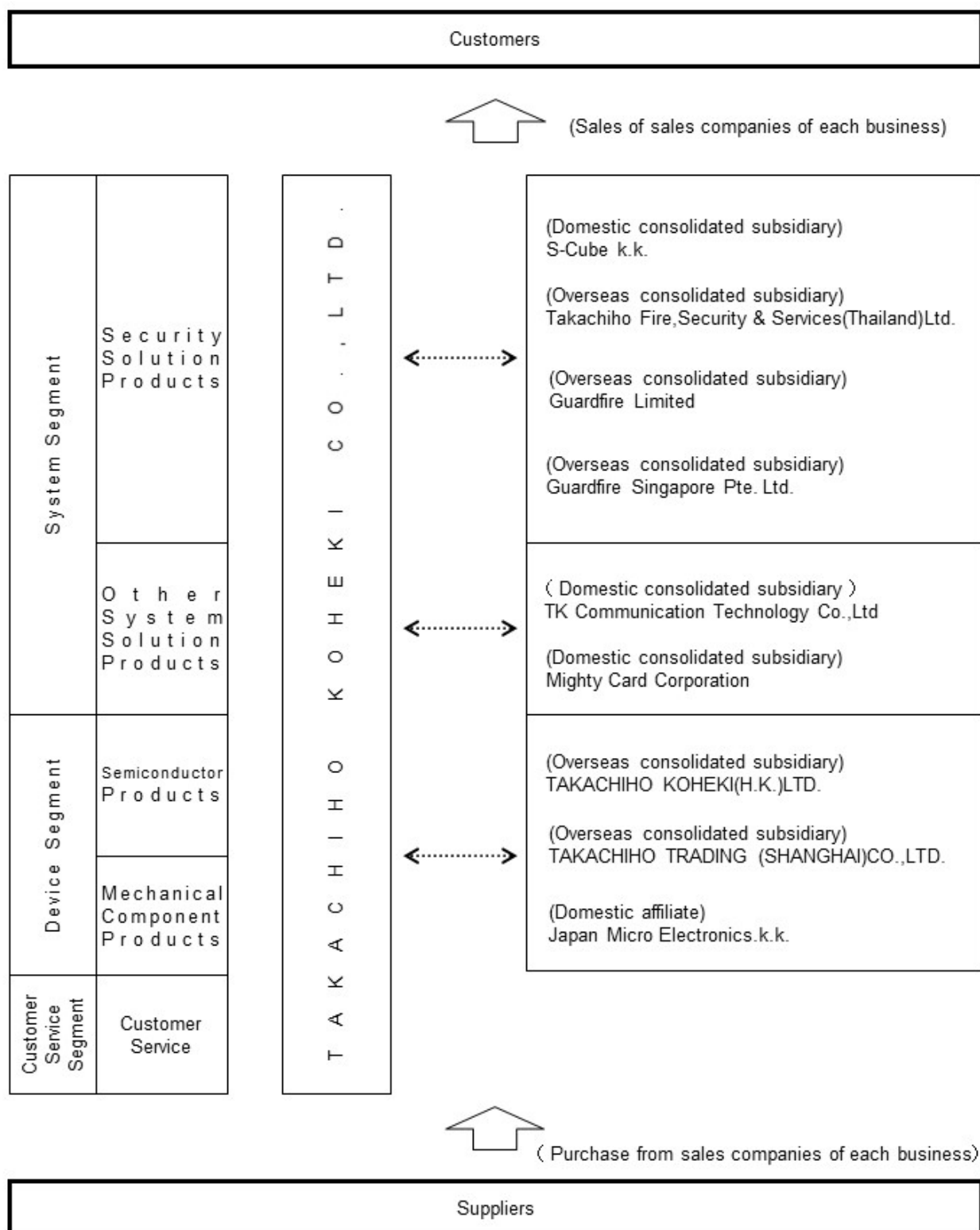
Segment	Contents of main businesses	Principal companies
Systems		
Security Solution Products	Sales and designing/establishment of various types of systems, such as electronic article surveillance systems (shoplifting prevention devices, sensor cable type alarm units, security tags, etc.), video monitoring systems, access control systems and fire protection systems for POG* Business *Fire protection systems for the oil, gas, petrochemical and power generation industries.	TAKACHIHO KOHEKI CO., LTD.
		S-Cube k.k.
		Takachiho Fire, Security & Services (Thailand) Ltd.
		Guardfire Limited
Other System Solution Products	Sales and designing/establishment of various types of systems, such as network system equipment, RFID library systems, RFID tags for logistics/inventory control systems, etc., related peripheral equipment and automated insertion systems (enclosing/sealing machines), etc.	TAKACHIHO KOHEKI CO., LTD.
		Mighty Card Corporation
		TK Communication Technology co., Ltd
Devices		
Semiconductor Products	Sales of various types of semiconductors (analog ICs, etc.), sensors (silicon microphones, etc.) and electronic parts	TAKACHIHO KOHEKI CO., LTD.
		Japan Micro Electronics k.k. Note 1
		TAKACHIHO KOHEKI (H.K.) Ltd.
		TAKACHIHO TRADING (SHANGHAI) CO., Ltd.
Mechanical Component Products	Sales of mechanical components, etc., for safety/labor saving, such as slide rails, gas springs, cylinder lock systems, dampers and lifting systems	TAKACHIHO KOHEKI CO., LTD.
		TAKACHIHO KOHEKI (H.K.) Ltd.
		TAKACHIHO TRADING (SHANGHAI) CO., Ltd.
Customer Service	System design, installation and maintenance, subcontracting of system operations and operational surveillance services for various products in the System Segment.	TAKACHIHO KOHEKI CO., LTD.
		TK Communication Technology co., Ltd

Notes: 1. Japan Micro Electronics k.k. is an equity method affiliate.

2. Terms such as product names and technical terminology:

- (1) Security Tags: Special tags attached to products that enable shoplifting prevention devices to work.
- (2) RFID Library systems: Systems that speed up lending/receiving operations, and automate and improve the efficiency of inventory control by attaching IC chips to books.
- (3) RFID Tags: Special tags with micro IC chips having product information and antennas built in.
- (4) Mail inserters (folding and inserting machines): Automated equipment for selection/enclosing and sealing operations of postal mail
- (5) Slide Rails: Metallic rails with ball bearings built in that enable the easy pulling of heavy loads or drawers.
- (6) Gas Springs: Using nitrogen gas, these springs enable heavy doors to be easily pulled upward or downward through the repulsion force of the gas (e.g., used to open/close the hatchback door of a car).
- (7) Dampers: Cushioning mechanisms that make use of oil viscosity resistance to absorb shock when opening or closing a drawer.

The overview of the Group's business is as follows:



Note: Dotted lines represent transactions within the Group.

3. Management Policies

(1) Basic management policies of the Company

The Company promotes its management based on the corporate philosophy of *creation* at the heart of our business activities and through its technological expertise. As a technology trading company, the company will pursue 3 principal goals: 1. Enhance customer satisfaction; 2. Gain worldwide trust by enhancing our technological expertise, skills and humanity; 3. Contribute to society by making concerted efforts for paving the way to a bright future.

Our Group, having set *Business Security* as its business concept, conducts business activities by maintaining *Safety/Security/Comfort* as a core mission. As a technology trading company, by leveraging our extensive track record and experience and providing highly-specialized solutions, we intend to enhance customer corporate value. In recognizing our CSR (Corporate Social Responsibility) as a corporate citizen and through the implementation of responsible, sincere and transparent business activities, our Group will promote management that can be trusted by all stakeholders and maintain and improve company's value.

(2) Targeted management indexes

Medium- to long-term management indexes will be determined based on the business environment.

(3) Medium-to long-term management strategies of the Company

With *Business Security* as its business concept, we conduct business in various industries such as finance, manufacturing, retail and information and telecommunications. Facing rapid changes in the economic environment, our management strategies also need to change correspondingly. Being confident that satisfying our customers through high-value added proposals is essential to our growth, we will promote the development of unique products and services by utilizing the creativity at the heart of our business activities. Under the slogan for growth strategy "Create original added value and Expand Our Global Business," we will aim to reinforce the revenue base of existing business and expand into newly growing global markets.

In addition to Takachiho Fire, Security & Services (Thailand) Ltd. in 2011 and Mighty Card Corporation in 2012, by integrating Guardfire Limited, which handles Fire protection systems for the POG* Business for large-scale plants in the ASEAN region, into us from the current consolidated fiscal year, we are endeavoring to expand sales both in Japan and overseas, as well as in our existing system business.

*Fire protection systems for the oil, gas, petrochemical and power generation industries.

(i) Business strategies: "The Business Security of Takachiho Koheki"

Understanding social needs for *Safety/Security/Comfort* and with *Business Security* as our business concept, we aim to achieve a business structure that ensures stable growth and high profitability. We are also considering making strategic investments from the perspectives of both acquisitions and business alliances.

System Segment

- a. Establish the Company's unique total security system combining EAS (Electronic Article Surveillance System) and surveillance cameras and expand overseas business;
- b. Expand the Retail Security Solution Business and RFID Business;
- c. Promote composite solutions for Access Control Systems and Camera Systems in office solutions and the Cloud-based Wireless LAN Service Business;
- d. Develop applications to meet new needs in the Printing/DM industries and expand sales of new inserters;
- e. Expand Fire protection systems for the POG* Business and Security Business in Thailand and the ASEAN region.

*Fire protection systems for the oil, gas, petrochemical and power generation industries.

Device Segment

- a. Strengthen sales activities in the industrial equipment market by promoting the product mix of analog products related to power supply and peripheral electronic parts;
- b. Expand the device business in the infrastructure system industrial equipment market;
- c. Develop new markets in Japan and overseas by developing and enhancing sales activities of mechanical components offering safe and comfortable motion;
- d. Develop overseas local business primarily in China.

Customer Service Segment

- a. Increase the number of repeat transactions through full after-sales service ranging from maintenance to system operational support.

(ii) Management structural reform: “High-performance management”

While endeavoring to achieve timely management and low-cost operations through improved productivity and efficiency, our Group will continue promoting high-performance management by efficiently using management resources through efforts to streamline financial operations.

- a. Achieve low-cost operations by reducing material procurement costs and SG&A expenses;
- b. Boost sales strength by expediting business processing and using IT (Information Technology) in a sophisticated manner;
- c. Improve the turnover rate of inventory assets through inventory reduction.

(iii) Efforts to be made for CSR activities

As stated in the basic management policies, as a corporate citizen targeting management that can be trusted by all stakeholders, our Group will make proactive efforts for CSR activities.

(4) Issues facing the Company

Aiming for further growth, our Group has continued to strive to achieve a firm revenue base, achieving results by not only lowering the break-even point through increased gross profit on sales and reduced SG&A expenses, but also by expanding existing and new business through enhanced added value and global business.

Gross profit margin decreased because of increased procurement costs due to last year’s yen depreciation and the consumption tax increase, and the system business was sluggish because of decreased capital investment in the retail industry due to unseasonable weather; therefore, there are still challenges in achieving a firm revenue base.

Under such circumstances, under the medium-term vision of *Create Original Added Value and Expand Our Global Business*, we will strive not only to strengthen our competitive edge in existing business, but also to develop new markets to achieve sustainable growth. We will also promote enhancing group power through M&A and development in growing overseas markets.

The issues to be solved for that purpose are as follows:

- (i) Boost revenues from existing business;
- (ii) Create new business;
- (iii) Expand our global business;
- (iv) Strengthen the organization and training for human resources;
- (v) Strengthen group management and business operations

4. Basic stance relating to the selection of accounting standards

Most stakeholders of the Group are domestic shareholders, creditors, and business partners. In addition to considering the fact with the rare need for overseas financing and some burden from developing a system for preparing consolidated financial statements based on International Financial Reporting Standards(IFRS), it is our principle for the time being to prepare consolidated financial statements based on the Japanese Accounting Standards.

Furthermore, taking into account the trend of foreign ownership and the trend of the application of International Financial Reporting Standards(IFRS) by other domestic companies in the same industry, we intend to consider applying the International Financial Reporting Standards.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: Millions of yen)

	Previous consolidated fiscal year (as of March 31, 2014)	Current consolidated fiscal year (as of March 31, 2015)
Assets		
Current assets		
Cash and deposits	7,212	5,637
Notes and accounts receivable - trade	5,821	6,608
Securities	500	700
Merchandise and finished goods	2,372	2,202
Deferred tax assets	155	124
Other	211	358
Allowance for doubtful accounts	(12)	(20)
Total current assets	16,261	15,609
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27	23
Land	334	166
Other, net	138	170
Total property, plant and equipment	*1,499	*1,360
Intangible assets		
Goodwill	758	2,213
Other	137	136
Total intangible assets	896	2,350
Investments and other assets		
Investment securities	*2,105	*2,102
Deferred tax assets	212	86
Other	378	420
Allowance for doubtful accounts	(3)	—
Total investments and other assets	1,639	1,519
Total non-current assets	3,036	4,229
Total assets	19,297	19,839

(Unit: Millions of yen)

	Previous consolidated fiscal year (as of March 31, 2014)	Current consolidated fiscal year (as of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,863	3,128
Income taxes payable	356	70
Provision for bonuses	287	281
Provision for directors' bonuses	20	14
Other	671	750
Total current liabilities	4,199	4,245
Non-current liabilities		
Long-term accounts payable - other	26	26
Net defined benefit liability	671	579
Other	56	41
Total non-current liabilities	754	646
Total liabilities	4,953	4,892
Net assets		
Shareholders' equity		
Capital stock	1,197	1,207
Capital surplus	1,160	1,169
Retained earnings	11,960	12,405
Treasury shares	(298)	(298)
Total shareholders' equity	14,020	14,483
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	189	293
Foreign currency translation adjustment	13	92
Re-measurements of defined benefit plans	40	9
Total accumulated other comprehensive income	242	396
Subscription rights to shares	27	15
Minority interests	53	51
Total net assets	14,343	14,947
Total liabilities and net assets	19,297	19,839

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

(Unit: Millions of yen)

	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Net sales	19,581	18,809
Cost of sales	14,220	13,873
Gross profit	5,360	4,935
Selling, general and administrative expenses	*1 4,330	*1 4,247
Operating income	1,030	688
Non-operating income		
Interest income	2	2
Dividend income	13	13
Foreign exchange gains	37	121
Insurance income	2	11
Compensation income	33	20
Share of profit of entities accounted for using equity method	—	0
Other	17	11
Total non-operating income	106	181
Non-operating expenses		
Interest expenses	1	1
Commission fee	1	1
Other	0	1
Total non-operating expenses	3	3
Ordinary income	1,133	865
Extraordinary income		
Gain on sales of non-current assets	—	2
Gain on sales of investment securities	4	0
Gain on reversal of subscription rights to shares	—	12
Settlement received	—	20
Total extraordinary income	4	35
Extraordinary losses		
Loss on sales of shares of subsidiaries	1	—
Loss on valuation of investment securities	6	—
Office transfer expenses	12	—
Total extraordinary losses	20	—
Income before income taxes and minority interests	1,117	900
Income taxes - current	538	220
Income taxes - deferred	(1)	85
Total income taxes	537	305
Income before minority interests	579	594
Minority interests in income	13	5
Net income	565	589

(Consolidated Statements of Comprehensive Income)

(Unit: Millions of yen)

	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Income before minority interests	579	594
Other comprehensive income		
Valuation difference on available-for-sale securities	50	104
Deferred gains or losses on hedges	(4)	—
Foreign currency translation adjustment	36	79
Re-measurements of defined benefit plans, net of tax	—	(30)
Total other comprehensive income	*1 83	*1 153
Comprehensive income	662	748
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	649	743
Comprehensive income attributable to minority interests	12	5

(3) Consolidated Statements of Changes in Net Assets

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

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,193	1,156	11,630	(298)	13,682
Changes of items during the period					
Issuance of new shares	3	3			7
Dividends from surplus			(234)		(234)
Net income			565		565
Acquisition of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity during the period					
Total changes of items during the period	3	3	330	(0)	337
Balance at the end of the period	1,197	1,160	11,960	(298)	14,020

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	138	2	(23)	—	118	23	42	13,867
Changes of items during the period								
Issuance of new shares								7
Dividends from surplus								(234)
Net income								565
Acquisition of treasury shares								(0)
Net changes of items other than shareholders' equity during the period (net)	50	(2)	36	40	124	3	10	138
Total changes of items during the period	50	(2)	36	40	124	3	10	476
Balance at the end of the period	189	—	13	40	242	27	53	14,343

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,197	1,160	11,960	(298)	14,020
Cumulative effects of changes in accounting policies			89		89
Restated balance	1,197	1,160	12,050	(298)	14,110
Changes of items during the period					
Issuance of new shares	9	9			19
Dividends from surplus			(235)		(235)
Net income			589		589
Net changes of items other than shareholders' equity during the period					
Total changes of items during the period	9	9	354	—	373
Balance at the end of the period	1,207	1,169	12,405	(298)	14,483

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	189	13	40	242	27	53	14,343
Cumulative effects of changes in accounting policies							89
Restated balance	189	13	40	242	27	53	14,433
Changes of items during the period							
Issuance of new shares							19
Dividends from surplus							(235)
Net income							589
Net changes of items other than shareholders' equity during the period	104	79	(30)	153	(11)	(1)	140
Total changes of items during the period	104	79	(30)	153	(11)	(1)	513
Balance at the end of the period	293	92	9	396	15	51	14,947

(4) Consolidated Statements of Cash Flow

(Unit: millions of yen)

	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Cash flow from operating activities		
Income before income taxes and minority interests	1,117	900
Depreciation	116	136
Loss (gain) on sales of investment securities	(4)	(0)
Loss (gain) on valuation of investment securities	6	—
Loss (gain) on sales of shares of subsidiaries	1	—
Gain on reversal of subscription rights to shares	—	(12)
Amortization of goodwill	254	264
Interest and dividend income	(16)	(15)
Interest expenses	1	1
Increase (decrease) in provision for bonuses	(9)	(18)
Increase (decrease) in provision for directors' bonuses	(7)	(6)
Increase (decrease) in allowance for doubtful accounts	(16)	3
Increase (decrease) in net defined benefit liability	(21)	(11)
Decrease (increase) in notes and accounts receivable - trade	(430)	517
Decrease (increase) in inventories	(356)	364
Increase (decrease) in notes and accounts payable - trade	245	(130)
Increase(decrease)in subscription rights to shares	4	2
Other, net	67	(137)
Subtotal	951	1,856
Interest and dividend income received	16	15
Interest expenses paid	(1)	(1)
Income taxes paid	(478)	(619)
Income taxes refund	—	4
Net cash provided by (used in) operating activities	487	1,255
Cash flow from investment		
Payments into time deposits	(50)	—
Purchase of property, plant and equipment	(50)	(96)
Proceeds from sales of property, plant and equipment	—	170
Purchase of investment securities	(238)	(23)
Proceeds from sales of investment securities	11	8
Purchase of intangible assets	(28)	(30)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(4)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(2,679)
Other, net	7	0
Net cash provided by (used in) investment	(352)	(2,650)
Cash flow from financing activities		
Cash dividends paid	(235)	(235)
Proceeds from issuance of common shares	6	17
Purchase of treasury shares	(0)	—
Proceeds from long-term loans payable	30	—
Repayments of lease obligations	(4)	(5)
Cash dividends paid to minority shareholders	(2)	(6)
Other, net	—	0
Net cash provided by (used in) financing activities	(205)	(230)
Effect of exchange rate change on cash and cash equivalents	25	51
Net increase (decrease) in cash and cash equivalents	(45)	(1,574)
Cash and cash equivalents at beginning of period	6,507	6,462
Cash and cash equivalents at end of period	*1 6,462	*1 4,887

(5) Note on going-concern assumption

Not applicable

(6) Significant matters constituting the basis for the preparation of consolidated financial statements

(i) Range of consolidation

a. Number of consolidated subsidiaries: 10 companies

Name of consolidated subsidiaries:

S-Cube k.k.

TK Communication Technology co., Ltd

TAKACHIHO KOHEKI (H.K.) Ltd.

TAKACHIHO TRADING (SHANGHAI) Co., Ltd.

Takachiho Fire, Security & Services (Thailand) Ltd.

Mighty Card Corporation

Guardfire Limited

Guardfire Singapore Pte. Ltd.

TK Thai Holdings Co., Ltd.

TK Fire Fighting Co., Ltd.

Among these companies, Guardfire Limited and Guardfire Singapore Pte. Ltd. were consolidated from the current consolidated fiscal year due to the acquisition of their shares in the same year, and TK Fire Fighting Co., Ltd. was consolidated from the current consolidated fiscal year due to its establishment. Only the balance sheets of Guardfire Limited and Guardfire Singapore Pte. Ltd. were consolidated because December 31, 2014 (the balance sheet date) is deemed as the acquisition date.

b. Non-consolidated subsidiaries

Name of non-consolidated subsidiaries:

TKTEC K.K.

Takachiho America, Inc.

Of these companies, Takachiho America, Inc. was newly established in the current consolidated fiscal year.

They are small companies with an insignificant effect, and are unconsolidated.

(ii) Application of equity method

a. Affiliated company accounted for by the equity method

Name of affiliated company under the application of equity method:

JAPAN MICRO ELECTRONICS K.K.

b. Non-consolidated subsidiaries not accounted for by equity method

Names of non-consolidated subsidiaries not accounted for by equity method:

TKTEC K.K.

Takachiho America, Inc.

Of these companies, Takachiho America, Inc. was newly established in the current consolidated fiscal year.

They are small companies with an insignificant effect, and are not accounted for by the equity method.

(iii) Fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, TAKACHIHO KOHEKI (H.K.) Ltd.; TAKACHIHO TRADING (SHANGHAI) Co., Ltd.; Guardfire Limited; and Guardfire Singapore Pte. Ltd. close accounts on December 31. In preparing the consolidated financial statements, their financial statements as of the same day were used. For significant transactions conducted from December 31 to the consolidated closing date, adjustments necessary for consolidation were made. Only the balance sheets of Guardfire Limited and Guardfire Singapore Pte. Ltd. were consolidated because December 31, 2014 (the balance sheet date) is deemed as the acquisition date.

(iv) Accounting criteria

a. Criteria and methods for evaluating significant assets

(A) Securities

i. Held-to-maturity bonds

Amortized cost method (straight line method)

ii. Other securities

Those with fair market value

Market value method, based on the market price as of the last day of the consolidated fiscal year (Appraisal differences are handled by means of the direct net asset influx method and their cost is based on the gross average method)

Those without fair market value

Evaluated at cost by gross average method

(B) Inventory

Mainly the cost method based on the moving average method (balance sheet values are calculated using the book value reduction method based on a decline in profitability)

b. Depreciation method of significant depreciable assets

(A) Property, plant and equipment (excluding leased assets)

The straight line method was used for tools, furniture and fixtures of the Company and some consolidated subsidiaries, while the declining balance method was used for buildings, structures and vehicles of the Company and property, plant and equipment of some consolidated subsidiaries.

For buildings acquired on or after April 1, 1998 (excluding building accessories), the straight line method was used.

main useful life:

Buildings and structures: 10-50 years

Tools, furniture, and fixtures: 2-20 years

With regard to property, plant, and equipment acquired on or before March 31, 2007, the method where they are equally depreciated for 5 years from the year after depreciation is completed up to upper limit of depreciable amount was used.

(B) Non-current intangible assets

The straight-line method was used.

The amortization period is the internally usable period (5 years) for software for internal use and the estimated effective life (3 years) for software for sale

(C) Leased assets

Leased assets associated with financial lease transactions that do not transfer ownership to the lessee

The straight-line method was used, assuming the lease period as the useful life and no residual value.

c. Criteria for provision of significant allowance and reserves

(A) Allowance for doubtful accounts

To prepare for credit losses, an allowance equal to the estimated amount of uncollectable claims was provided.

i. General claims

The method based on actual percentage of bad debts was used

ii. Doubtful claims, claims in bankruptcy and reorganization claims

An allowance equal to the estimated amount of uncollectable claims was provided after reviewing the collectability of each claim.

(B) Provision for bonuses

To prepare for the payment of bonuses to employees, among the estimated amount to be paid in the future, the portion attributable to the current consolidated fiscal year was provided.

(C) Provision for directors' bonuses

To prepare for the payment of bonuses to directors, among the estimated amount to be paid in the future, the portion attributable to the current consolidated fiscal year was provided.

d. Criteria for recording liabilities associated with retirement benefits

To prepare for the payment of retirement allowances to employees, based on the retirement benefit obligations and pension assets estimated at end of the current consolidated fiscal year, the amount recognized to accrue at the end of the current consolidated fiscal year was recorded. In calculating the retirement benefit obligations, estimated retirement benefits were attributed to the period until the end of the current consolidated fiscal year, based on the benefit formula.

The Past service liability distributed by specific years (5 years) within the average remaining service period of employees as of its occurrence was expensed.

Actuarial differences distributed by specific years (5 years) within the average remaining service period of employees as of their occurrence were expensed from the following consolidated fiscal year.

Unrecognized actuarial differences and past service cost were recorded at re-measurements of defined benefit plans of accumulated other comprehensive income in the net assets after the adjustment of tax effects.

to prepare for the payment of retirement allowances to executive officers, the base amount at end of the current consolidated fiscal year was recorded according to the internal rules on executive officers.

e. Criteria for recognizing significant revenues and expenses

Criteria for recognizing amount and cost of completed works

(A) Works that will have a certain portion completed by end of the current consolidated fiscal year are recognized

Percentage of completion basis

(B) Other works

Completion basis

f. Criteria for converting significant foreign currency assets or liabilities into Japanese yen

Foreign currency monetary claims and liabilities are converted into Japanese yen at the exchange rate at the end of the consolidated fiscal year and differences in conversion are recorded in profit or loss. Assets and liabilities and income and expenses of foreign subsidiaries are converted into Japanese yen at the rate of the closing date and differences in conversion are recorded in the foreign currency translation adjustment of the net assets

g. Amortization method and period of goodwill

Goodwill was equally amortized over 5 years.

h. Scope of cash in consolidated cash flow statements

Cash in the consolidated cash flow statements (cash and cash equivalents) include cash on hand, deposits that can be withdrawn at any time and liquid short-term investments with little risk of fluctuation in value with a period to maturity of 3 months or less

i. Other significant matters for the preparation of consolidated financial statements

Accounting treatment of consumption taxes

Consumption tax and local consumption tax are accounted for on a tax-excluded basis and non-deductible

consumption tax and local consumption tax are accounted for as an expense in the current consolidated fiscal year.

(7) Changes in Accounting Policies

(Application of the Accounting Standards for Retirement Benefits)

For the “Accounting standards for retirement benefits” (ASBJ Statement No. 26 of May 17, 2012, hereinafter called “Retirement benefit accounting standards”) and the “Guidance on accounting standards for retirement benefits” (ASBJ Guidance No. 25 of March 26, 2015, hereinafter called “Retirement benefit guidance”), we have applied the provisions stipulated in Clause 35 of the retirement benefit accounting standards and Clause 67 of the retirement benefit guidance from the beginning of the current consolidated fiscal year, and have reviewed the calculation methods for retirement benefit obligations and service cost. The method for allocating estimated retirement benefits to periods was changed from a fixed amount method to a benefit formula. The discount rate was changed from a discount rate based on the number of years approximating the employees’ average remaining service period to a single weighted average discount rate reflecting the estimated period of benefit payments and the amount for each estimated period.

For the application of the retirement benefit accounting standards, in accordance with the provisional treatment set out in Clause 37 of the retirement benefit accounting standards, the effects of changes in calculation methods for PBOs and service cost were added to or reduced from retained earnings at the beginning of the current consolidated fiscal year.

As a result, retirement benefit obligations decreased 138 million yen at the beginning of the current consolidated fiscal year, while retained earnings increased 89 million yen. The changes in accounting policies had an insignificant effect on operating income, ordinary income and net income before income taxes.

(8) Notes on Consolidated Financial Statements
(Consolidated Balance Sheet)

*1 Accumulated depreciation of property, plant and equipment

	Previous consolidated fiscal year (as of March 31, 2014)	Current consolidated fiscal year (as of March 31, 2015)
	694 million yen	787 million yen

*2 Item related to non-consolidated subsidiaries and affiliated companies

	Previous consolidated fiscal year (as of March 31, 2014)	Current consolidated fiscal year (as of March 31, 2015)
Investment securities (Consolidated Income Statements)	43 million yen	65 million yen

*1 Major expenses and amounts of selling, general and administrative expenses

	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
	million yen	million yen
Salary and allowances	1,490	1,474
Provision for bonuses	267	236
Provision for directors' bonuses	25	14
Retirement benefit cost	76	47
Rent	416	416
Depreciation	90	108

(Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustment and tax effects related to other comprehensive income

	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Valuation difference on available-for-sale securities:	million yen	million yen
Current accrued amount	79	144
Reclassification adjustment	(3)	—
Before adjustment of tax effect	75	144
Tax effects	(25)	(40)
Valuation difference on available-for-sale securities	50	104
Deferred gains or losses on hedges:		
Current accrued amount	(6)	—
Tax effects	2	—
Deferred gains or losses on hedges	(4)	—
Foreign currency translation adjustment:		
Current accrued amount	36	79
Re-measurements of defined benefit plans:		
Current accrued amount	—	(8)
Reclassification adjustment	—	(38)
Before adjustment of tax effect	—	(47)
Tax effects	—	17
Re-measurements of defined benefit plans	—	(30)
Total other comprehensive income	83	153

(Consolidated Statements of Changes in Net Assets)

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

1. Type and total number of shares issued and type and number of treasury shares

	Number of shares at the beginning of the current consolidated fiscal year (shares)	Increase in shares during the current consolidated fiscal year (shares)	Decrease in shares during the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Shares issued				
Common stock (Note) 1	10,140,300	7,500	—	10,147,800
Total	10,140,300	7,500	—	10,147,800
Treasury shares				
Common stock (Note) 2	349,717	90	—	349,807
Total	349,717	90	—	349,807

(Note) 1. A 7,500 share increase in total number of issued common stock is due to the new shares issued upon exercise of subscription rights to shares

(Note) 2. A 90 share increase in common stock for treasury is due to the purchase of shares less than 1 unit.

2. Subscription rights to shares and treasury subscription rights to shares

Segment	Breakdown of subscription rights to shares	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (share)				Balance at the end of the current consolidated fiscal year (million yen)
			Beginning of the current consolidated fiscal year	Increase during the current consolidated fiscal year	Decrease during the current consolidated fiscal year	End of the current consolidated fiscal year	
TAKACHIHO KOHEKI CO., LTD.	Subscription rights to shares as stock option	—	—	—	—	—	27
Total		—	—	—	—	—	27

3. Dividends

(1) Dividends paid

(Resolution)	Type of stock	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Annual shareholder's meeting held on June 26, 2013	Common stock	117	12.00 yen	March 31, 2013	June 27, 2013
Board of directors' meeting held on November 7, 2013	Common stock	117	12.00 yen	September 30, 2013	December 4, 2013

(2) Among dividends whose record date belongs to the current consolidated fiscal year, those whose effective date falls in the next consolidated fiscal year

(Resolution)	Type of stock	Total dividends (million yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
Annual shareholder's meeting held on June 26, 2014	Common stock	117	Retained earnings	12.00 yen	March 31, 2014	June 27, 2014

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

1. Type and total number of shares issued and type and number of treasury shares

	Number of shares at the beginning of the current consolidated fiscal year (shares)	Increase in shares during the current consolidated fiscal year (shares)	Decrease in shares during the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Shares issued				
Common stock (Note)	10,147,800	19,500	—	10,167,300
Total	10,147,800	19,500	—	10,167,300
Treasury shares				
Common stock	349,807	—	—	349,807
Total	349,807	—	—	349,807

(Note) A 19,500-share increase in total number of issued common stock is due to the new shares issued upon exercise of subscription rights to shares.

2. Subscription rights to shares and treasury subscription rights to shares

Segment	Breakdown of subscription rights to shares	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (share)				Balance at the end of the current consolidated fiscal year (million yen)
			Beginning of the current consolidated fiscal year	Increase during the current consolidated fiscal year	Decrease during the current consolidated fiscal year	End of the current consolidated fiscal year	
TAKACHIHO KOHEKI CO., LTD.	Subscription rights to shares as stock option	—	—	—	—	—	15
Total		—	—	—	—	—	15

3. Dividends

(1) Dividends paid

(Resolution)	Type of stock	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Annual shareholder's meeting held on June 26, 2014	Common stock	117	12.00 yen	March 31, 2014	June 27, 2014
Board of directors' meeting held on November 7, 2014	Common stock	117	12.00 yen	September 30, 2014	December 3, 2014

(2) Among dividends whose record date belongs to the current consolidated fiscal year, those whose effective date falls in the next consolidated fiscal year

(Resolution)	Type of stock	Total dividends (million yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
Annual shareholder's meeting held on June 26, 2015	Common stock	117	Retained earnings	12.00 yen	March 31, 2015	June 29, 2015

(Consolidated Cash Flow Statements)

*1 Relationship between ending balance of cash and cash equivalents and amounts of accounts stated on the consolidated balance sheet

	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
	million yen	million yen
Cash and deposits account	7,212	5,637
Negotiable deposits in the securities account	500	500
Fixed deposits for more than 3 months	(1,250)	(1,250)
Cash and cash equivalents	6,462	4,887

(Segment Information, etc.)

[Segment Information]

Summary of reporting segments

Our group's reporting segments are that among components of our group separated financial information is available, and they are regularly reviewed by the board of directors to evaluate decisions concerning the allocation of management resources and business results.

Our group establishes organizational units suited to the characteristics of products/services and prepares comprehensive strategies for Japan and overseas.

Therefore, our group is composed of segments based on the characteristics of products/services. The three reporting segments are System, Device and Customer Service.

The Systems segment provides consulting of system equipment and design, sale and operational services for systems, in particular security products. The Device segment sells products such as semiconductors and mechanical components and offers consulting services for these products. The Customer Service segment delivers/install System products and provides maintenance and solution services.

2. Methods for calculating amounts of sales, profit or loss, assets, liabilities and other items for each reporting segment

Reported accounting methods for business segments are almost the same as those described in the significant matters constituting the basis for the preparation of the consolidated financial statements

3. Information concerning amounts of sales, profit or loss, assets, liabilities and other items for each reporting segment

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

(Unit: millions of yen)

	System	Device	Customer Service	Total	Adjustments (Note) 1	Amount stated on the consolidated financial statements (Note) 2
Sales						
Sales to external customers	8,073	9,063	2,443	19,581	—	19,581
Internal sales and transfers between segments	—	—	—	—	—	—
Total	8,073	9,063	2,443	19,581	—	19,581
Segment profit	258	520	245	1,025	4	1,030
Segment assets	6,680	3,943	494	11,118	8,179	19,297
Other items						
Depreciation	46	8	3	59	57	116
Amortization of goodwill	254	—	—	254	—	254
Increases in property, plant and equipment and non-current intangible assets	44	5	0	50	45	95

(Note) 1. Adjustments are as follows:

- (1) Adjustments to segment profit of 4 million yen are consolidation adjustments.
- (2) Adjustments to segment assets of 8,179 million yen include the consolidation adjustment of 0 million yen and the whole-company assets of 8,179 million yen not allocated to reporting segments. The whole-company assets mainly represent surplus working assets (cash and securities), funds for long-term investment (investment securities) and assets related to administrative departments such as the general affairs department.
- (3) Adjustments to depreciation of 57 million yen are mainly depreciation of assets related to administrative departments such as the general affairs department.
- (4) Adjustments to increases in property, plant and equipment and intangible fixed assets of 45 million yen are mainly increased assets related to administrative departments such as the general affairs department.

(Note) 2. Segment profit is reconciled to operating income on the consolidated income statements

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

(Unit: millions of yen)

	System	Device	Customer Service	Total	Adjustments (Note) 1	Amount stated on the consolidated financial statements (Note) 2
Sales						
Sales to external customers	7,050	9,441	2,317	18,809	—	18,809
Internal sales or transfers between segments	—	—	—	—	—	—
Total	7,050	9,441	2,317	18,809	—	18,809
Segment profit or loss	(224)	657	247	679	8	688
Segment assets	9,199	4,203	606	14,009	5,830	19,839
Other items						
Depreciation	46	25	2	74	61	136
Amortization of goodwill	264	—	—	264	—	264
Increase in property, plant and equipment and non-current intangible assets	27	74	1	103	32	136

(Note) 1. Adjustments are as follows:

- (1) Adjustments to segment profit or loss of 8 million yen are consolidated adjustments.
- (2) Adjustments to segment assets of 5,830 million yen include consolidated adjustments of 1 million yen and the whole-company assets of 5,828 million yen not attributed to reporting segments. The whole-company assets mainly represent surplus working capital (cash and securities), funds for long-term investment (investment securities) and assets related to administrative departments such as the general affairs department.
- (3) Adjustments to depreciation of 61 million yen are mainly depreciation of assets related to administrative departments such as the general affairs department.
- (4) Adjustments to increase in property, plant and equipment and non-current intangible assets of 32 million yen are mainly increases in assets related to administrative departments such as the general affairs department.

(Note) 2. Segment profit or loss is reconciled to operating income on the consolidated income statements.

[Related Information]

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

1. Information by product and service

Description is omitted because product and service segments are the same as reporting segments.

2. Information by region

(1) Sales

(Unit: millions of yen)

Japan	Asia	Other	Total
16,341	3,128	111	19,581

(Note) 1 Sales are classified by country or region, based on the location of customers.

2 Method for classifying country or region

Based on the geographic proximity

3 Major countries or regions in segments

Asia: countries in East and South East

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan is above 90% of that in the consolidated balance sheet.

3. Information by major customer

Description is omitted because among sales to external customers, there are no sales to a specific customer accounting for 10% or more of sales in the consolidated income statements.

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

1. Information by product and service

Description is omitted because product and service segments are the same as reporting segments.

2. Information by region

(1) Sales

(Unit: millions of yen)

Japan	Asia	Other	Total
14,581	4,022	205	18,809

(Note) 1 Sales are classified by country or region, based on the location of customers.

2 Method for classifying country or region

Based on the geographic proximity

3 Major countries or regions in segments

Asia: countries in East and South East

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan is above 90% of that in the consolidated balance sheet.

3. Information by major customer

Description is omitted because among sales to external customers, there are no sales to a specific customer accounting for 10% or more of sales in the consolidated income statements.

(Business Combination, etc.)

1. Business combination through acquisition (Guardfire Limited)

(1) Summary of business combination

(i) Name and business activities of acquired company

Name of acquired company: Guardfire Limited

Business activities: design and sale of fire protection systems for the POG* Business

(ii) Main reasons for business combination

Our group seeks to expand business in Asia with the “expansion of global business” as part of the medium-term strategy.

The Company has operated the fire protection system business and security business through Takachiho Fire, Security & Services (Thailand) Ltd. in Thailand. We also made Guardfire Limited and other companies subsidiaries in November 2014. In major markets for fire protection systems for the POG* Business in Southeast Asia, Guardfire Limited is appreciated for its design capability and product supply capability. This is intended to increase market share in the ASEAN region and establish fire protection systems for the POG* business as a core business.

* Fire protection systems for The oil, gas, petrochemical and power generation industries.

(iii) Date of business combination

November 30, 2014 (acquisition date of shares)

December 31, 2014 (deemed date of acquisition)

(iv) Legal form of business combination

Acquisition of shares in exchange for cash

(v) Name of acquired company after business combination

No change

(vi) Ownership ratio of voting rights acquired

Ownership ratio of voting rights before the acquisition of shares: 0.00%

Ownership ratio of voting rights after the acquisition of shares: 100% (of which, 51.00% is indirectly owned)

(vii) Main reason for determining acquired company

Our group has a majority of the voting rights and controls the decision making body.

(2) Period of business results of the acquired company reflected in the consolidated financial statements

Business results for the acquired company are not reflected in the consolidated income statements for the current consolidated fiscal year because the deemed date of acquisition is December 31, 2014, and the closing date of acquired company is December 31, 2014.

(3) Acquisition cost of acquired company and breakdown

Compensation for the acquisition	Cash	2,902 million yen
<u>Expenses directly associated with the acquisition</u>	<u>Consulting fee, etc.</u>	<u>69 million yen</u>
Acquisition cost		2,971 million yen

The acquisition cost and the breakdown thereof were provisionally calculated at the end of the current consolidated fiscal year based on the available and rational information.

(4) Amount, cause and amortization method and period of accrued goodwill

(i) Amount of accrued goodwill

1,693 million yen

The amount of goodwill was provisionally calculated, based on the available and rational information, because the attribution of the acquisition cost had yet to be completed at the end of the current consolidated fiscal year.

(ii) Cause

The accrued goodwill is due to expected future excess earning power.

(iii) Amortization method and period

Equally amortized over 8 years

(5) Assets acquired and liabilities assumed on the date of business combination and the breakdown thereof

Current assets	1,739	million yen
Non-current assets	26	
Total assets	1,766	
Current liabilities	421	
Non-current liabilities	51	
Total liabilities	472	

(6) The Approximate effects of business combination on the consolidated income statements for the current consolidated fiscal year and their calculation method on the assumption that the business combination was completed on the first day of the current consolidated fiscal year

Sales	2,182	million yen
Operating income	20	
Ordinary income	177	
Income before income taxes and minority interests	177	
Net income	97	
Net income per share	9.90 yen	

(Method for calculating the approximate amounts)

The approximate amounts are based on values of sales and profit or loss of the acquired company corresponding to the current consolidated fiscal year. The goodwill recognized at the business combination was deemed as those accruing at the beginning of the consolidated fiscal year and its amortization was reflected. The note is not subject to audit certification.

2. Business combination by acquisition (Guardfire Singapore Pte. Ltd.)

(1) Summary of business combination

(i) Name and business activities of acquired company

Name of acquired company: Guardfire Singapore Pte. Ltd.

Business activities: design and sale of fire protection systems for POG* Business

(ii) Main reasons for business combination

Our group seeks to expand business in Asia with the “expansion of global business” as part of the medium term strategy.

The Company has operated the fire protection system business and security business through Takachiho Fire, Security & Services (Thailand) Ltd. in Thailand. We also made Guardfire Limited and other companies subsidiaries in November 2014. In major markets for fire protection systems for the POG* Business in Southeast Asia, Guardfire Limited is appreciated for its design capability and product supply capability. This is intended to increase market share in the ASEAN region and establish fire protection systems for the POG* business as a core business.

*Fire protection systems for the oil, gas, petrochemical and power generation industries.

(iii) Date of business combination

November 30, 2014 (Acquisition date of shares)

December 31, 2014 (Deemed date of acquisition)

(iv) Legal form of business combination

Acquisition of shares in exchange for cash

(v) name of acquired company after business combination

No change

(vi) Ownership ratio of voting rights acquired

Ownership ratio of voting rights before the acquisition of shares: 0.00%

Ownership ratio of voting rights after the acquisition of shares: 100%

(vii) Main reason for determining acquired company

The Company acquired all the shares.

(2) Period of business results of acquired company reflected in the consolidated financial statements

Business results for the acquired company are not reflected in the consolidated income statements for the current consolidated fiscal year because the deemed date of acquisition is December 31, 2014, and the closing date of acquired company is December 31, 2014.

(3) Acquisition cost of acquired company and breakdown

Compensation for the acquisition	Cash	267 million yen
<u>Expenses directly associated with the acquisition</u>	<u>Consulting fee, etc.</u>	<u>12 million yen</u>
Acquisition cost		279 million yen

The acquisition cost and the breakdown thereof were provisionally calculated at the end of the current consolidated fiscal year, based on the available and rational information.

(4) Amount, cause and amortization method and period of accrued goodwill

(i) Amount of accrued goodwill

3 million yen

The amount of goodwill was provisionally calculated, based on the available and rational information, because the attribution of the acquisition cost had yet to be completed at the end of the current consolidated fiscal year.

(ii) Cause

The accrued goodwill is due to expected future excess earning power.

(iii) Amortization method and period

Equally amortized over 8 year

(5) Assets acquired and liabilities assumed on the date of business combination and the breakdown thereof

Current assets	295 million yen
Non-current assets	-
Total assets	<u>295</u>
Current liabilities	21
Non-current liabilities	-
Total liabilities	<u>21</u>

(6) The Approximate effects of business combination on the consolidated income statements for the current consolidated fiscal year and their calculation method on the assumption that the business combination was completed on the first day of the current consolidated fiscal year

Description is omitted because of the insignificance of the amounts.

(Per Share Information)

Item	Previous consolidated fiscal year	Current consolidated fiscal year
Net assets per share	1,455.71 yen	1,515.65 yen
Net income per share	57.76 yen	60.13 yen
Fully diluted net income per share	57.71 yen	59.96 yen

(Note) 1. Basis for calculating net assets per share:

Item	Previous consolidated fiscal year year (as of March 31, 2014)	Current consolidated fiscal year year (as of March 31, 2015)
Total net assets in the consolidated balance sheet (million yen)	14,343	14,947
Net assets associated with common stock (million yen)	14,263	14,879
Major breakdown items of differences (million yen)		
Subscription rights to shares	27	15
Minority interests	53	51
Number of issued common stock (thousand shares)	10,147	10,167
Number of common stock for treasury (thousand shares)	349	349
Number of common stock used to calculate net assets per share (thousand shares)	9,797	9,817

2. Basis for calculating net income per share and fully diluted net income per share:

Item	Previous consolidated fiscal year fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year fiscal year (from April 1, 2014 to March 31, 2015)
Net income in the consolidated income statements (million yen)	565	589
Net income associated with common stock (million yen)	565	589
Amount not attributable to common stockholders (million yen)	—	—
Average number of common stock during the period (thousand shares)	9,790	9,810
Fully diluted net income per share		
Adjustments to net income (million yen)	—	—
Increases in common stock used to calculate fully diluted net income per share (thousand shares)	9	27
Subscription rights to shares		
Summary of dilutive shares not included to calculate fully diluted net income per share because of no dilutive effect	Stock options granted by a resolution of the board of directors on July 17, 2009 (Subscription rights to shares: 51 units) Common stock: 76,000 shares Stock options granted by a resolution of the board of directors on July 19, 2013 (Subscription rights to shares: 55 units) Common stock: 82,000 shares	—

(Significant Subsequent Event)

Not applicable

6. Non-consolidated Financial Statements

(1) Balance sheet

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	6,022	3,539
Notes receivable - trade	856	672
Electronically recorded monetary claims - operating	230	301
Accounts receivable - trade	3,237	3,214
Securities	500	700
Merchandise and finished goods	1,626	1,305
Short-term loans receivable	—	841
Deferred tax assets	115	92
Other	224	362
Allowance for doubtful accounts	(0)	(16)
Total current assets	12,814	11,012
Non-current assets		
Property, plant and equipment		
Buildings, net	12	10
Tools, furniture and fixtures, net	99	136
Land	334	166
Other, net	8	7
Total property, plant and equipment	455	320
Intangible assets		
Investments and other assets		
Investment securities	1,007	946
Shares of subsidiaries and associates	2,013	4,569
Deferred tax assets	218	73
Other	610	664
Allowance for doubtful accounts	(3)	(0)
Total investments and other assets	3,846	6,254
Total non-current assets	4,410	6,670
Total assets	17,224	17,682

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes payable - trade	141	103
Electronically recorded obligations - operating	356	449
Accounts payable - trade	1,790	1,661
Income taxes payable	205	9
Provision for bonuses	225	209
Provision for directors' bonuses	16	9
Other	430	521
Total current liabilities	3,167	2,964
Non-current liabilities		
Long-term accounts payable - other	26	26
Provision for retirement benefits	663	462
Other	12	17
Total non-current liabilities	702	506
Total liabilities	3,870	3,470
Net assets		
Shareholders' equity		
Capital stock	1,197	1,207
Capital surplus		
Legal capital surplus	1,159	1,169
Other capital surplus	0	0
Total capital surpluses	1,160	1,169
Retained earnings		
Legal retained earnings	198	198
Other retained earnings		
General reserve	9,395	9,395
Retained earnings brought forward	1,485	2,229
Total retained earnings	11,078	11,823
Treasury shares	(298)	(298)
Total shareholders' equity	13,138	13,901
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	189	293
Total valuation and translation adjustments	189	293
Subscription rights to shares	27	15
Total net assets	13,354	14,211
Total liabilities and net assets	17,224	17,682

(2) Income Statements

(Unit: millions of yen)

	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from March 31, 2014 to March 31, 2015)
Net sales	14,785	14,710
Cost of sales	11,238	11,222
Gross profit	3,546	3,487
Selling, general and administrative expenses	2,818	2,746
Operating income	728	741
Non-operating income		
Interest income	18	27
Dividend income	144	174
Foreign exchange gains	39	127
Insurance income	2	11
Other	3	3
Total non-operating income	209	345
Non-operating expenses		
Interest expenses	0	1
Commission fee	1	1
Other	0	0
Total non-operating expenses	2	3
Ordinary income	935	1,083
Extraordinary income		
Gain on sales of non-current assets	—	2
Gain on sales of investment securities	4	0
Gain on sales of shares of subsidiaries	25	1
Gain on reversal of subscription rights to shares	—	12
Total extraordinary income	29	17
Extraordinary losses		
Loss on valuation of investment securities	6	—
Total extraordinary losses	6	—
Income before income taxes	958	1,100
Income taxes - current	327	130
Income taxes - deferred	1	79
Total income taxes	328	210
Net income	630	890

(3) Statements of Changes in Net Assets

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

(Unit: millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at the beginning of the period	1,193	1,156	0	1,156	198	9,395	1,089	10,683
Changes of items during the period								
Issuance of new shares	3	3		3				
Dividends from surplus							(234)	(234)
Net income							630	630
Acquisition of treasury shares								
Net changes of items other than shareholders' equity during the period								
Total changes of items during the period	3	3	—	3	—	—	395	395
Balance at the end of the period	1,197	1,159	0	1,160	198	9,395	1,485	11,078

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of the period	(298)	12,735	138	138	23	12,898
Changes of items during the period						
Issuance of new shares		7				7
Dividends from surplus		(234)				(234)
Net income		630				630
Acquisition of treasury shares	(0)	(0)				(0)
Net changes of items other than shareholders' equity during the period			50	50	3	54
Total changes of items during the period	(0)	402	50	50	3	456
Balance at the end of the period	(298)	13,138	189	189	27	13,354

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

(Unit: millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at the beginning of the period	1,197	1,159	0	1,160	198	9,395	1,485	11,078
Cumulative effects of changes in accounting policies							89	89
Restated balance	1,197	1,159	0	1,160	198	9,395	1,574	11,168
Changes of items during the period								
Issuance of new shares	9	9		9				
Dividends from surplus							(235)	(235)
Net income							890	890
Net changes of items other than shareholders' equity during the period								
Total changes of items during the period	9	9	—	9	—	—	654	654
Balance at the end of the period	1,207	1,169	0	1,169	198	9,395	2,229	11,823

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of the period	(298)	13,138	189	189	27	13,354
Cumulative effects of changes in accounting policies		89				89
Restated balance	(298)	13,227	189	189	27	13,444
Changes of items during the period						
Issuance of new shares		19				19
Dividends from surplus		(235)				(235)
Net income		890				890
Net changes of items other than shareholders' equity during the period			104	104	(11)	92
Total changes of items during the period	—	673	104	104	(11)	766
Balance at the end of the period	(298)	13,901	293	293	15	14,211

7. Other

(1) Purchases, orders received and sales

(i) Actual results of purchases

(Unit: millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
System	5,295	4,218
Device	7,059	7,272
Customer Service	1,540	1,437
Total	13,895	12,928

(ii) Actual results of orders received

(Unit: millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)		Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)	
	Orders received	Backlog of orders	Orders received	Backlog of orders
System	8,931	1,640	8,007	2,693
Device	9,296	1,456	9,531	1,514
Customer Service	1,367	491	1,328	507
Total	19,595	3,587	18,866	4,715

(Note) With regard to technical services incidental to the timing of product sales, orders received are recognized in System Segment. However, they are transferred to Customer Service Segment when recognized as revenue.

(iii) Actual results of sales

(Unit: millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Security Solution Products	6,134	5,566
Other System Solution Products	1,939	1,484
System Total	8,073	7,050
Semiconductors Products	3,926	3,712
Mechanical Component Products	5,137	5,728
Device Total	9,063	9,441
Customer Service Total	2,443	2,317
Total	19,581	18,809

(Note) "Mailing Products" have been included in "Other System Solution Products" from the current consolidated fiscal year. Some businesses of "Other System Solution Products" have been changed into "Security Solution Products."