ANNUAL REPORT 2015

For the Year Ended March 31, 2015

NOHMI BOSAI LTD.

Profile

Nohmi Bosai Ltd., established in 1944 and listed on the First Section of the Tokyo Stock Exchange in 1991, is a leading Japanese manufacturer of fire alarm and fire extinguishing systems. In fiscal 2015, ended March 31, 2015, the Company realized consolidated net sales of ¥93.8 billion. Nohmi Bosai is responsible for the development, marketing, installation and maintenance of a wide variety of state-of-the-art fire protection systems. In addition to our strong domestic presence, we are also active in China, other parts of Asia and the United States.

Contents

Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this annual report with respect to Nohmi Bosai's plans, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about the future performance of Nohmi Bosai, which are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions in Nohmi Bosai's markets, industrial market conditions and Nohmi Bosai's ability to continue to win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology and changing customer preferences.

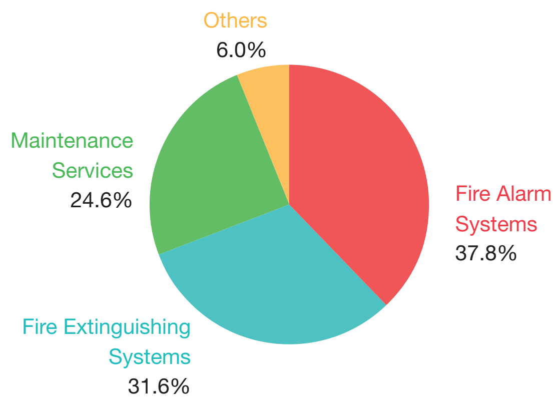
Consolidated Financial Highlights

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2013, 2014 and 2015

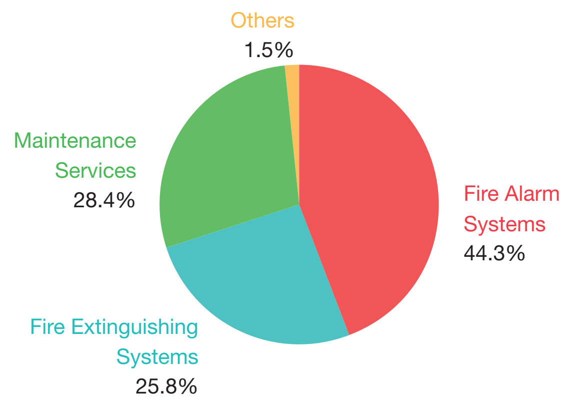
	Millions of Yen			Percentage Change	Thousands of U.S. Dollars*3
	2013	2014	**2015**	2015/2014	**2015**
For the year:					
New orders	¥87,750	¥96,774	**¥107,185**	10.8 %	**$891,945**
Net sales	86,097	93,758	**93,834**	0.1	**780,844**
Cost of sales	61,163	64,715	**63,833**	(1.4)	**531,189**
Operating income	4,521	7,988	**9,299**	16.4	**77,382**
Net income	2,881	4,815	**5,635**	17.0	**46,892**
Comprehensive income	3,625	5,633	**7,167**	27.2	**59,641**
At year-end:					
Total assets	¥87,946	¥95,364	**¥102,936**	7.9 %	**$856,587**
Total net assets	57,015	60,789	**66,222**	8.9	**551,070**
Backlog of orders	34,978	37,994	**51,345**	35.1	**427,270**
Number of employees	2,206	2,213	**2,217**	0.2	**—**
Per share (in yen and U.S. dollars):					
Net income*1	¥ 47.76	¥ 79.83	**¥ 93.45**	17.1 %	**$ 0.78**
Net assets*2	924.20	983.90	**1,071.20**	8.9	**8.91**
Cash dividends	15.00	17.50	**20.00**	14.3	**0.17**

Notes: *1. Per share amounts are based on the weighted average number of shares outstanding during each period, less treasury stock.
*2. Per share amounts are based on the number of shares outstanding at the end of each period, less treasury stock.
*3. All dollar figures herein refer to U.S. currency unless otherwise specified. The dollar amounts in this report represent the translation of yen, for convenience only, at the rate of ¥120.17=US$1, the prevailing exchange rate at March 31, 2015.
*4. All amounts are in millions of yen or thousands of U.S. dollars, except number of employees and per share amounts.

FY2015 Net Sales Breakdown

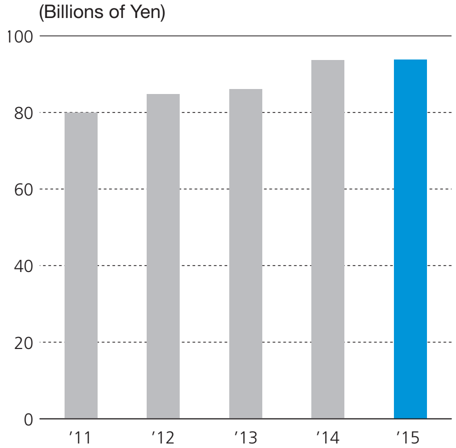


FY2015 Operating Income Breakdown



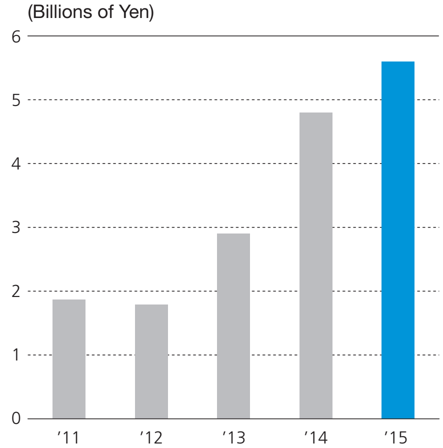
Net Sales

(Billions of Yen)



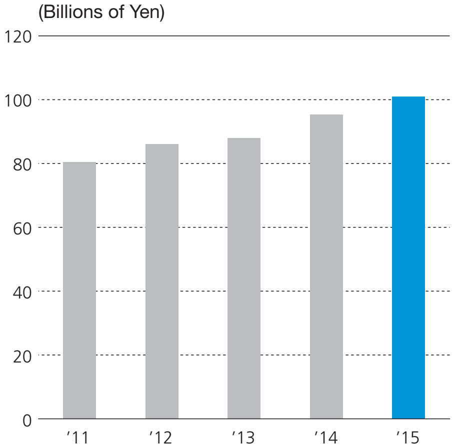
Net Income

(Billions of Yen)



Total Assets

(Billions of Yen)



Toward a Brilliant 100th Anniversary

Kiyotaka Fujii
President

Operating Environment and Business Results in Fiscal 2015

During fiscal 2015 (ended March 31, 2015), the Japanese economy witnessed continued stagnation in consumer spending due primarily to the consumption tax hike. However, the government's economic policies played a part in improving corporate profits and employment conditions, which led to a mild economic recovery on the whole.

In the domestic fire protection industry, the market was relatively solid due mainly to a pickup in private-sector capital investment.

Amid this climate, the Nohmi Bosai Group formulated a three-year medium-term business plan starting from fiscal 2014 entitled "Project 27—Toward a Brilliant 100th Anniversary." Under this plan, we have been implementing a variety of priority measures based on the three keywords of "product appeal," "human resources capabilities" and "organizational strengths" as we strive to grow into "a brilliant company." Such priority measures include strengthening earnings power; strengthening renewal business; strengthening service business; expanding overseas business; bolstering consolidated management; strengthening development capability and quickly launching new products; strengthening quality, cost, delivery (QCD) competitiveness for production and logistics; bolstering human resources development; and strengthening corporate social responsibility (CSR).

During fiscal 2015, the medium-term business plan's second year, we proactively made efforts toward sales expansion. As a result, in fiscal 2015, new orders increased 10.8% to ¥107,185 million and net sales rose 0.1% to ¥93,834 million on a consolidated basis compared with the previous year.

At the profit level, we worked to implement such measures as improving operational efficiency, reducing selling, general and administrative expenses (SG&A) and disposing of unprofitable properties. As a result, operating income increased 16.4% to ¥9,299 million and net income increased 17.0% to ¥5,635 million.

By business segment, the Fire Alarm Systems segment posted net sales of ¥35,488 million, an increase of 6.1% from the previous year, and operating income of ¥6,564 million, up 49.3%. Both net sales and operating income in the Fire Extinguishing Systems segment fell, decreasing 3.2% year-on-year to ¥29,695 million and 12.8% to ¥3,827 million, respectively. Although net sales in the Maintenance Services segment decreased 2.4% to ¥23,003 million, operating income rose 0.7% to ¥4,200 million. Net sales in the Others segment decreased 7.2% to ¥5,648 million, while operating income declined 16.1% to ¥225 million.

Management Policy & Formulation of Medium-Term Business Plan for Fiscal 2014 to 2016

The Nohmi Bosai Group is committed to our role as "pioneers in the fire protection industry and dedicated to making society safer," which is the Company's motto. In fulfilling this mission, the Group adheres to a fundamental policy of providing the latest, most optimal fire protection systems designed to protect life and property under an integrated structure ranging from R&D to sales, installation and maintenance. At the same time, we operate with an emphasis on conserving the environment, energy and natural resources in all our activities.

Based on this basic policy, in gearing up to celebrate our centennial in December 2016, we formulated a medium-term business plan entitled "Project 27—Toward a Brilliant 100th

Anniversary." The plan is being implemented over three years from fiscal 2014 with the aim of further contributing to the safety of society. In order to ensure increases in sales and profits, this plan sets the principal management benchmark targets of increasing net sales and improving the operating margin through the reduction of the ratio of selling, general and administrative expenses (SG&A) to net sales.

Initiatives for Transparent Management

The Nohmi Bosai Group has been undertaking a variety of initiatives to strengthen our corporate governance structure with the aim of maximizing corporate value, ensuring transparency in corporate management and enabling a quick decision-making process. We emphasize accountability to such key stakeholders as our shareholders and investors by disclosing information in a timely and appropriate manner. Moreover, by building an internal control system, we are carrying out compliance-based management that ensures strict Group-wide adherence to our code of conduct and internal rules and thereby helping to prevent misconduct of any kind.

Shareholder Returns

With regard to the distribution of profits, in addition to placing an emphasis on returning profits to shareholders, we pay dividends based on a comprehensive evaluation of such financial indicators as our payout ratio while considering the need for internal reserves to strengthen our corporate structure in preparation for future business development.

Based on the above policy, for the fiscal year ended March 31, 2015, the Company declared total dividends per share of ¥20.00, which includes a year-end dividend per share of ¥10.00 and interim dividend of ¥10.00 per share. We plan to pay a year-end dividend per share of ¥10.00 and interim dividend of ¥10.00 per share for fiscal 2016 as well.

Outlook for Fiscal 2016

Although uncertainties remain regarding trends in consumer spending, the Japanese economy is expected to continue on its path to recovery.

In the fire protection industry, although the market is expected to expand, concerns about higher personnel and materials costs persist.

To address these circumstances, the Nohmi Bosai Group has formulated a medium-term business plan, "Project 27—Toward a Brilliant 100th Anniversary," which is being implemented over three years from fiscal 2014. In fiscal 2016, the plan's final year, we will place a particular focus on further cultivating and strengthening respective businesses; strengthening technological and production capabilities; strengthening human resources capabilities; strengthening consolidated management; and strengthening CSR.

For fiscal 2016, we are projecting consolidated net sales of ¥100,000 million, operating income of ¥9,450 million and net income attributable to the parent company of ¥5,850 million.

In closing, I would like to ask all our stakeholders, including shareholders, for their continued understanding and support in the coming year.

July 2015

Kiyotaka Fujii

Kiyotaka Fujii
President

Medium-Term Business Plan "Project 27—Toward a Brilliant 100th Anniversary"

Vision

Aim to be "a brilliant company" based on the three keywords of "product appeal," "human resources capabilities" and "organizational strengths"

Measures

(1) Strengthen earnings power
- Strengthen the structure of core businesses
- Secure increases in sales and profits
- Reduce the SG&A expenses-to-net-sales ratio

(2) Strengthen renewal business
- Strengthen proposal-based sales
- Strengthen support for distributors and others

(3) Strengthen service business
- Expand maintenance services
- Strengthen customer-oriented service capabilities

(4) Expand overseas business

(5) Bolster consolidated management
- Bolster Group ties and enhance target management

(6) Strengthen development capability and quickly launch new products
- Steadily introduce and promote basic technologies and basic research
- Promote R&D closely aligned with sales strategies
- Quickly launch new products and subsequently upgrade these as products

(7) Strengthen quality, cost, delivery (QCD) competitiveness for production and logistics

(8) Bolster human resources development

(9) Strengthen corporate social responsibility (CSR)

Review of Operations

Fire Alarm Systems

The Nohmi Bosai Group provides a wide range of fire alarm systems and equipment—including automatic fire alarm systems, environmental monitoring systems, fire doors and smoke control systems—for customers at various locations, ranging from homes to large-scale commercial and industrial facilities. These products are highly acclaimed in the marketplace for integrating cutting-edge technologies as well as for outstanding practicality and safety supported by our stringent quality assurance.

We are also continuing to develop highly reliable products that meet the diverse requirements of today's buildings, as well as fire alarm systems that satisfy overseas standards.

The Year in Review

Net sales in the Fire Alarm Systems segment in fiscal 2015 increased ¥2,049 million, or 6.1%, from the previous year to ¥35,488 million, accounting for 37.8% of consolidated net sales. Operating income was up ¥2,167 million, or 49.3%, to ¥6,564 million. New orders increased ¥494 million, or 1.4%, to ¥35,291 million.

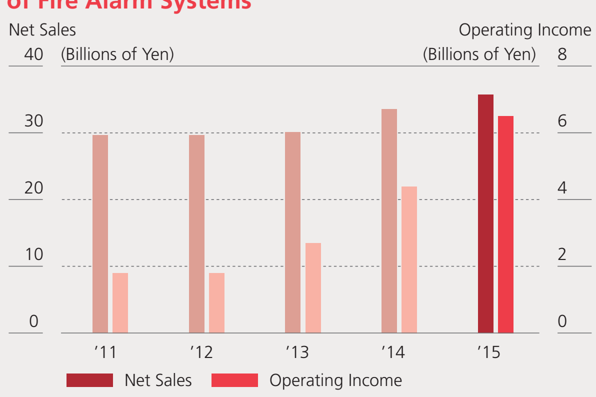
During the fiscal year under review, increases in revenue from installation work and product sales resulted in increases in both overall net sales and operating income.


Fire Monitoring Panels in Control Center

Major Products and Services

- Control Panels
- Heat, Smoke and Gas Detectors
- Infrared Ray Flame Detectors
- Air Sampling Type Smoke Detection Systems
- Fire Alarms and Bells
- Smoke Control Systems
- Transmitters
- Auxiliary Equipment

Net Sales/Operating Income of Fire Alarm Systems



Fire Extinguishing Systems

The Nohmi Bosai Group offers a wide choice of sprinkler systems, foam systems and fire protection equipment for large-scale buildings and facilities, including office buildings, leisure complexes, industrial plants and factories as well as road tunnels. The Group has earned an outstanding reputation, especially for our excellent technologies in the design and installation of fire extinguishing systems for waste incineration facilities, chemical plants and other specialized facilities. We also offer sprinkler systems for small-scale medical facilities and welfare institutions.

We are promoting the development of distinctive products that combine the Group's proprietary technologies as well as products for cultivating new markets that address needs arising from an aging society.

The Year in Review

Net sales in the Fire Extinguishing Systems segment in fiscal 2015 decreased ¥977 million, or 3.2%, from the previous year to ¥29,695 million, accounting for 31.6% of consolidated net sales. Operating income was down ¥562 million, or 12.8%, to ¥3,827 million. New orders increased ¥11,676 million, or 37.1%, to ¥43,148 million.

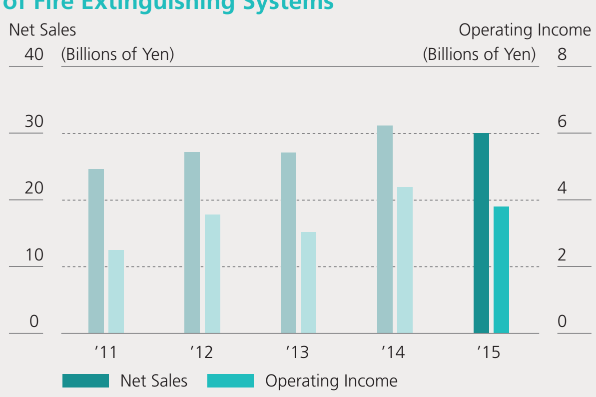
During the fiscal year under review, revenue decreased in fire extinguishing systems for general properties such as high-rise buildings, as well as from systems used in specialty facilities that include industrial plants and factories and from systems used in road tunnels. As a result, we posted decreases in both overall net sales and operating income.


Foam Extinguishing Test

Major Products and Services

- Sprinklers
- Spray Heads and Nozzles
- Fire Extinguishers
- High-Expansion Foam Extinguishing Systems
- Dry Chemical Extinguishing Systems
- Heat and Gas Dispersion Control Systems
- Water Cannons

Net Sales/Operating Income of Fire Extinguishing Systems



Maintenance Services

Along with R&D for creating the best-suited fire protection systems, regular maintenance and inspections are crucial for maintaining the level of quality necessary for these systems to function reliably and ensure optimal performance.

The Maintenance Services segment ensures the highest levels of safety and performance by offering a wide variety of maintenance and inspection services, including round-the-clock online monitoring and telephone support services, as well as repairs. We also offer fire protection consulting services to building owners.

The Year in Review

Net sales in the Maintenance Services segment in fiscal 2015 were down ¥559 million, or 2.4%, from the previous year to ¥23,003 million, representing 24.6% of consolidated net sales. Operating income increased ¥30 million, or 0.7%, to ¥4,200 million. New orders fell ¥1,581 million, or 6.4%, to ¥22,935 million.

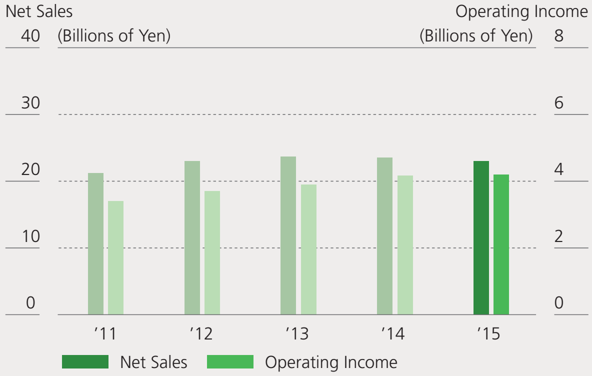
During the fiscal year under review, revenues decreased in both maintenance and inspection services and repair/renewal services. Conversely, overall operating income increased due primarily to cost reduction efforts.

Maintenance and Inspection Services

Major Services

- Maintenance and Inspection Services

Net Sales/Operating Income of Maintenance Services



Others

Other businesses include the installation and management of parking lot driving lane control systems. We offer driving lane control systems to make driving in parking lots safer and improve the efficiency of parking lot traffic flow and operations. We offer a full range of systems suited for parking lots of various types and sizes.

The Year in Review

Net sales for other businesses in fiscal 2015 decreased ¥437 million, or 7.2%, from the previous year to ¥5,648 million, representing 6.0% of consolidated net sales. Operating income was down ¥42 million, or 16.1%, to ¥225 million. New orders decreased ¥177 million, or 2.9%, to ¥5,811 million.

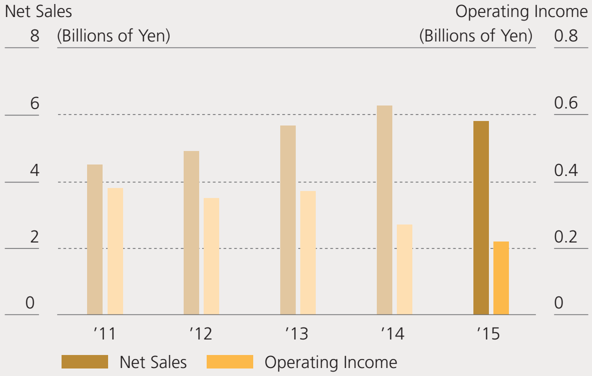
During the fiscal year under review, a decrease in revenue from parking lot driving lane control systems resulted in decreases in both overall net sales and operating income.

Parking Lot Driving Lane Control Systems

Major Products and Services

- Parking Lot Maintenance Services

Net Sales/Operating Income of Others



Fundamental Policies

To ensure the transparency of management, we emphasize accountability to such key stakeholders as our shareholders and investors by disclosing information in a timely and appropriate manner. We have also set up a sound governance structure that

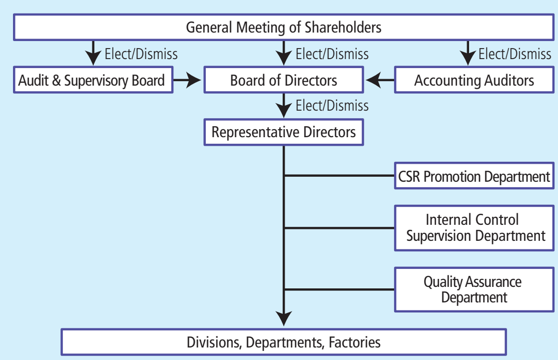
Corporate Governance Structure

The Company has adopted the Audit & Supervisory Board member system under the Japanese Companies Act and has appointed four outside directors and three outside Audit & Supervisory Board members. These outside directors and outside Audit & Supervisory Board members also attend meetings of the Board of Directors, which makes important management decisions and oversees the execution of business operations with the aims of maximizing corporate value, ensuring transparency in corporate management and enabling a quick decision-making process.

With regard to the Audit & Supervisory Board, the Company appoints two standing Audit & Supervisory Board members in addition to outside Audit & Supervisory Board members. The standing Audit & Supervisory Board members attend important meetings, including those held by the Board of Directors and Board of Managing Directors, and examine all Group companies, monitor the independence of accounting auditors, receive reports and explanations from the accounting auditors and hold meetings of Audit & Supervisory Board members on a regular basis to report these results. Both the standing and outside Audit & Supervisory Board members convene for discussions based on reports, further reinforcing the Company's auditing functions.

The Internal Control Supervision Department, which is an internal audit department comprised of five staff members and is independent from other departments, works in collaboration

Management Control Structure



Internal Control System

1. Structure for assuring that the execution of work duties by directors and employees conforms to laws and the Articles of Incorporation
2. Structure for preserving and managing information concerning the execution of work duties by directors
3. Structure for stipulations and other matters related to risk management for exposure to losses
4. Structure for assuring that the execution of work duties by directors is performed efficiently
5. Structure for assuring the appropriateness of business operations of the corporate group composed of the Company, its parent company and its subsidiaries
6. Structure related to internal audits
7. Matters concerning employees who, based on requests of Audit & Supervisory Board members, are dispatched to assist Audit & Supervisory Board members with work duties
8. Matters concerning the independence of employees mentioned in 7 above from directors as well as matters for assuring that instructions from Audit & Supervisory Board members to employees are effectively executed
9. Structure for reporting by directors and employees of the Company and its Group companies to Audit & Supervisory Board members and another structure for reporting to Audit & Supervisory Board members
10. Structure for assuring that persons who made reports as mentioned in 9 above are not unjustly treated as a result of making such reports
11. Matters concerning the advance payment of expenses that arise from the execution of duties by Audit & Supervisory Board members, matters concerning expenses that arise from reimbursement procedures and the execution of such procedures and matters concerning policies related to the disposal of liabilities
12. Structure for assuring that audits of Audit & Supervisory Board members are performed effectively

encompasses various legal functions and systems, while undertaking compliance-based management that ensures strict Group-wide adherence to our code of conduct and internal rules.

with the Audit & Supervisory Board members and accounting auditors to systematically conduct financial and operational audits of all departments, including Group companies. The Internal Control Supervision Department provides recommendations for improvements based on the results of these audits and requires departments to regularly report on the status of any recommended improvements. At the same time, the department reports to the President and Audit & Supervisory Board members to help address any problems.

In addition, the Internal Control Supervision Department is tasked with addressing the evaluation and audit of internal controls over financial reporting based on the Japanese Financial Instruments and Exchange Act.

Concerning risk management, we have formulated Risk Management Guidelines and built a risk response organizational structure. As part of this structure, we have established the Risk Management Committee, led by the director in charge of CSR promotion, and the Emergency Action Headquarters, headed by the President, to make appropriate responses depending on the nature of the risk-related issues.

In this manner, we are enhancing our corporate governance by establishing a management control structure and taking measures that include formulating rules for management control and business execution.

Internal Control System

In accordance with the Japanese Companies Act and the Ordinance for Enforcement of the Companies Act, we have established the 12 structures and related matters listed on page 6 to assure that we execute our business in an appropriate manner. Under these structures, the directors and employees act in accordance with our code of conduct and other internal rules, which serve as corporate conduct criteria prescribing the appropriate behavior for each employee. We aim for greater understanding of these behavioral criteria through training and communication to employees. We also gather information from a wide range of sources, including from a legal compliance helpline, while setting up compliance structures and other necessary structures to ensure the reliability of the Group's financial reports.

Board of Directors and Audit & Supervisory Board Members (As of June 25, 2015)

Chairman
Takeshi Hashizume*

President
Kiyotaka Fujii*

Senior Managing Director
Jun Uchiyama

Managing Directors
Hiroaki Ishii
Tatsunori Ito

Directors
Koukei Higuchi†
Kazuaki Anzai†
Teruhisa Yoshimura†
Shin Shiotani†
Keiji Kageyama
Naoto Sakaguchi
Hiroshi Takeuchi
Takahito Yaguchi
Nobuyuki Ichikawa
Yasuo Ariga
Masahiro Hasegawa
Yuji Hara
Yuichi Sugiyama
Takeshi Okamura
Hisato Miura

Standing Audit & Supervisory Board Members
Yoshihisa Asakura
Shojiro Nohmi

Audit & Supervisory Board Members
Tojiro Ishii†
Kazuo Kondo†
Fumio Ito†

*Representative Director †External

An Integrated Fire Protection Service

Nohmi Bosai's mission is to ensure that people have effective fire protection so they can enjoy safe and comfortable lives. To this end, we have established an integrated series of services that assume consistent responsibility for giving customers the best fire protection system for their needs.

Research and Development

Simulation experiments are performed in Nohmi Bosai's laboratories to enable the Company to develop fire alarm and extinguishing systems that provide an optimum degree of fire protection for the customer.

Risk Analysis

The first step in providing fire protection is to understand the customer's specific requirements. Nohmi Bosai conducts detailed analyses of the customer's premises to evaluate important environmental factors and potential fire hazards.

Consultation and System Design

Information obtained from simulation experiments and client consultation is important for both designing and developing customized fire protection systems.

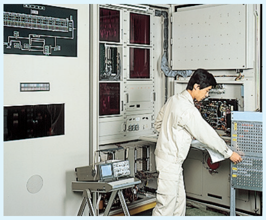
Manufacturing and Quality Assurance

All of Nohmi Bosai's products are manufactured under a strict quality control system. Evidence of our commitment to quality is the certification of our Menuma factory under ISO 9001—an internationally recognized standard for quality systems.

Installation

After designing an appropriate fire protection system, our specialists install the new system. Nohmi Bosai's abundant experience in installing fire protection systems ensures that work proceeds quickly and smoothly.

Commissioning



The commissioning stage is vital. At project completion, our specialists conduct a thorough inspection of the newly installed fire protection system to ensure that all fire alarm and extinguishing systems are working properly. The results of this inspection are then explained to the customer.

Maintenance

Nohmi Bosai's maintenance services give customers extra safety assurance. We ensure that existing systems work properly. Also, we check the appropriateness of existing systems in the event of a change in the occupancy or installation conditions of a building.

Performance Analysis

The Nohmi Bosai Group's consolidated financial statements are prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP). An analysis of our financial condition and business results for fiscal 2015 is shown below.

With regard to the Nohmi Bosai Group's business results for the fiscal year under review, we recorded overall increases in both revenue and profits as a result of promoting respective key measures of the medium-term business plan. Under such conditions, the Nohmi Bosai Group's business results by segment were as follows.

Net sales in the Fire Alarm Systems segment increased ¥2,049 million, or 6.1%, year-on-year to ¥35,488 million due to higher revenue from installation work and product sales.

In the Fire Extinguishing Systems segment, net sales decreased ¥977 million, or 3.2%, year-on-year to ¥29,695 million due mainly to revenue decreases in fire extinguishing equipment for general properties such as high-rise buildings, as well as from systems used in specialty facilities that include industrial plants and factories and from systems used in road tunnels.

Net sales in the Maintenance Services segment were down ¥559 million, or 2.4%, year-on-year to ¥23,003 million as a result of decreases in revenue from both maintenance and inspection services and repair/renewal services.

For other businesses, net sales were down ¥437 million, or 7.2%, year-on-year to ¥5,648 million. This was attributable to a decrease in revenue from parking lot driving lane control systems.

Consequently, consolidated net sales increased ¥76 million, or 0.1%, from the previous year to ¥93,834 million.

The cost-of-sales ratio improved from the previous fiscal year to 68.0% as a result of efforts to reduce expenses and costs.

Gross profit increased 3.3% to ¥30,001 million, and the gross profit margin increased 1.0 percentage point from the previous year to 32.0%.

Selling, general and administrative (SG&A) expenses decreased ¥353 million, and the SG&A expenses-to-net-sales ratio improved 0.4% from the previous fiscal year at 22.1%.

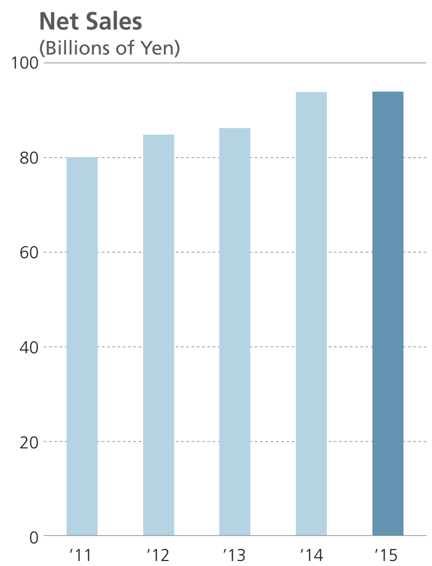
As a result of these factors, operating income increased 16.4% from the previous year to ¥9,299 million. Net income increased 17.0% year-on-year to ¥5,635 million. Net income per share was ¥93.45 compared with ¥79.83 in the previous fiscal year.

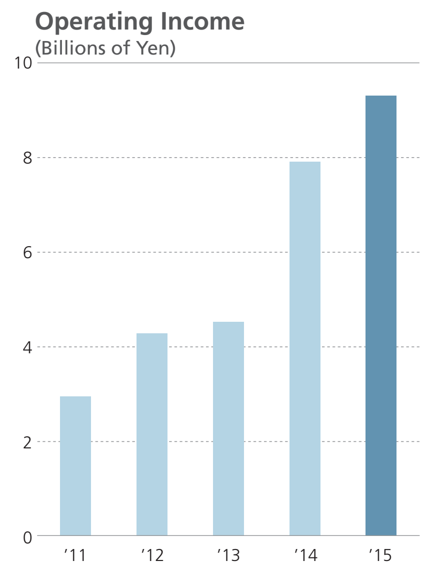
Assets, Liabilities and Net Assets

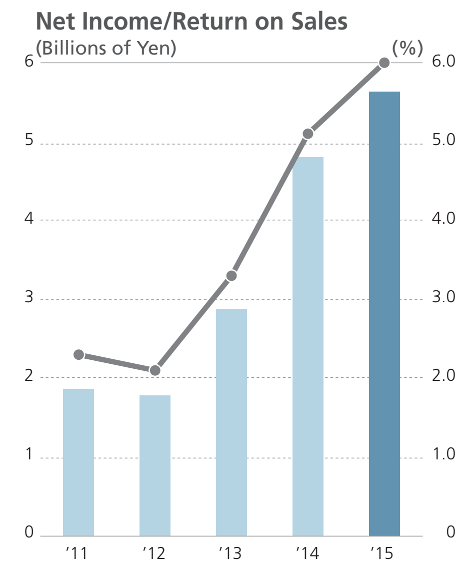
Total assets at the end of fiscal 2015 amounted to ¥102,936 million, up ¥7,572 million, or 7.9%, from the previous fiscal year-end. This was mainly attributable to an increase of ¥2,937 million in inventories, an increase of ¥2,070 million in land and an increase of ¥1,775 million in cash and bank deposits.

Total liabilities increased ¥2,139 million, or 6.2%, to ¥36,714 million. This was primarily because advances received on uncompleted construction contracts and non-trade accounts payable increased by ¥1,660 million and ¥752 million, respectively.

Total net assets increased ¥5,433 million, or 8.9%, from the end of the previous fiscal year to ¥66,222 million. The equity ratio was 62.8%, up 0.6 percentage point from 62.2% at the end of the previous fiscal year. Net assets per share rose to ¥1,071.20 from ¥983.90 per share at the end of the previous fiscal year.







Cash Flow

Net cash provided by operating activities amounted to ¥6,238 million compared with ¥6,635 million in the previous fiscal year. This consisted mainly of such inflows as income before income taxes and minority interests of ¥9,496 million, an increase in advances received on uncompleted construction contracts of ¥1,660 million and depreciation and amortization of ¥1,260 million, offsetting such outflows as income taxes paid of ¥3,854 million and an increase in inventories of ¥2,804 million.

Net cash used in investing activities amounted to ¥3,482 million compared with ¥1,361 million in the previous fiscal year, consisting mainly of payments for purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥1,224 million compared with ¥944 million in the previous fiscal year, consisting mainly of cash dividends paid.

As a result, net increase in cash and cash equivalents amounted to ¥1,611 million, and cash and cash equivalents at end of year totaled ¥27,050 million.

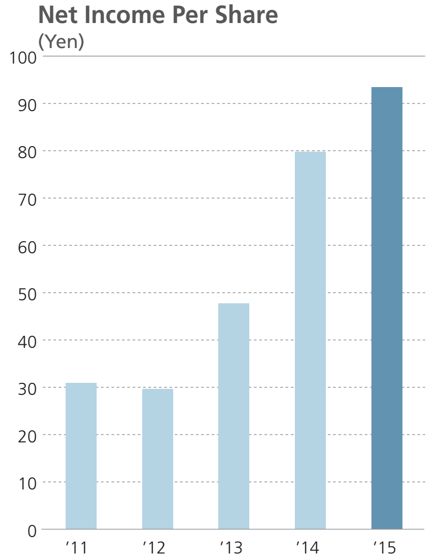
Outlook for Fiscal 2016

The Nohmi Bosai Group has formulated a medium-term business plan, "Project 27—Toward a Brilliant 100th Anniversary," which is being implemented for three years from fiscal 2014. In fiscal 2016, ending March 2016, the plan's final year, we will promote measures focused on the three keywords of "product appeal," "human resources capabilities" and "organizational strengths" as we strive to grow into "a brilliant company."

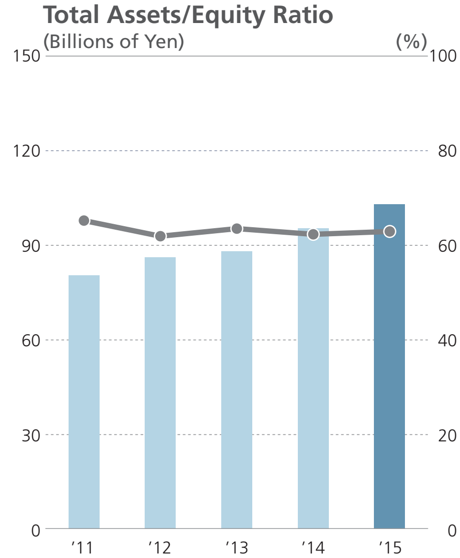
For fiscal 2016, we are forecasting consolidated net sales of ¥100,000 million, operating income of ¥9,450 million and net income attributable to the parent company of ¥5,850 million.

With the market environment trending toward improvement, we are aiming for a ¥6,166 million increase in net sales by implementing various measures such as strengthening our proposal-based sales. We also aim for increases in both operating income and net income attributable to the parent company. Accordingly, we plan to declare annual dividends per share of ¥20.00, which include an interim dividend per share of ¥10.00 and a year-end dividend per share of ¥10.00.

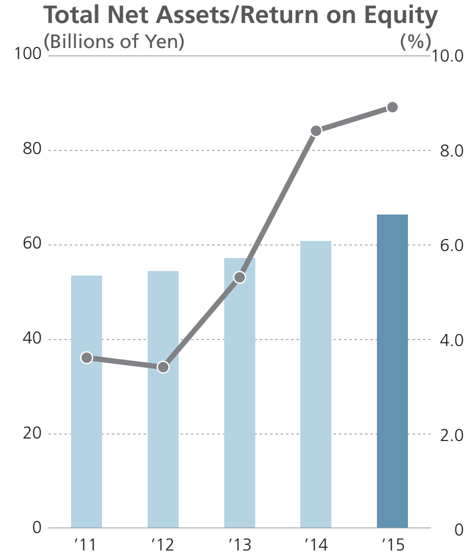
Net Income Per Share



Total Assets/Equity Ratio



Total Net Assets/Return on Equity



Risk Information

The key risks that would have an adverse impact on the Nohmi Bosai Group's financial condition and business results are as follows:

(1) Business Environment

The Nohmi Bosai Group's businesses are closely associated with the construction industry and public works projects. Accordingly, business trends in these sectors could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(2) Laws and Regulations

A significant portion of the Nohmi Bosai Group's businesses is conducted in conformance with the Japanese Fire Service Law. Accordingly, significant changes in the law could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(3) Seasonal Variation in Business Results

Business results of the Nohmi Bosai Group fluctuate significantly by season, whereby there is a tendency for sales to increase in the fourth quarter of the fiscal year.

(4) Credit Risk of Business Partners

Credit risk of business partners could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(5) Procurement of Raw Materials

Sharp rises in prices of raw materials or supply shortages of certain raw materials could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(6) Asset Holding Risks

The Nohmi Bosai Group holds assets such as real estate and securities. Accordingly, a significant drop in the market value of these assets could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(7) Retirement Benefit Expenses and Liabilities

The Nohmi Bosai Group's employee retirement benefit expenses and liabilities are calculated based on expected rates of return on pension assets as well as assumptions upon making actuarial calculations that incorporate discount rates and other factors. Accordingly, a drop in market value of pension assets or significant changes in the assumptions for calculating retirement benefit expenses and liabilities could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(8) Effects of Natural Disasters

Damage to the Nohmi Bosai Group's production and sales facilities as a result of a large-scale natural disaster, including a major earthquake, could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

Consolidated Balance Sheets

Nohmi Bosai Ltd. and Subsidiaries
As of March 31, 2014 and 2015

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2015	2015
Current Assets:			
Cash and bank deposits (Notes 4 and 11)	¥ 25,165	¥ 26,940	$ 224,182
Short-term investments (Notes 4, 5 and 11)	2,000	2,000	16,643
Trade receivables (Notes 11 and 17):			
Notes	6,124	6,302	52,443
Accounts	26,109	25,814	214,812
Unconsolidated subsidiaries and affiliates	77	205	1,706
	32,310	32,321	268,961
Less: Allowance for bad debts	(350)	(419)	(3,487)
	31,960	31,902	265,474
Inventories (Note 7)	12,605	15,542	129,333
Deferred tax assets (Note 12)	2,211	2,095	17,434
Prepaid expenses and other current assets	681	1,087	9,046
Total current assets	74,622	79,566	662,112
Property, Plant and Equipment (Note 6):			
Buildings and structures	10,759	11,121	92,544
Machinery and equipment	2,295	2,439	20,296
Tools and furniture	6,796	6,745	56,129
	19,850	20,305	168,969
Less: Accumulated depreciation	(12,805)	(13,238)	(110,161)
	7,045	7,067	58,808
Construction in progress	77	11	92
Land	4,245	6,315	52,551
Net property, plant and equipment	11,367	13,393	111,451
Intangible Assets:			
Software	491	501	4,169
Goodwill	16	—	—
Other intangible assets	72	69	574
Total intangible assets	579	570	4,743
Investments and Other Assets:			
Investments in securities (Notes 5 and 11)	2,163	2,757	22,942
Investments in unconsolidated subsidiaries and affiliates (Note 11)	2,438	2,522	20,987
Long-term loans receivable (Note 11)	121	111	924
Deferred tax assets (Note 12)	2,080	1,777	14,787
Other assets (Note 4)	2,047	2,294	19,090
	8,849	9,461	78,730
Less: Allowance for bad debts	(53)	(54)	(449)
Total investments and other assets	8,796	9,407	78,281
Total assets	¥ 95,364	¥102,936	$ 856,587

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	**2015**	**2015**
Current Liabilities:			
Short-term debt (Notes 8 and 11)	¥ 18	**¥ 19**	**$ 158**
Trade payables (Notes 11 and 17):			
Notes	1,928	**1,772**	**14,746**
Accounts	5,640	**2,575**	**21,428**
Electronically recorded obligations	—	**3,157**	**26,271**
Unconsolidated subsidiaries and affiliates	2,407	**2,107**	**17,533**
	9,975	**9,611**	**79,978**
Non-trade accounts payable (Note 11)	5,921	**6,673**	**55,530**
Advances received on uncompleted construction contracts	2,771	**4,431**	**36,873**
Accrued bonuses to employees	2,964	**2,936**	**24,432**
Provision for product warranties	86	**64**	**532**
Provision for warranties for completed construction	47	**59**	**491**
Income taxes payable (Note 11)	3,444	**3,252**	**27,062**
Provision for losses on construction contracts	551	**488**	**4,061**
Other current liabilities	1,674	**1,895**	**15,769**
Total current liabilities	27,451	**29,428**	**244,886**
Long-term Liabilities:			
Long-term debt (Note 8)	396	**384**	**3,195**
Liability for retirement benefits (Note 9)	6,011	**5,912**	**49,197**
Directors' and Audit & Supervisory Board members' retirement benefits	593	**564**	**4,694**
Provision for product warranties	—	**330**	**2,746**
Other long-term liabilities	24	**22**	**183**
Asset retirement obligations	100	**74**	**616**
Total long-term liabilities	7,124	**7,286**	**60,631**
Total liabilities	34,575	**36,714**	**305,517**
Contingent liabilities (Note 13)			
Net Assets (Note 14)			
Shareholders' Equity:			
Common stock:			
Authorized: 160,000,000 shares at March 31, 2014 and 2015			
Issued: 60,832,771 shares at March 31, 2014 and 2015, respectively	13,302	**13,302**	**110,693**
Capital surplus	12,746	**12,880**	**107,182**
Retained earnings	33,273	**37,053**	**308,338**
Less: Treasury stock, at cost			
525,888 shares and 532,548 shares at March 31, 2014 and 2015	(268)	**(278)**	**(2,313)**
Total shareholders' equity	59,053	**62,957**	**523,900**
Accumulated Other Comprehensive Income (Note 15):			
Unrealized gains on securities, net of taxes	674	**1,054**	**8,771**
Foreign currency translation adjustments	487	**730**	**6,075**
Accumulated adjustments for retirement benefits (Note 9)	(878)	**(147)**	**(1,223)**
Total accumulated other comprehensive income	283	**1,637**	**13,623**
Minority Interests	1,453	**1,628**	**13,547**
Total net assets	60,789	**66,222**	**551,070**
Total liabilities and net assets	¥ 95,364	**¥102,936**	**$ 856,587**

Consolidated Statements of Income

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2013, 2014 and 2015

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2013	2014	**2015**	**2015**
Net Sales (Note 17)	¥ 86,097	¥ 93,758	**¥ 93,834**	**$ 780,844**
Cost of Sales (Note 17)	61,163	64,715	**63,833**	**531,189**
Gross profit	24,934	29,043	**30,001**	**249,655**
Selling, General and Administrative Expenses (Note 10)	20,413	21,055	**20,702**	**172,273**
Operating income	4,521	7,988	**9,299**	**77,382**
Other Income (Expenses):				
Interest income	42	46	**49**	**408**
Interest expense	(4)	(3)	**(3)**	**(25)**
Dividend income	44	40	**42**	**350**
Dividend on insurance policies	9	6	**13**	**108**
Insurance return	21	42	**37**	**308**
Rental revenue	65	61	**56**	**466**
Rental expense	(56)	(51)	**(90)**	**(749)**
Amortization of negative goodwill	2	—	**—**	**—**
Equity in earnings of affiliates	111	207	**95**	**791**
Cash discount	(62)	(71)	**(81)**	**(674)**
Foreign exchange gains	114	1	**63**	**524**
Commitment fee	(30)	(7)	**(7)**	**(58)**
Gain on sales of investments in securities	—	—	**7**	**58**
Loss on sales/disposals of property, plant and equipment	(24)	(30)	**(43)**	**(358)**
Loss on devaluation of investments in securities	(1)	—	**(12)**	**(100)**
Loss on devaluation of investments in capital of subsidiaries and affiliates	(71)	(81)	**—**	**—**
Impairment loss on fixed assets (Note 6)	(24)	(21)	**—**	**—**
Others, net	79	87	**71**	**590**
	215	226	**197**	**1,639**
Income before income taxes and minority interests	4,736	8,214	**9,496**	**79,021**
Income Taxes (Note 12):				
Current	1,903	3,666	**3,654**	**30,407**
Deferred	(104)	(249)	**181**	**1,506**
	1,799	3,417	**3,835**	**31,913**
Income before minority interests	2,937	4,797	**5,661**	**47,108**
Minority Interests in Net Income of Consolidated Subsidiaries	(56)	18	**(26)**	**(216)**
Net income	¥ 2,881	¥ 4,815	**¥ 5,635**	**$ 46,892**
	Yen			U.S. Dollars (Note 1)
Per Share:				
Net income	¥ 47.76	¥ 79.83	**¥ 93.45**	**$ 0.78**
Net assets	924.20	983.90	**1,071.20**	**8.91**
Cash dividends	15.00	17.50	**20.00**	**0.17**
Weighted Average Number of Shares Issued (in thousands)	60,322	60,314	**60,302**	**—**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2013, 2014 and 2015

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2013	2014	**2015**	**2015**
Income before Minority Interests	¥ 2,937	¥ 4,797	**¥ 5,661**	**$ 47,108**
Other Comprehensive Income (Note 15):				
Unrealized gains on securities, net of taxes	382	164	**378**	**3,146**
Foreign currency translation adjustments	304	671	**395**	**3,287**
Adjustments for retirement benefits, net of tax	—	—	**731**	**6,083**
Share of other comprehensive income of affiliates accounted for under the equity method	2	1	**2**	**17**
Total other comprehensive income	688	836	**1,506**	**12,533**
Comprehensive income	¥ 3,625	¥ 5,633	**¥ 7,167**	**$ 59,641**
Total Comprehensive Income Attributable to:				
Owners of the parent	¥ 3,447	¥ 5,385	**¥ 6,989**	**$ 58,160**
Minority interests	178	248	**178**	**1,481**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2013, 2014 and 2015

	Thousands	Millions of Yen										
		Shareholders' equity					Accumulated other comprehensive income					
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on securities, net of taxes	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Minority interests	Total
Net assets at April 1, 2012	60,832	¥13,302	¥12,745	¥27,391	¥ (252)	¥53,186	¥ 125	¥ (101)	¥ —	¥ 24	¥ 1,120	¥54,330
Net income				2,881		2,881						2,881
Cash dividends paid				(907)		(907)						(907)
Acquisition of treasury stock					(6)	(6)						(6)
Disposal of treasury stock			0		0	0						0
Net changes during the year	—	—	—	—	—	—	384	182	—	566	151	717
Total changes of items during the period	—	—	0	1,974	(6)	1,968	384	182	—	566	151	2,685
Balance at March 31, 2013		¥13,302	¥12,745	¥29,365	¥ (258)	¥55,154	¥ 509	¥ 81	¥ —	¥ 590	¥ 1,271	¥57,015
Net income				4,815		4,815						4,815
Cash dividends paid				(907)		(907)						(907)
Acquisition of treasury stock					(10)	(10)						(10)
Disposal of treasury stock			1		0	1						1
Net changes during the year	—	—	—	—	—	—	165	406	(878)	(307)	182	(125)
Total changes of items during the period	—	—	1	3,908	(10)	3,899	165	406	(878)	(307)	182	3,774
Balance at March 31, 2014	60,832	¥13,302	¥12,746	¥33,273	¥ (268)	¥59,053	¥ 674	¥ 487	¥ (878)	¥ 283	¥ 1,453	¥60,789
Cumulative effects of change in accounting policies			134	(647)		(513)						(513)
Restated balance at April 1, 2014	60,832	¥13,302	¥12,880	¥32,626	¥ (268)	¥58,540	¥ 674	¥ 487	¥ (878)	¥ 283	¥ 1,453	¥60,276
Net income				5,635		5,635						5,635
Cash dividends paid				(1,208)		(1,208)						(1,208)
Acquisition of treasury stock					(10)	(10)						(10)
Net changes during the year	—	—	—	—	—	—	380	243	731	1,354	175	1,529
Total changes of items during the period	—	—	—	4,427	(10)	4,417	380	243	731	1,354	175	5,946
Balance at March 31, 2015	60,832	¥13,302	¥12,880	¥37,053	¥ (278)	¥62,957	¥ 1,054	¥ 730	¥ (147)	¥ 1,637	¥ 1,628	¥66,222

	Thousands of U.S. Dollars (Note1)										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on securities, net of taxes	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Minority interests	Total
Balance at March 31, 2014	$110,693	$106,067	$276,882	$(2,230)	$491,412	$ 5,609	$ 4,052	$(7,306)	$ 2,355	$ 12,091	$505,858
Cumulative effects of change in accounting policies		1,115	(5,384)		(4,269)						(4,269)
Restated balance at April 1, 2014	$110,693	$107,182	$271,498	$(2,230)	$487,143	$ 5,609	$ 4,052	$(7,306)	$ 2,355	$ 12,091	$501,589
Net income			46,892		46,892						46,892
Cash dividends paid			(10,052)		(10,052)						(10,052)
Acquisition of treasury stock				(83)	(83)						(83)
Net changes during the year	—	—	—	—	—	3,162	2,023	6,083	11,268	1,456	12,724
Total changes of items during the period	—	—	36,840	(83)	36,757	3,162	2,023	6,083	11,268	1,456	49,481
Balance at March 31, 2015	$110,693	$107,182	$308,338	$(2,313)	$523,900	$ 8,771	$ 6,075	$(1,223)	$ 13,623	$ 13,547	$551,070

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2013, 2014 and 2015

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2013	2014	**2015**	**2015**
Cash Flows from Operating Activities:				
Income before income taxes and minority interests	¥ 4,736	¥ 8,214	**¥ 9,496**	**$ 79,021**
Adjustments for:				
Depreciation and amortization	1,389	1,329	**1,260**	**10,485**
Impairment loss on fixed assets	24	21	**—**	**—**
Amortization of goodwill	16	21	**16**	**133**
Amortization of negative goodwill	(2)	—	**—**	**—**
Increase in allowance for bad debts	56	37	**62**	**516**
Decrease in accrued retirement benefits	(302)	(4,974)	**—**	**—**
Increase in liability for retirement benefits	—	4,651	**249**	**2,072**
Decrease in directors' and Audit & Supervisory Board members' retirement benefits	(13)	(1)	**(30)**	**(250)**
Increase (decrease) in accrued bonuses	76	27	**(30)**	**(250)**
Increase (decrease) in provision for product warranties	(11)	1	**308**	**2,563**
Increase (decrease) in provision for warranties for completed construction	38	(32)	**13**	**108**
Increase (decrease) in provision for losses on construction contracts	28	81	**(62)**	**(516)**
Interest and dividend income	(86)	(86)	**(91)**	**(758)**
Insurance return	(21)	(42)	**(37)**	**(308)**
Interest expenses	4	3	**3**	**25**
Equity in earnings of affiliates	(111)	(207)	**(95)**	**(791)**
Loss on sales/disposal of property, plant and equipment	24	30	**43**	**358**
Loss on devaluation of investments in securities	1	—	**12**	**100**
Loss on devaluation of investments in capital of subsidiaries and affiliates	71	81	**—**	**—**
Gain on sales of investments in securities	—	—	**(7)**	**(58)**
Decrease (increase) in trade receivables	(287)	(1,409)	**115**	**957**
Decrease (increase) in inventories	48	(424)	**(2,804)**	**(23,333)**
Increase (decrease) in trade payables	(302)	479	**(99)**	**(823)**
Increase (decrease) in advances received on uncompleted construction contracts	(83)	(22)	**1,660**	**13,814**
Others, net	626	757	**20**	**167**
Subtotal	5,919	8,535	**10,002**	**83,232**
Interest and dividend income received	88	89	**93**	**773**
Interest expenses paid	(4)	(3)	**(3)**	**(25)**
Income taxes paid	(2,358)	(1,986)	**(3,854)**	**(32,070)**
Net cash provided by operating activities	3,645	6,635	**6,238**	**51,910**
Cash Flows from Investing Activities:				
Decrease (increase) in time deposits	(145)	(145)	**21**	**175**
Payments into long-term deposits	(97)	—	**—**	**—**
Proceeds from withdrawal of long-term deposits	200	—	**—**	**—**
Payments for purchase of property, plant and equipment	(1,166)	(940)	**(3,092)**	**(25,730)**
Proceeds from sales of property, plant and equipment	12	79	**35**	**291**
Payments for purchase of investments in securities	(121)	(7)	**(107)**	**(890)**
Proceeds from sales of investments in securities	3	—	**8**	**66**
Payments for purchase of shares of subsidiaries	—	(364)	**—**	**—**
Payments for loans receivable	(0)	(1)	**(22)**	**(183)**
Proceeds from loans receivable	332	43	**32**	**266**
Proceeds from cancellation of insurance contracts	241	448	**128**	**1,065**
Others, net	(86)	(474)	**(485)**	**(4,036)**
Net cash used in investing activities	(827)	(1,361)	**(3,482)**	**(28,976)**
Cash Flows from Financing Activities:				
Decrease in short-term debt	(20)	—	**—**	**—**
Cash dividends paid	(907)	(907)	**(1,208)**	**(10,052)**
Cash dividends paid to minority shareholders	(24)	(26)	**(3)**	**(25)**
Payments for purchase of treasury stock	(6)	(9)	**(10)**	**(83)**
Others, net	(5)	(2)	**(3)**	**(25)**
Net cash used in financing activities	(962)	(944)	**(1,224)**	**(10,185)**
Effect of exchange rate changes on cash and cash equivalents	48	161	**79**	**657**
Net increase in cash and cash equivalents	1,904	4,491	**1,611**	**13,406**
Cash and cash equivalents at beginning of year	19,044	20,948	**25,439**	**211,692**
Cash and cash equivalents at end of year (Note 4)	¥ 20,948	¥ 25,439	**¥ 27,050**	**$ 225,098**

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

Nohmi Bosai Ltd. and Subsidiaries / For the years ended March 31, 2013, 2014 and 2015

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of Nohmi Bosai Ltd. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The Company has made necessary adjustments in its consolidation process regarding overseas subsidiaries in accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18 issued on May 17, 2006).

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which is ¥120.17 to US$1. The convenience translation should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Scope of Consolidation and Elimination

The Company had 26 subsidiaries at March 31, 2014 and 2015.

The consolidated financial statements include the accounts of the Company and 20 subsidiaries at March 31, 2014 and 2015.

The 20 subsidiaries which have been consolidated with the Company are listed as follows:

	Equity ownership percentage
Ichibou Co., Ltd.	73.2%
Kyushu Nohmi Co., Ltd.	100.0%
Chiyoda Service Co., Ltd.	70.0%
NOHMI Engineering Corporation	100.0%
Nohmi System Co., Ltd.	100.0%
Iwate Nohmi Co., Ltd.	100.0%
Tohoku Nohmi Co., Ltd.	100.0%
Aomori Nohmi Co., Ltd.	100.0%
Osaka Nohmi Co., Ltd.	100.0%
NISSIN BOHSAI Co., Ltd.	100.0%
Chiba Nohmi Co., Ltd.	100.0%
Shikoku Nohmi Co., Ltd.	100.0%
Nohmi Techno Engineering Co., Ltd.	100.0%
Akita Nohmi Co., Ltd.	100.0%
Fukushima Nohmi Co., Ltd.	100.0%
Niigata Nohmi Co., Ltd.	100.0%
Hokkaido Nohmi Co., Ltd.	100.0%
Yashima Bosai Setsubi Co., Ltd.	81.8%
Nohmi Taiwan Ltd.	82.3%
Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	60.0%

The accounts of the remaining 6 unconsolidated subsidiaries had insignificant amounts of total assets, net sales, net income and retained earnings and therefore have been excluded from consolidation.

(2) Elimination of Intercompany Accounts

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Company and its consolidated subsidiaries have been eliminated, and the portion attributable to minority interests is charged/credited to "Minority interests."

The assets and liabilities of acquired consolidated subsidiaries are incorporated into the financial statements at fair value and the difference between net assets at fair value and book value of investments at acquisition dates of investments is recorded as goodwill and amortized over a five-year period on a straight-line basis.

(3) Investments in Unconsolidated Subsidiaries and Affiliates

At March 31, 2014 and 2015, the Company had investments in 4 affiliates. Investments in unconsolidated subsidiaries and affiliates are generally accounted for under the equity method. Consolidated income includes the Company's current equity in the net income of affiliates after elimination of intercompany profits.

The equity method is applied to the investments in 1 affiliate out of 4 affiliates in the consolidated financial statements.

However, the remaining 6 unconsolidated subsidiaries and 3 affiliates do not have a material effect on net income or retained earnings in the consolidated financial statements. Accordingly, the investments in these 6 unconsolidated subsidiaries and 3 affiliates are carried at cost.

(4) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits withdrawable on demand and short-term investments with an original maturity of mainly three months or less and which have minor risk of fluctuations in value.

(5) Inventories

Inventories are stated at the lower of cost or net realizable value. The cost is determined by the following methods according to inventory item:

Products and raw materials……Weighted-average cost method

Work in progress……Individually identified cost method

Cost of construction contracts in progress is stated at cost determined by the individually identified cost method.

(6) Securities

In accordance with Japanese GAAP, securities are classified into four categories as follows:

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise.

Held-to-maturity debt securities, that the Company and its subsidiaries intend to hold to maturity, are stated at cost after accounting for premium or discount on acquisition, which is amortized over the period to maturity.

Investments in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for under the equity method.

Other securities, for which market quotations are available, are stated at fair value. The differences between the book value and market prices of other securities, net of applicable income taxes, are presented in net assets as a component of accumulated other comprehensive income. If fair value is not available, other securities are stated at moving average cost.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The Company and its subsidiaries assess impairment of each group of assets, which are grouped on the basis of managerial accounting and investment decision-making purposes.

(8) Amortization of Intangible Assets

Software for internal use is amortized using the straight-line method over the expected useful lives (5 years).

Other intangible assets are amortized by the straight-line method over the expected useful lives of the respective assets.

Goodwill is amortized over a five-year period on a straight-line basis.

(9) Allowance for Bad Debts

In accordance with Japanese GAAP, future credit losses on receivables are estimated by the following classification of receivables:

Receivables from debtors who are not in serious financial difficulty are called "normal receivables." The allowance for doubtful accounts against normal receivables is estimated by applying the historical credit loss rates, on an appropriate aggregated basis, or on a disaggregated basis by category of similar receivables.

Receivables from debtors who have not gone into bankruptcy, but who are or probably would be in serious financial difficulty if they had to repay debts are called "doubtful receivables." The allowance for doubtful accounts against these doubtful receivables is estimated by first deducting future cash inflows to be generated from foreclosure or guarantors from the recorded receivable amount, and then considering the debtor's financial condition and operating results to determine the remaining amount.

Receivables from debtors who have either gone into bankruptcy or are substantially insolvent are called "failed receivables." The allowance for doubtful accounts against failed receivables and other similar receivables is estimated as the recorded receivables amount less cash inflows from foreclosures or guarantors.

(10) Provision for Product Warranties

Provision for product warranties has been provided for the cost of warranties on products sold estimated to be incurred subsequent to year-end dates. Provision for product warranties is provided based on past experience.

(11) Provision for Warranties for Completed Construction

Provision for warranties for completed construction has been provided for the cost of warranties on completed construction contracts estimated to be incurred subsequent to year-end dates. Provision for warranties for completed construction is provided based on past experience.

(12) Provision for Losses on Construction Contracts

Provision for losses on construction contracts is provided at the estimated amount for future losses on construction backlog if those losses are judged to be probable at the balance sheet date and reasonable estimation of the amounts of such losses is possible.

(13) Accounting for Leases

Non-cancelable finance lease transactions except for those that stipulate the transfer of ownership of leased property to the lessee are depreciated using the straight-line method, whereby the lease term is the useful life of the asset and the residual value is zero.

(14) Revenue Recognition for Construction Contracts

The percentage-of-completion method is applied to construction contracts, commencing on or after April 1, 2009, whose outcomes are deemed certain at the end of the current fiscal year, and the completed-contract method is applied to other construction contracts. The percentage of costs incurred to the estimated total cost is used for estimating the percentage of completion.

(15) Income Taxes

Income taxes in Japan consist of corporation, enterprise and inhabitant taxes.

Deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

(16) Liability for Retirement Benefits

In calculating projected benefit obligations, the benefit formula basis is used for attributing expected benefits to each fiscal year.

Actuarial gains and losses are amortized using the straight-line method over a period of mainly 10 years from the following fiscal year of occurrence. Prior service costs are amortized using the straight-line method over a period of 10 years from the fiscal year of occurrence.

Certain consolidated subsidiaries apply a simplified method, which assumes the Company's projected benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end, in calculating liability for retirement benefits and net pension and employees' severance costs.

(17) Directors' and Audit & Supervisory Board Members' Retirement Benefits

Retirement benefits for directors and Audit & Supervisory Board members are provided for at an amount calculated based upon internal rules at the balance sheet date.

(18) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(19) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing on the respective balance sheet dates, and resulting exchange gains or losses are included in net income or loss for the period.

The balance sheet accounts of foreign subsidiaries are translated into Japanese yen at the rates of exchange in effect at the balance sheet date, except for shareholders' equity accounts, which are translated at the historical rates. Revenue and expense accounts of foreign subsidiaries are translated at average rates of exchange in effect during the year. Resulting translation adjustments are presented in net assets as a component of accumulated other comprehensive income in the consolidated balance sheets.

(20) Net Income and Dividends per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year. There are no equity instruments issued that have a dilutive effect on earnings per share. Cash dividends per share shown for each period in the accompanying consolidated statements of income represent dividends declared as applicable to the respective periods.

(21) Reclassification

Certain reclassifications of previously reported data have been made to conform with current classifications.

3. Changes in Accounting Policies

(1) Accounting Standard for Retirement Benefits

Effective from the year ended March 31, 2014, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 issued on May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012) (except for the provisions indicated in the body text of Paragraph 35 of the "Accounting Standard for Retirement Benefits" and Paragraph 67 of the "Guidance on the Accounting Standard for Retirement Benefits"). Accordingly, liability for retirement benefits was recorded by deducting plan assets from retirement benefit obligations, and unrecognized actuarial gains and losses and unrecognized prior service costs were also recorded as liability for retirement benefits.

In accordance with the provisions on transitional implementation stipulated in Paragraph 37 of the "Accounting Standard for Retirement Benefits," the impact of these changes is included in accumulated adjustments for retirement benefit in accumulated other comprehensive income as of March 31, 2014.

As a result of the adoption, as of March 31, 2014, ¥6,011 million was recorded as liability for retirement benefits, and accumulated other comprehensive income as of March 31, 2014 decreased by ¥878 million.

Net assets per share as of March 31, 2014 decreased by ¥14.55.

Effective from the year ended March 31, 2015, the Company and its consolidated subsidiaries adopted the provisions indicated in Paragraph 35 of the "Accounting Standard for Retirement Benefits" and Paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits." Accordingly, the calculation method of retirement benefit obligations and service costs has been revised, the method of attributing expected benefits to the fiscal year has been changed from the straight-line method to the benefit formula basis, and the method for determining the discount rate has been changed from the method based on yield of bonds for the period approximating the average remaining service period of the employees at fiscal year-end to the method using a single weighted average discount rate reflecting the estimated period and amount of retirement benefit payments.

In accordance with the provision on transitional implementation stipulated in Paragraph 37 of the "Accounting Standard for Retirement Benefits," the impact of the change in calculation method of retirement benefit obligations and service costs has been recognized in retained earnings as of April 1, 2014.

As a result of the adoption of these provisions, the liability for retirement benefits increased by ¥795 million ($6,615 thousand) and retained earnings decreased by ¥513 million ($4,269 thousand) as of April 1, 2014. The impact on net income for the year ended March 31, 2015 was immaterial. Net assets per share as of March 31, 2015 decreased by ¥8.51 ($0.07). The impact on net income per share for the year ended March 31, 2015 was immaterial.

(2) Accounting Standard for Business Combinations, etc.

The "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on September 13, 2013 (hereinafter, "Statement No. 21")), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued on September 13, 2013 (hereinafter, "Statement No. 22")) and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 issued on September 13, 2013 (hereinafter, the "Statement No. 7")), etc. shall be effective from April 1, 2014. Accordingly, effective from the year ended March 31, 2015, the Company and its consolidated subsidiaries adopted these accounting standards, etc. (except Paragraph 39 of Statement No. 22) and the difference from changes in interest of the Company in a subsidiary in which the Company keeps continued control is recorded as capital surplus and acquisition related costs are charged to income in the year when such costs are incurred. With regards to business combinations undertaken on or after April 1, 2014, revision of allocating acquisition costs due to settlement of transitional treatment is reflected in the consolidated financial statement for the year when the date of the business combination belongs to.

In accordance with the provisions on transitional implementation stipulated in Paragraph 58-2 (4) of Statement No. 21, Paragraph 44-5 (4) of Statement No. 22 and Paragraph 57-4 (4) of Statement No. 7, cumulative effects of adopting these new accounting standards retrospectively to all prior periods as of April 1, 2014 are recognized in capital surplus and retained earnings.

As a result of the adoption, capital surplus increased by ¥134 million ($1,115 thousand) and retained earnings decreased by the same amount as of April 1, 2014. There were no impacts on profit or loss for the year ended March 31, 2015.

Accordingly, capital surplus in the consolidated statements of changes in net assets also increased by ¥134 million ($1,115 thousand) and retained earnings decreased by the same amount as of April 1, 2014.

There were no impacts on per share information.

4. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2013, 2014 and 2015 consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2013	2014	**2015**	**2015**
Cash and bank deposits	¥ 20,447	¥ 25,165	**¥ 26,940**	**$ 224,182**
Short-term investments	2,000	2,000	**2,000**	**16,643**
Long-term deposit	97	121	**—**	**—**
Total	22,544	27,286	**28,940**	**240,825**
Time deposits with deposit terms of over mainly three months	(1,596)	(1,847)	**(1,890)**	**(15,727)**
Cash and cash equivalents	¥ 20,948	¥ 25,439	**¥ 27,050**	**$ 225,098**

5. Securities

The following tables summarize the acquisition costs and book value/fair value of securities with available fair values as of March 31, 2014 and 2015.

Available-for-sale securities

Securities with book value exceeding acquisition costs

	Millions of Yen 2014		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	¥ 1,814	¥ 915	¥ 899

	Millions of Yen **2015**		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	**¥ 2,561**	**¥ 1,191**	**¥ 1,370**

	Thousands of U.S. Dollars **2015**		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	**$ 21,311**	**$ 9,911**	**$ 11,400**

Securities with book value not exceeding acquisition cost

	Millions of Yen 2014		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	¥ 154	¥ 172	¥ (18)
Negotiable certificate of deposit	¥ 2,000	¥ 2,000	¥ —

	Millions of Yen **2015**		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	**¥ 1**	**¥ 1**	**¥ (0)**
Negotiable certificate of deposit	**¥ 2,000**	**¥ 2,000**	**¥ —**

	Thousands of U.S. Dollars **2015**		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	**$ 8**	**$ 8**	**$ (0)**
Negotiable certificate of deposit	**$ 16,643**	**$ 16,643**	**$ —**

The following tables summarize book value of securities with no available fair market values as of March 31, 2014 and 2015.

Available-for-sale securities

	Millions of Yen		Thousands of U.S. Dollars
	2014	**2015**	**2015**
Non-listed equity securities	¥ 195	**¥ 195**	**$ 1,623**

6. Impairment Loss on Fixed Assets

For the Year Ended March 31, 2013

The Company and its consolidated subsidiaries recognized an impairment loss of ¥24 million for the following group of assets as of March 31, 2013:

Use	Location	Category
Idle properties	Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. (Shanghai, China)	Tools and furniture

The Company and its consolidated subsidiaries recognized an impairment loss amounting to ¥24 million on the idle properties since they are not expected to be utilized. The impairment loss on the idle properties is for tools and furniture of ¥24 million. The recoverable amount is measured based on the value in use, which is calculated as zero because no future cash flows are expected.

For the Year Ended March 31, 2014

The Company and its consolidated subsidiaries have recognized impairment losses of ¥21 million for the following groups of assets as of March 31, 2014:

Use	Location	Category
Business properties	Branch office (Shizuoka Prefecture) and International division (Chiyoda Ward, Tokyo Metropolis)	Future minimum lease payments and others

The Company and its consolidated subsidiaries recognized impairment losses amounting to ¥21 million on the business properties due to low profitability caused by fierce competition inside and outside of Japan. The breakdown of impairment losses on the business properties is future minimum lease payments of ¥8 million and others of ¥13 million. The recoverable amount is measured by the net realizable value based on disposable value.

7. Inventories

Inventories as of March 31, 2014 and 2015 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	**2015**	**2015**
Products	¥ 2,659	**¥ 3,553**	**$ 29,566**
Raw materials	3,496	**4,052**	**33,719**
Work in progress	960	**914**	**7,606**
Cost of construction contracts in progress	5,490	**7,023**	**58,442**
	¥ 12,605	**¥ 15,542**	**$ 129,333**

8. Short-term Debt and Long-term Debt

Short-term debt at March 31, 2015 bore interest at an annual rate of 1.52% and was represented generally by bank overdrafts and short-term notes maturing at various dates within one year.

It is the normal business custom in Japan for short-term borrowings to be rolled over annually.

Long-term debt at March 31, 2014 and 2015 comprised the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	**2015**	**2015**
Guarantee deposits received	¥ 396	**¥ 384**	**$ 3,195**
Total long-term debt	¥ 396	**¥ 384**	**$ 3,195**

The average interest rate of 0.53% as of March 31, 2015 represents the weighted-average rate applicable to the year-end balance.

Since there are no annual maturities of guarantee deposits received, the annual maturities and the aggregate annual maturities are not presented.

9. Accrued Retirement Benefits

The Company and its consolidated subsidiaries provide defined benefit plans, defined contribution plans and lump-sum payment plans. In certain circumstances, additional retirement payments, which are not considered to be projected benefit obligations based on actuarial calculation are paid to employees who retire.

The Company and 14 consolidated subsidiaries provide lump-sum payment plans, and pension plans are individually structured by each company as of March 31, 2015.

Certain consolidated subsidiaries apply the simplified method in computing projected benefit obligations.

For the year ended March 31, 2013

The components of net pension and employees' severance costs for the year ended March 31, 2013 were as follows:

	Millions of Yen
	2013
Service costs	¥ 573
Interest expenses	264
Expected return on plan assets	(145)
Recognized actuarial loss	172
Others	16
Net periodic benefit costs	¥ 880

Assumptions used as of March 31, 2013 were as follows:

	2013
Discount rate	Mainly 1.4%
Expected rate of return on plan assets	Mainly 2.5%
Method of attributing the projected benefits to periods of services	Straight-line basis
Amortization of unrecognized prior service cost	10 years
Amortization of unrecognized actuarial differences	Mainly 10 years

For the years ended March 31, 2014 and 2015

(a) Defined Benefit Plans

Reconciliation of projected benefit obligations, excluding plans to which the simplified method is applied, at beginning and end of the years is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	**2015**	**2015**
Projected benefit obligations at beginning of year	¥ 11,879	**¥ 12,119**	**$ 100,849**
Cumulative effects of change in accounting policies	—	**795**	**6,615**
Restated projected benefit obligations at beginning of year	¥ 11,879	**¥ 12,914**	**$ 107,464**
Service costs	623	**673**	**5,601**
Interest expenses	166	**181**	**1,506**
Actuarial losses (gains)	260	**(287)**	**(2,388)**
Retirement benefits paid	(809)	**(407)**	**(3,387)**
Projected benefit obligations at end of year	¥ 12,119	**¥ 13,074**	**$ 108,796**

Reconciliation of plan assets, excluding plans to which the simplified method is applied, at beginning and end of the years is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	**2015**	**2015**
Plan assets at beginning of year	¥ 6,044	**¥ 6,554**	**$ 54,539**
Expected return on plan assets	151	**164**	**1,365**
Actuarial gains	504	**654**	**5,442**
Employer's contribution	396	**453**	**3,770**
Retirement benefits paid	(541)	**(281)**	**(2,338)**
Plan assets at end of year	¥ 6,554	**¥ 7,544**	**$ 62,778**

Reconciliation of liability for retirement benefits for which the simplified method is applied at beginning and end of the years is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	**2015**	**2015**
Liability for retirement benefits at beginning of year	¥ 414	**¥ 446**	**$ 3,711**
Net pension and employees' severance costs	146	**65**	**541**
Retirement benefits paid	(62)	**(75)**	**(624)**
Contribution to the plan	(52)	**(54)**	**(449)**
Liability for retirement benefits at end of year	¥ 446	**¥ 382**	**$ 3,179**

Reconciliation of the balances of projected benefit obligations and plan assets to liability for retirement benefits and asset for retirement benefits recorded on the consolidated balance sheets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Projected benefit obligations (funded)	¥ 8,442	¥ 9,334	$ 77,673
Plan assets	(6,998)	(8,046)	(66,955)
	1,444	1,288	10,718
Projected benefit obligations (unfunded)	4,567	4,624	38,479
Net liability and asset recorded on the consolidated balance sheet	¥ 6,011	¥ 5,912	$ 49,197
Liability for retirement benefits	¥ 6,011	¥ 5,912	$ 49,197
Net liability and asset recorded on the consolidated balance sheet	¥ 6,011	¥ 5,912	$ 49,197

The components of net pension and employees' severance costs for the years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Service costs	¥ 623	¥ 673	$ 5,601
Interest expenses	166	181	1,506
Expected return on plan assets	(151)	(164)	(1,365)
Recognized actuarial differences	205	202	1,681
Net pension and employees' severance costs calculated using the simplified method	146	65	541
Net periodic benefit costs	¥ 989	¥ 957	$ 7,964

The components of adjustments for retirement benefits (before applicable tax effects) for the year ended March 31, 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Actuarial losses	¥ —	¥ 1,143	$ 9,512
Total	¥ —	¥ 1,143	$ 9,512

The components of accumulated adjustments for retirement benefits (before applicable tax effects) as of March 31, 2014 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Unrecognized actuarial differences	¥ 1,360	¥ 217	$ 1,806
Total	¥ 1,360	¥ 217	$ 1,806

Breakdown of plan assets as of March 31, 2014 and 2015 was as follows:

	2014	2015
Equity securities	41%	43%
General accounts	37	34
Bonds	19	21
Other	3	3
Total	100%	100%

Method for determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering current and expected distribution of plan assets and long-term rate of return derived from various components of the plan assets.

Significant assumptions used in determining the projected benefit obligations at March 31, 2014 and 2015 were as follows:

	2014	2015
Discount rate	Mainly 1.4%	Mainly 1.4%
Long-term expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%

(b) Defined Contribution Plans

The amount contributed to the defined contribution pension plans of consolidated subsidiaries for the years ended March 31, 2014 and 2015 was ¥9 million and ¥12 million ($100 thousand), respectively.

10. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2013, 2014 and 2015 were ¥1,698 million, ¥1,757 million and ¥1,776 million ($14,779 thousand), respectively.

11. Financial Instruments

(a) Policy Related to Financial Instruments

The necessary funds of the Company and its subsidiaries are generated primarily by retained earnings. Cash surplus is invested in low-risk financial instruments. There are no derivative transactions.

(b) Nature, Extent of Risks Arising from, and Risk Management for, Financial Instruments

Receivables such as trade notes and accounts receivables and long-term loans receivable to customers are exposed to customers' credit risk. With respect to receivables, in order to control customers' credit risk, the balance of receivables and payment date of each customer are monitored. Regarding securities, the Company and its consolidated subsidiaries invest in negotiable certificates of deposit with counterparties that have high credit ratings. In addition, investments in securities comprise equities of customer-related business or capital tie-ups, and are exposed to the issuer's credit risk and market price fluctuation risk. However, investments in securities are managed by monitoring market values and the financial position of issuers on a regular basis.

The due date of trade payables is within one year. Short-term debt comprises amounts borrowed from banks by affiliates. Current liabilities such as trade payables and non-trade accounts payable are exposed to the risk of debt default at the payment due date. However, the Company and its consolidated subsidiaries manage such risk through adequate financial planning conducted by respective business administration departments.

(c) Fair Values of Financial Instruments

Fair values of financial instruments are based on the quoted price in active markets. If the quoted price is not available, other rational valuation techniques are used instead. The results of valuation may differ based on the assumptions applied because the rational valuation techniques include factors.

Fair value of financial instruments:

The fair value of financial instruments as of March 31, 2014 and 2015 was as follows:

	Millions of Yen		
	2014		
	Carrying amount	Fair value	Unrecognized gain (loss)
Cash and bank deposits	¥ 25,165	¥ 25,165	¥ —
Trade receivables	32,310	32,310	—
Short-term investments and investments in securities	3,968	3,968	—
Long-term loans receivable	121	123	2
Total	¥ 61,564	¥ 61,566	¥ 2
Trade payables	¥ 9,975	¥ 9,975	¥ —
Short-term debt	18	18	—
Non-trade accounts payable	5,921	5,921	—
Income taxes payable	3,444	3,444	—
Total	¥ 19,358	¥ 19,358	¥ —
Derivatives	¥ —	¥ —	¥ —

	Millions of Yen		
	2015		
	Carrying amount	Fair value	Unrecognized gain (loss)
Cash and bank deposits	**¥ 26,940**	**¥ 26,940**	**¥ —**
Trade receivables	**32,321**	**32,321**	**—**
Short-term investments and investments in securities	**4,562**	**4,562**	**—**
Long-term loans receivable	**111**	**114**	**3**
Total	**¥ 63,934**	**¥ 63,937**	**¥ 3**
Trade payables	**¥ 9,611**	**¥ 9,611**	**¥ —**
Short-term debt	**19**	**19**	**—**
Non-trade accounts payable	**6,673**	**6,673**	**—**
Income taxes payable	**3,252**	**3,252**	**—**
Total	**¥ 19,555**	**¥ 19,555**	**¥ —**
Derivatives	**¥ —**	**¥ —**	**¥ —**

	Thousands of U.S. Dollars		
	2015		
	Carrying amount	Fair value	Unrecognized gain (loss)
Cash and bank deposits	**$ 224,182**	**$ 224,182**	**$ —**
Trade receivables	**268,961**	**268,961**	**—**
Short-term investments and investments in securities	**37,962**	**37,962**	**—**
Long-term loans receivable	**924**	**949**	**25**
Total	**$ 532,029**	**$ 532,054**	**$ 25**
Trade payables	**$ 79,978**	**$ 79,978**	**$ —**
Short-term debt	**158**	**158**	**—**
Non-trade accounts payable	**55,530**	**55,530**	**—**
Income taxes payable	**27,062**	**27,062**	**—**
Total	**$ 162,728**	**$ 162,728**	**$ —**
Derivatives	**$ —**	**$ —**	**$ —**

1. Calculation methods of fair value of financial instruments and matters concerning derivative transactions:

Cash and bank deposits and trade receivables

The carrying values of cash and bank deposits and trade receivables approximate fair value because of their short maturities.

Short-term investments and investments in securities

The fair value of short-term investments and investments in securities is measured at the quoted market price on the stock exchange. The carrying values of negotiable certificates of deposit approximate fair value. Information of the fair value for the short-term investments and investments in securities by classification is included in Note 5.

Long-term loans receivable

The fair value of long-term loans receivable is determined by discounting the amount of the total principal and interest at the interest rate assumed when new, similar loans are made. However, because long-term loans receivable with floating rates are contingent upon the interest rate being reviewed within set periods, the carrying values of such long-term loans receivable with floating rates approximate fair value.

Trade payables, short-term debt, non-trade accounts payable and income taxes payable

The carrying values of these liabilities approximate fair value because of their short maturities.

Derivatives

There are no derivative transactions.

2. Financial instruments whose fair value is deemed extremely difficult to identify:

The carrying amount of investments in unconsolidated subsidiaries and affiliates, and other cost method investments that do not have a quoted market price in an active market as of March 31, 2014 and 2015 were ¥2,633 million and ¥2,717 million ($22,610 thousand), respectively. These investments do not have any market values and a reasonable estimation of fair value is not readily determinable. Therefore, they are excluded from investments in securities and in the fair value of financial instruments above.

3. Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2015:

	Millions of Yen			
	2015			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and bank deposits	¥ 26,940	¥ —	¥ —	¥ —
Trade receivables	32,321	—	—	—
Short-term investments and investments in securities				
Available-for-sale securities with contractual maturities (negotiable certificate of deposit)	2,000	—	—	—
Long-term loans receivable	—	107	3	1
Total	¥ 61,261	¥ 107	¥ 3	¥ 1

	Thousands of U.S. Dollars			
	2015			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and bank deposits	$ 244,182	$ —	$ —	$ —
Trade receivables	268,961	—	—	—
Short-term investments and investments in securities				
Available-for-sale securities with contractual maturities (negotiable certificate of deposit)	16,643	—	—	—
Long-term loans receivable	—	891	25	8
Total	$ 509,786	$ 891	$ 25	$ 8

12. Income Taxes

At March 31, 2014 and 2015, significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Deferred tax assets:			
Liability for retirement benefits	¥ 2,125	¥ 1,916	$ 15,944
Accrued bonuses	1,048	978	8,138
Directors' and Audit & Supervisory Board members' retirement benefits	211	187	1,556
Loss on write-off of fixed assets	214	197	1,639
Accrued legal welfare expenses	128	124	1,032
Accrued enterprise taxes	262	243	2,022
Allowance for bad debts	99	114	949
Impairment loss on fixed assets	149	128	1,065
Devaluation of inventories	154	203	1,689
Allowance for losses on construction contracts	195	153	1,273
Others	645	704	5,859
Subtotal	5,230	4,947	41,166
Valuation allowance	(667)	(698)	(5,808)
Total	¥ 4,563	¥ 4,249	$ 35,358
Deferred tax liabilities:			
Special depreciation of acquired assets	¥ (59)	¥ (54)	$ (449)
Unrealized gains on securities	(213)	(323)	(2,688)
Total	¥ (272)	¥ (377)	$ (3,137)
Net deferred tax assets	¥ 4,291	¥ 3,872	$ 32,221

Income taxes applicable to the Company and its consolidated domestic subsidiaries consist of corporation, inhabitants' and enterprise taxes. The statutory income tax rate is approximately 37.9% for the years ended March 31, 2013 and 2014 and 35.5% for the year ended March 31, 2015.

A reconciliation of the statutory tax rate and the effective tax rate as a percentage of income before income taxes for the years ended March 31, 2014 and 2015 is as follows:

	2014	2015
Statutory tax rate	37.9%	**35.5%**
Adjustments:		
Entertainment expenses and other non-deductible expenses	2.1	**1.4**
Tax rate difference for foreign consolidated subsidiaries	(0.1)	**(0.2)**
Per capita levy of local resident income taxes	1.1	**0.9**
Reduction of net deferred tax assets due to changes in statutory tax rate	1.7	**3.3**
Tax credit for R&D expenses	(1.6)	**(1.3)**
Equity in earnings of affiliates	(1.0)	**(0.4)**
Changes in valuation allowance	0.7	**0.9**
Other	0.8	**0.3**
Effective tax rate	41.6%	**40.4%**

Since the difference between the statutory tax rate and effective tax rate for the fiscal year ended March 31, 2013 is less than 5% of the effective tax rate, a reconciliation of these two rates is not presented.

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014 and as a result, the special restoration surtax was abolished from fiscal years starting on or after April 1, 2014. As a result, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 37.9% at March 31, 2013 to 35.5% at March 31, 2014 for the temporary differences that were expected to reverse in the fiscal year starting on April 1, 2014.

As a result, deferred tax assets, net of deferred tax liabilities as of March 31, 2014, decreased by ¥139 million and income taxes—deferred increased by ¥139 million for the year ended March 31, 2014.

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act on Partial Revision of Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015 and as a result, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 35.5% at March 31, 2014 to 33.1% and 32.3% at March 31, 2015 for the temporary differences that are expected to reverse in the period from April 1, 2015 to March 31, 2016 and the periods after April 1, 2016, respectively.

As a result, deferred tax assets, net of deferred tax liabilities decreased by ¥284 million ($2,363 thousand) and income taxes—deferred, unrealized gains on securities, net of taxes, and accumulated adjustments for retirement benefits increased by ¥308 million ($2,563 thousand), ¥32 million ($266 thousand) and ¥(7) million ($(58) thousand), respectively, as of and for the year ended March 31, 2015.

13. Contingent Liabilities

The Company and its consolidated subsidiaries were contingently liable for trade notes endorsed for payment to third parties in the ordinary course of business in the amount of ¥295 million and ¥181 million ($1,506 thousand) and performance guarantees made for unconsolidated subsidiaries of ¥42 million and ¥15 million ($125 thousand) at March 31, 2014 and 2015, respectively.

14. Net Assets

Net assets comprise three subsections, which are shareholders' equity, accumulated other comprehensive income and minority interests.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital which is included in capital surplus.

In cases where dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal reserve must be set aside as additional paid-in capital or legal reserve. Legal reserve is included in retained earnings in the accompanying consolidated balance sheets.

Both appropriations of legal reserve and additional paid-in capital used to eliminate or reduce a deficit generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal reserve may not be distributed as dividends. All additional paid-in capital and legal reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 25, 2015, the distribution of cash dividends amounting to ¥604 million ($5,026 thousand) was approved. Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2015 since they are recognized in the period in which they are resolved at the annual shareholders' meeting.

a) Dividends paid during the year ended March 31, 2015

The following was approved by the annual shareholders' meeting held on June 25, 2014:

(a) Total dividends .... ¥604 million ($5,026 thousand)
(b) Cash dividends per common share ¥10.00 ($0.08)
(c) Record date .... March 31, 2014
(d) Effective date .... June 26, 2014

The following was approved by the Board of Directors on November 7, 2014:

(a) Total dividends .... ¥604 million ($5,026 thousand)
(b) Cash dividends per common share ¥10.00 ($0.08)
(c) Record date .... September 30, 2014
(d) Effective date .... December 5, 2014

b) Dividends to be paid after March 31, 2015 but the record date for the payment belongs to the year ended March 31, 2015

The following was approved by the annual shareholders' meeting held on June 25, 2015:

(a) Total dividends .... ¥604 million ($5,026 thousand)
(b) Cash dividends per common share ¥10.00 ($0.08)
(c) Record date .... March 31, 2015
(d) Effective date .... June 26, 2015

15. Comprehensive Income

For the years ended March 31, 2013, 2014 and 2015

The amount of reclassification adjustments and tax effect relating to other comprehensive income for the years ended March 31, 2013, 2014 and 2015 comprised the following:

	Millions of Yen			Thousands of U.S. Dollars
	2013	2014	**2015**	**2015**
Unrealized gains on securities, net of taxes:				
Increase during the year	¥ 530	¥ 193	**¥ 495**	**$ 4,119**
Reclassification adjustments	1	—	**(7)**	**(58)**
Amount before tax effect adjustment	531	193	**488**	**4,061**
Tax effect	(149)	(29)	**(110)**	**(915)**
Unrealized gains on securities, net of taxes	382	164	**378**	**3,146**
Foreign currency translation adjustments:				
Increase during the year	304	671	**395**	**3,287**
Adjustments for retirement benefits:				
Increase during the year	—	—	**944**	**7,856**
Reclassification adjustments	—	—	**199**	**1,656**
Amount before tax effect adjustment	—	—	**1,143**	**9,512**
Tax effect	—	—	**(412)**	**(3,429)**
Adjustments for retirement benefits	—	—	**731**	**6,083**
Share of other comprehensive income of affiliates accounted for under the equity method:				
Increase during the year	2	1	**2**	**17**
Total other comprehensive income	¥ 688	¥ 836	**¥ 1,506**	**$ 12,533**

16. Segment Information

(a) Summary of reportable segments

The reportable segments of the Company are segments, based on the Company's components, for which separate financial information is available which is regularly reviewed by the Board of Directors for determining resource allocation and performance evaluation.

The Company and its consolidated subsidiaries are mainly involved in fire prevention business and have three reportable segments: "Fire Alarm Systems," "Fire Extinguishing Systems" and "Maintenance Services."

"Fire Alarm Systems" produces, sells and installs automatic fire alarm systems, environmental monitoring systems, hinged fire doors, smoke control systems and others.

"Fire Extinguishing Systems" produces, sells and installs a variety of sprinkler systems, foam systems and fire protection equipment for industrial plants, road tunnels and others.

"Maintenance Services" provides maintenance services and inspection services for a wide range of fire protection systems.

(b) Method of measurement for the amount of net sales, income, assets, liabilities and other items for each reportable segment

Accounting policies of each reportable segment are basically consistent with those described in Note 2 "Summary of Significant Accounting Policies." Inter-segment sales and transfers are determined by the current market price.

As described in Note 3 "Changes in Accounting Policies," effective from the year ended March 31, 2015, the calculation method of retirement benefit obligations and service costs has been revised. Accordingly, the calculation method of retirement benefit obligations and service costs for reportable segments has also been revised.

The impact on income of each reportable segment was immaterial.

(c) Information about net sales, income, assets, liabilities and other items of reportable segments

	Millions of Yen							
	2013							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
Outside customers	¥ 29,956	¥ 26,956	¥ 23,694	¥ 80,606	¥ 5,491	¥ 86,097	¥ —	¥ 86,097
Inter-segment	90	129	1	220	186	406	(406)	—
Total	30,046	27,085	23,695	80,826	5,677	86,503	(406)	86,097
Segment income	¥ 2,653	¥ 3,036	¥ 3,929	¥ 9,618	¥ 367	¥ 9,985	¥ (5,464)	¥ 4,521
Segment assets	¥ 28,505	¥ 21,836	¥ 11,091	¥ 61,432	¥ 3,855	¥ 65,287	¥ 22,659	¥ 87,946
Other:								
Depreciation	¥ 558	¥ 151	¥ 111	¥ 820	¥ 106	¥ 926	¥ 463	¥ 1,389
Amortization of goodwill	¥ —	¥ —	¥ 16	¥ 16	¥ —	¥ 16	¥ —	¥ 16
Impairment loss	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 24	¥ 24
Affiliates accounted for under the equity method	¥ —	¥ 1,620	¥ —	¥ 1,620	¥ —	¥ 1,620	¥ —	¥ 1,620
Increase in property, plant and equipment and intangible assets	¥ 518	¥ 173	¥ 168	¥ 859	¥ 84	¥ 943	¥ 194	¥ 1,137

Note 1: "Others" represents businesses such as car parking control systems, which are not included in the above reportable segments.

Note 2: (1) ¥(5,464) million included in "Adjustments" for "Segment income" is for total corporate expenses. Corporate expenses are mainly general and administrative expenses and research and development expenses, which cannot be allocated to each reportable segment.

(2) ¥22,659 million included in "Adjustments" for "Segment assets" is for corporate assets. Corporate assets mainly consist of surplus operating funds such as cash, bank deposits, securities, long-term investment funds such as investments in securities, and assets for administrative and R&D departments, which cannot be allocated to each reportable segment.

(3) ¥463 million included in "Adjustments" for "Depreciation" is depreciation for corporate assets.

(4) ¥24 million included in "Adjustments" for "Impairment loss" is impairment loss for corporate assets.

(5) ¥194 million included in "Adjustments" for "Increase in property, plant and equipment and intangible assets" is the increase in corporate assets.

Note 3: Segment income reconciles to operating income disclosed in the accompanying consolidated statements of income.

	Millions of Yen							
	2014							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
Outside customers	¥ 33,439	¥ 30,672	¥ 23,562	¥ 87,673	¥ 6,085	¥ 93,758	¥ —	¥ 93,758
Inter-segment	67	451	1	519	184	703	(703)	—
Total	33,506	31,123	23,563	88,192	6,269	94,461	(703)	93,758
Segment income	¥ 4,397	¥ 4,389	¥ 4,170	¥ 12,956	¥ 267	¥ 13,223	¥ (5,235)	¥ 7,988
Segment assets	¥ 31,514	¥ 22,607	¥ 11,954	¥ 66,075	¥ 4,633	¥ 70,708	¥ 24,656	¥ 95,364
Other:								
Depreciation	¥ 512	¥ 150	¥ 102	¥ 764	¥ 122	¥ 886	¥ 443	¥ 1,329
Amortization of goodwill	¥ 5	¥ —	¥ 16	¥ 21	¥ —	¥ 21	¥ —	¥ 21
Impairment loss	¥ 16	¥ 1	¥ 4	¥ 21	¥ —	¥ 21	¥ —	¥ 21
Affiliates accounted for under the equity method	¥ —	¥ 1,826	¥ —	¥ 1,826	¥ —	¥ 1,826	¥ —	¥ 1,826
Increase in property, plant and equipment and intangible assets	¥ 566	¥ 150	¥ 117	¥ 833	¥ 52	¥ 885	¥ 159	¥ 1,044

Note 1: "Others" represents businesses such as car parking control systems, which are not included in the above reportable segments.

Note 2: (1) ¥(5,235) million included in "Adjustments" for "Segment income" is for total corporate expenses. Corporate expenses are mainly general and administrative expenses and research and development expenses, which cannot be allocated to each reportable segment.

(2) ¥24,656 million included in "Adjustments" for "Segment assets" is for corporate assets. Corporate assets mainly consist of surplus operating funds such as cash, bank deposits, securities, long-term investment funds such as investments in securities, and assets for administrative and R&D departments, which cannot be allocated to each reportable segment.

(3) ¥443 million included in "Adjustments" for "Depreciation" is depreciation for corporate assets.

(4) ¥159 million included in "Adjustments" for "Increase in property, plant and equipment and intangible assets" is the increase in corporate assets.

Note 3: Segment income reconciles to operating income disclosed in the accompanying consolidated statements of income.

	Millions of Yen							
	2015							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
Outside customers	**¥ 35,488**	**¥ 29,695**	**¥ 23,003**	**¥ 88,186**	**¥ 5,648**	**¥ 93,834**	**¥ —**	**¥ 93,834**
Inter-segment	**270**	**314**	**1**	**585**	**185**	**770**	**(770)**	**—**
Total	**35,758**	**30,009**	**23,004**	**88,771**	**5,833**	**94,604**	**(770)**	**93,834**
Segment income	**¥ 6,564**	**¥ 3,827**	**¥ 4,200**	**¥ 14,591**	**¥ 225**	**¥ 14,816**	**¥ (5,517)**	**¥ 9,299**
Segment assets	**¥ 36,020**	**¥ 23,443**	**¥ 11,571**	**¥ 71,034**	**¥ 5,004**	**¥ 76,038**	**¥ 26,898**	**¥ 102,936**
Other:								
Depreciation	**¥ 486**	**¥ 147**	**¥ 95**	**¥ 728**	**¥ 124**	**¥ 852**	**¥ 400**	**¥ 1,252**
Amortization of goodwill	**¥ —**	**¥ —**	**¥ 16**	**¥ 16**	**¥ —**	**¥ 16**	**¥ —**	**¥ 16**
Affiliates accounted for under the equity method	**¥ —**	**¥ 1,922**	**¥ —**	**¥ 1,922**	**¥ —**	**¥ 1,922**	**¥ —**	**¥ 1,922**
Increase in property, plant and equipment and intangible assets	**¥ 1,734**	**¥ 311**	**¥ 107**	**¥ 2,152**	**¥ 80**	**¥ 2,232**	**¥ 1,018**	**¥ 3,250**

	Thousands of U.S. Dollars							
	2015							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
Outside customers	**$ 295,315**	**$ 247,108**	**$ 191,421**	**$ 733,844**	**$ 47,000**	**$ 780,844**	**$ —**	**$ 780,844**
Inter-segment	**2,247**	**2,613**	**8**	**4,868**	**1,540**	**6,408**	**(6,408)**	**—**
Total	**297,562**	**249,721**	**191,429**	**738,712**	**48,540**	**787,252**	**(6,408)**	**780,844**
Segment income	**$ 54,623**	**$ 31,847**	**$ 34,950**	**$ 121,420**	**$ 1,872**	**$ 123,292**	**$ (45,910)**	**$ 77,382**
Segment assets	**$ 299,742**	**$ 195,082**	**$ 96,289**	**$ 591,113**	**$ 41,641**	**$ 632,754**	**$ 223,833**	**$ 856,587**
Other:								
Depreciation	**$ 4,044**	**$ 1,223**	**$ 791**	**$ 6,058**	**$ 1,032**	**$ 7,090**	**$ 3,329**	**$ 10,419**
Amortization of goodwill	**$ —**	**$ —**	**$ 133**	**$ 133**	**$ —**	**$ 133**	**$ —**	**$ 133**
Affiliates accounted for under the equity method	**$ —**	**$ 15,994**	**$ —**	**$ 15,994**	**$ —**	**$ 15,994**	**$ —**	**$ 15,994**
Increase in property, plant and equipment and intangible assets	**$ 14,430**	**$ 2,588**	**$ 890**	**$ 17,908**	**$ 666**	**$ 18,574**	**$ 8,471**	**$ 27,045**

Note 1: "Others" represents businesses such as car parking control systems, which are not included in the above reportable segments.

Note 2: (1) ¥(5,517) million ($(45,910) thousand) included in "Adjustments" for "Segment income" is for total corporate expenses. Corporate expenses are mainly general and administrative expenses and research and development expenses, which cannot be allocated to each reportable segment.

(2) ¥26,898 million ($223,833 thousand) included in "Adjustments" for "Segment assets" is for corporate assets. Corporate assets mainly consist of surplus operating funds such as cash, bank deposits, securities, long-term investment funds such as investments in securities, and assets for administrative and R&D departments, which cannot be allocated to each reportable segment.

(3) ¥400 million ($3,329 thousand) included in "Adjustments" for "Depreciation" is depreciation for corporate assets.

(4) ¥1,018 million ($8,471 thousand) included in "Adjustments" for "Increase in property, plant and equipment and intangible assets" is the increase in corporate assets.

Note 3: Segment income reconciles to operating income disclosed in the accompanying consolidated statements of income.

Related information

(1) Information about products and services

Information about products and services has been omitted since the classification by products and services is the same as the reportable segments.

(2) Information about geographical areas

(a) Sales

Information about sales by geographical areas has been omitted since sales to outside customers in Japan constituted more than 90% of net sales on the consolidated statements of income.

(b) Property, plant and equipment

Information about property, plant and equipment has been omitted since property, plant and equipment in Japan constituted more than 90% of property, plant and equipment on the consolidated balance sheets.

(3) Information about major customers

Information about major customers has been omitted since there are no outside customers who constituted more than 10% of net sales on the consolidated statements of income.

(4) Information about impairment loss on property, plant and equipment by reportable segment

Information about impairment loss on property, plant and equipment has been omitted since the equivalent segment information is disclosed above.

(5) Information about amortization and unamortized balances of goodwill by reportable segment

	Millions of Yen							
	2014							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others	Total	Adjustments	Consolidated
Amortization during the year	¥ 5	¥ —	¥ 16	¥ 21	¥ —	¥ 21	¥ —	¥ 21
Unamortized balance	¥ —	¥ —	¥ 16	¥ 16	¥ —	¥ 16	¥ —	¥ 16

	Millions of Yen							
	2015							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others	Total	Adjustments	Consolidated
Amortization during the year	¥ —	¥ —	¥ 16	¥ 16	¥ —	¥ 16	¥ —	¥ 16
Unamortized balance	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

	Thousands of U.S. Dollars							
	2015							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others	Total	Adjustments	Consolidated
Amortization during the year	$ —	$ —	$ 133	$ 133	$ —	$ 133	$ —	$ 133
Unamortized balance	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

17. Related Party Information

Material transactions of the Company with related companies and individuals, excluding transactions with consolidated subsidiaries, which are eliminated in the consolidated financial statements, and other than those disclosed elsewhere in these financial statements, as of and for the years ended March 31, 2013, 2014 and 2015, were as follows. The terms and conditions of the transactions below are the same as those of arm's-length transactions.

SECOM Co., Ltd.

As of March 31, 2015				Millions of Yen/Thousands of U.S. Dollars				
				Volume of transactions made in the year ended March 31			Resulting account balances as at March 31	
Paid-in capital	Principal business	Share of voting rights in the Company	Description of the Company's transactions	2013	2014	2015	2014	2015
¥66,378 million	Security service	Direct: 50.7% (*) Indirect: 0.1%	Sale of products	¥2,103	¥2,195	**¥1,987 ($16,535)**	Trade receivables ¥169	Trade receivables **¥229 ($1,906)**

KOATSU Co., Ltd.

As of March 31, 2015					Millions of Yen/Thousands of U.S. Dollars				
					Volume of transactions made in the year ended March 31			Resulting account balances as at March 31	
Paid-in capital	Principal business	Company's share of voting rights	Share of voting rights in the Company	Description of the Company's transactions	2013	2014	2015	2014	2015
¥60 million	Fire extinguishing systems	Direct: 20.8%	Direct: 1.0%	Purchase of raw materials	¥5,184	¥4,814	**¥3,265 ($27,170)**	Trade payables ¥2,322	Trade payables **¥885 ($7,365)** Electronically recorded obligations **¥1,148 ($9,553)**

(*) The Company is a subsidiary of SECOM Co., Ltd.

Independent Auditor's Report

To the Board of Directors of NOHMI BOSAI Ltd.:

We have audited the accompanying consolidated financial statements of NOHMI BOSAI Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for each of the years in the three-year period ended March 31, 2015, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NOHMI BOSAI Ltd. and its consolidated subsidiaries as at March 31, 2015 and 2014, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2015, in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

KPMG AZSA LLC

KPMG AZSA LLC
June 25, 2015
Tokyo, Japan

Investor Information

(As of March 31, 2015)

Fiscal Year
Ending March 31

Annual Stockholders' Meeting
The annual meeting of the Company's stockholders is normally held in June of each year in Tokyo, Japan.

Stock Exchange Listing
First Section, Tokyo Stock Exchange

Transfer Agent
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Paid-in Capital
¥13,302,282,161

Number of Shares Issued
60,832,771

Distribution of Stockholders and Shares

	Number of Stockholders	Number of Shares Held (Hundreds)	Percentage of Total Shares in Issue (%)
Japanese national and regional governmental bodies	—	—	—
Japanese financial institutions	35	103,474	17.02
Japanese securities companies	37	4,141	0.68
Other Japanese corporations	199	354,642	58.32
Japanese individuals and others	3,110	113,939	18.73
Foreign institutions and individuals	105	27,826	4.58
Treasury stocks	1	4,090	0.67
Total	3,487	608,112	100.00

Major Stockholders

	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
SECOM Co., Ltd.	30,598	50.30
Japan Trustee Services Bank, Ltd. (Trust Account)	2,432	4.00
Shareholding Commission of Nohmi Bosai Distributors	2,099	3.45
Shareholding Commission of Nohmi Bosai Partners	1,720	2.83
Shareholding Commission of Nohmi Bosai Employees	1,058	1.74
The Bank of Tokyo-Mitsubishi UFJ , Ltd.	1,000	1.64
The Master Trust Bank of Japan, Ltd. (Trust Account)	907	1.49
Fuji Electric Co., Ltd.	868	1.43
Sumitomo Mitsui Banking Corporation	765	1.26
Tokio Marine & Nichido Fire Insurance Co., Ltd.	745	1.23

NOHMI

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