

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015

May 11, 2015

**Company name:** Takara Leben CO., LTD.

**Stock listed on:** Tokyo Stock Exchange, First Section

**Securities code:** 8897 (URL <http://www.leben.co.jp>)

**Representative:** Kazuichi Shimada, President, Representative Director

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**Scheduled date of annual general meeting of shareholders:** June 24, 2015

**Scheduled date for commencement of dividend payment:** June 25, 2015

**Scheduled date for release of annual securities report:** June 24, 2015

**Supplementary materials on financial results:** Yes

**Briefing for financial results:** Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million)

### 1. Consolidated Financial Results for the Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

#### (1) Consolidated operating results

(Percentage figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2015	76,956	6.9	9,257	(5.5)	8,540	(7.0)	5,718	(2.6)
Year ended March 31, 2014	71,963	10.9	9,798	54.0	9,181	58.5	5,869	44.1

(Note) Comprehensive income: Fiscal year ended March 31, 2015: ¥5,744 million ((2.1)%)

Fiscal year ended March 31, 2014: ¥5,869 million (43.7%)

	Earnings per share	Diluted earnings per share	Ratio of earnings to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2015	50.61	50.44	19.7	8.6	12.0
Year ended March 31, 2014	50.64	50.53	22.9	10.7	13.6

(Reference) Equity in net income of affiliates: Fiscal year ended March 31, 2015: ¥5 million

Fiscal year ended March 31, 2014: ¥139 million

(Note) On July 1, 2013, the Company split its shares at a ratio of 1:4 for one common stock. "Earnings per share" and "Diluted earnings per share" are calculated, assuming that the stock split had taken place at the beginning of the previous consolidated fiscal year.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2015	101,738	31,189	30.6	279.11
March 31, 2014	95,891	27,138	28.2	237.53

(Reference) Shareholders' equity: March 31, 2015: ¥31,111 million

March 31, 2014: ¥27,084 million

(Note) On July 1, 2013, the Company split its shares at a ratio of 1:4 for one common stock. "Net asset per share" is calculated, assuming that the stock split had taken place at the beginning of the previous consolidated fiscal year.

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2015	(8,155)	(7,998)	6,314	26,114
Year ended March 31, 2014	22,996	(4,568)	(366)	35,954

## 2. Dividends

(Record date)	Annual dividends per share					Total dividends (annual)	Dividends payout ratio (consolidate)	Ratio of dividends to net assets (consolidated)
	Q1	Q2	Q3	Year-end	Total			
Year ended March 31, 2014	Yen —	Yen 1.50	Yen —	Yen 3.50	Yen 5.00	Millions of yen 572	% 9.9	% 2.3
Year ended March 31, 2015	—	2.00	—	4.00	6.00	671	11.9	2.3
Year ending March 31, 2016 (forecast)	—	4.00	—	6.00	10.00		13.7	

## 3. Forecast of Consolidated Financial Results for the Year ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Percentage figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	93,800	21.9	13,350	44.2	12,400	45.2	8,150	42.5	73.11

### \*Notes

(1) Changes in significant subsidiaries during the current fiscal year

(Changes in specified subsidiaries resulting in changes in scope of consolidation): None

New: None Excluded: None (Name) -

(2) Changes in accounting policies and accounting estimates, and restatements

(i) Changes in accounting policies due to revision of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(3) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at end of year (including treasury stock)

(a) As of March 31, 2015 : 128,000,000 shares

(b) As of March 31, 2014 : 130,000,000 shares

(ii) Number of treasury stock at end of year

(a) As of March 31, 2015 : 16,531,307 shares

(b) As of March 31, 2014 : 15,974,807 shares

(iii) Average number of shares during the year

(a) Fiscal year ended March 31, 2015 : 112,990,042 shares

(b) Fiscal year ended March 31, 2014 : 115,903,076 shares

On July 1, 2013, the Company split its shares at a ratio of 1:4 for one common stock. The number of shares is calculated, assuming that the stock split had taken place at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

## 1. Non-Consolidated Financial Results for the Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

### (1) Non-consolidated operating results

(Percentage figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2015	68,819	2.5	8,783	(6.3)	8,137	(6.2)	5,401	(2.1)
Year ended March 31, 2014	67,158	11.0	9,378	58.0	8,672	61.8	5,516	48.0

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2015	47.81	47.65
Year ended March 31, 2014	47.60	47.49

(Note) On July 1, 2013, the Company split its shares at a ratio of 1:4 for one common stock. "Earnings per share" and "Diluted earnings per share" are calculated, assuming that the stock split had taken place at the beginning of the previous fiscal year.

### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2015	93,130	28,560	30.6	255.53
March 31, 2014	92,565	24,920	26.9	218.08

(Reference) Shareholders' equity: March 31, 2015: ¥28,483 million

March 31, 2014: ¥24,867 million

## 2. Forecast of Non-Consolidated Financial Results for the Year ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Percentage figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	81,800	18.9	12,900	46.9	12,200	49.9	8,000	48.1	71.77

#### \* Status of Audit Procedures

This summary of consolidated financial results for the year ended March 31, 2014 is not subject to audit procedures under the Financial Instruments and Exchange Act, and the audit procedures for the consolidated financial statements are not complete at the time of the disclosure.

#### \* Explanation about the proper use of the financial results forecasts, and other matters

The forward-looking statements presented above are based on the information available at the time of the release of this report and are not intended to guarantee that the Company would achieve such figures. Actual results may differ from these forecasts due to various factors in the future.

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# 1. Analysis of Operating Results and Financial Position

## (1) Analysis of Operating Results

### Overview

During the consolidated fiscal year ended March 31, 2015, the Japanese economy showed an upward trend in capital expenditures and exports following the government's various economic policies and the BOJ's additional easy monetary policy. Such government's growth strategy to get out of deflation achieved certain positive results including improvement of corporate earnings and employment conditions, and the economy has been on a moderate recovery trend.

In the real estate industry, the number of new units placed in the national market in 2014 was 83,205, down 21% year-on-year, and the number of units sold in the Tokyo Metropolitan area also decreased. Meanwhile, sales price surged in downtown area in response to the selection of Tokyo as the host of the 2020 Tokyo Olympics and Paralympics, which resulted in continued shift of first-time buyers' interests from downtown area to suburban areas.

Under such circumstance, the Company has established certain position in the industry with its experience in the suburbs of Tokyo for more than 40 years, and purchases housing lots by utilizing its unique marketing method. In downtown areas in local cities, the Company established a sales base for eastern Japan in Sendai, Miyagi, and for western Japan in Matsuyama, Ehime, and has steadily expanded supply area by meeting demands of active senior generation for replacement or additional purchase.

With its 'Leben Heim' series of in-house planned new condominiums as its main brand, the Company will remain committed to its basic concept of 'ideal, affordable housing that anyone can buy with confidence' as well as its corporate vision of 'thinking of happiness; making happiness' and its corporate mission of 'creating together with eager minds, sincere efforts and ample talent,' and continue to work on product plans capturing the needs of the time and promote business activities focusing on its customers as its ultimate supporters.

### (i) Operating Results for the Year Ended March 31, 2015

#### a) Performance review

At the parent level, Takara Leben Co., Ltd., the built-for-sale condominium business delivered 1,620 units (including units sold under the joint venture), such as "Leben Yokohama Shiomidai Solanote," the Company's largest "solar-powered condominium." Also, the Company ranked first in the ranking of the number of 'solar-powered condominiums (available in each individual home unit)' units supplied in Japan in 2014 for the fourth consecutive year.

The detached housing business delivered 250 units, and the Company achieved the target in the medium-term business plan of 250 units.

The renovation business delivered 35 units.

Sales in the real estate rental business exceeded the initial plan as we purchased five units during the current fiscal year.

As a result, the Company recorded net sales of ¥68,819 million (up 2.5% year-on-year), operating income of ¥8,783 million (down 6.3% year-on-year), ordinary income of ¥8,137 million (down 6.2% year-on-year), and net income of ¥5,401 million (down 2.1% year-on-year).

At Leben Community Co., Ltd., the number of units managed under consignment expanded steadily to 38,700 units. Especially, units entrusted from other companies accounted for approximately 40% of the increase during the fiscal year as a result of the efforts to secure other companies' properties. Peripheral operations, including renovation, merchandise sales, and repair work, also showed a steady growth.

Takara Property Co., Ltd., engaging in rental management business, recorded sales essentially in line with the plan.

Takara Asset Management Co., Ltd. has been preparing for listing on the infrastructure fund market.

At Tafuko Co., Ltd., business expanded essentially as planned, supported by steady commission income.

Takara Leben Realnet Co., Ltd., which became a group company in June 2014, is engaged in real estate sales agency and real estate distribution businesses.

Nikko kensetsu Co., Ltd., which became a group company in October 2014, is engaged in general construction and rental management business mainly in Yokohama.

Takara Leben Tohoku Co., Ltd., which became a group company in January 2015, is engaged in commissioned real estate marketing agency business for properties located in Sendai, Miyagi.

Jyutakujyohoukan Co., Ltd., which became a group company in January 2015, is engaged in rental management business and real estate distribution business mainly in Matsuyama, Ehime.

In As Partners Co., Ltd., total of twelve nursing care facilities including two new facilities are operating and capacity utilization remained high at approximately 88%.

The Company and Sunwood Corporation sold and delivered their first joint development property Leben Tama Nagayama Garden Hills.

As a result of the above, the Group recorded net sales of ¥76,956 million (up 6.9% year-on-year), operating income of ¥9,257 million (down 5.5% year-on-year), ordinary income of ¥8,540 million (down 7.0% year-on-year), and net income of ¥5,718 million (down 2.6% year-on-year).

b) Performance by Business Segment

< Real Estate Sales Business >

Sales from the real estate sales business amounted to ¥66,907 million, up 1.7% year-on-year, including sales of ¥56,639 million for 1,620 new build-for-sale condominium units and sales of ¥10,267 million from sales of detached houses and renovation and resale business.

< Real Estate Rental Business >

Revenues from the real estate rental business amounted to ¥2,898 million, up 70.8% year-on-year, including rent revenues from the rental of apartments, condominium units, and offices.

< Real Estate Management Business >

Revenues from real estate management business representing management fees from 38,700 units under management amounted to ¥2,978 million, up 8.7% year-on-year.

< Other Business >

Revenues from other businesses amounted to ¥4,172 million, up 135.9% year-on-year, including revenues from construction work, large-scale repair work and revenues from electric power selling in mega-solar business.

c) Performance Review by Item

< Net Sales >

Net sales of the real estate sales business amounted to ¥66,907 million, including sales of 1,620 new built-for-sale condominium units and sales from new detached housing and renovation and resale business.

Revenues from the real estate rental business amounted to ¥2,898 million, including rent revenues from the rental of apartments, condominium units, and offices.

Revenues from the real estate management business representing management fees from 38,700 units under management amounted to ¥2,978 million.

Revenues from other businesses include revenues from construction work, large-scale repair work and revenues from electric power selling in mega-solar business and amounted to ¥4,172 million.

As a result, net sales for the consolidated fiscal year ended March 31, 2015 amounted to ¥76,956 million, up 6.9% year-on-year.

< Cost of Sales >

Cost of sales increased by 9.1% to ¥58,645 million as the number of units delivered in the detached housing sales business increased by 141 units from the previous fiscal year to 250 units.

< Selling, General and Administrative Expenses >

Despite the continued cost-cutting efforts, selling, general and administrative expenses increased from the previous fiscal year by 7.8% to ¥9,053 million due to an increase in selling expenses resulting from increased number of units delivered and acquisition of subsidiaries.

< Non-Operating Income and Expenses >

Non-operating income decreased by 22.8% from the previous fiscal year to ¥233 million due to a decrease in income from equity method investment.

Non-operating expenses increased by 3.4% from the previous fiscal year to ¥951 million due to an increase in interest expense as a result of new borrowings for projects.

< Extraordinary Gains and Losses >

Extraordinary gains decreased by 69.8% from the previous fiscal year to ¥99 million as no legal settlement was received in the current fiscal year.

Extraordinary losses decreased by 6.9% from the previous fiscal year to ¥61 million due to a decrease in impairment loss.

As a result, net sales for the consolidated fiscal year ended March 31, 2015 amounted to ¥76,956 million, up 6.9% year-on-year, operating income amounted to ¥9,257 million, down 5.5% year-on-year; Ordinary income amounted to ¥8,540 million, down 7.0% year-on-year; and net income amounted to ¥5,718 million, down 2.6% year-on-year.

(ii) Outlook for the Year Ending March 31, 2016

Based on the new medium-term business plan announced on May 11, 2015, the business plan for the fiscal year ending March 31, 2016 was drafted as follows.

In the real estate sales business, the new built-for-sale condominium operation will aggressively promote the supply of condominiums in downtown areas in local cities and expect to deliver 1,452 units.

The detached housing business will expect to deliver 234 houses.

The renovation business will continue to promote purchases at appropriate prices, based on the proper judgment of the market trend, in order to supplement its new built-for-sale condominium operations.

The real estate rental business intends to improve its stable stock business through well-selected purchases.

The real estate management business has set a target for management contract to be 40,800 units and aims at further expansion of peripheral operations such as large-scale repair work.

Based on the above, the Company's performance projections for the year ending March 31, 2016 are as follows:

Net sales:	¥93,800 million	(up 21.9% year-on-year)
Operating income:	¥13,350 million	(up 44.2% year-on-year)
Ordinary income:	¥12,400 million	(up 45.2% year-on-year)
Net income:	¥8,150 million	(up 42.5% year-on-year)

(New built-for-sale condominiums: Contracts signed versus number of units scheduled for delivery)

	Units scheduled for delivery during the fiscal year ending March 31, 2016 (units)	Of which, number of contracts signed (units)	Number of contracts signed of units scheduled for delivery after March 31, 2017 (units)	Total number of contracts signed (units)
As of March 31, 2015	1,452	829	116	945

(iii) Progress of the Mid-Term Management Plan, etc.

The Company developed the new mid-term management plan "Takara Leben Next Stage 2019" in May 2015 and set two main measures: "Diversifying flow businesses" and "Expanding stock and fee-based businesses." In the fiscal year ending March 31, 2019, the final year of the new plan, the Company aims at profit ratio of 65% for the flow business and 35% for the stock and fee business.

(iv) Achievement of Targeted Operating Index

The Company manages business with a focus on equity and cash and deposit balance. The previous mid-term management plan announced in September 2012 sets goals for the final year of the plan ending March 31, 2016 to be ¥33 billion for both cash and deposit and equity. At March 31, 2015, cash and deposit and equity were ¥26,281 million and ¥31,111 million, respectively, which the Company believes is the sufficient level to achieve the goals in one year.

The new mid-term management plan announced in May 2015 sets the target of ROE at 20% or more.

(2) Analysis of Financial Position

With regard to assets, liabilities, and net assets of the Group as of March 31, 2015, total assets amounted to ¥101,738 million, an increase of ¥5,847 million from March 31, 2014, mainly due to purchase of business assets and acquisition of subsidiaries, partially offset by a decrease in cash and deposits resulting from settlement of notes payable.

(i) Analysis of Assets, Liabilities and Net Assets

a) Current assets

Current assets decreased by ¥5,205 million from March 31, 2014 to ¥67,319 million mainly due to a decrease in cash and deposits resulting from settlement of notes payable.

b) Non-current assets

Non-current assets increased by ¥11,034 million from March 31, 2014 to ¥34,400 million mainly due to purchase of business assets and acquisition of subsidiaries.

c) Current liabilities

Current liabilities decreased by ¥3,110 million from March 31, 2014 to ¥34,600 million mainly due to a decrease in notes payable.

d) Non-current liabilities

Non-current liabilities increased by ¥4,907 million from March 31, 2014 to ¥35,948 million mainly due to an increase in borrowings associated with new purchases and acquisition of subsidiaries.

e) Net assets

Net assets increased by ¥4,051 million from March 31, 2014 to ¥31,189 million as net income for the year exceeded distribution of surplus and acquisition of treasury stock.

(ii) Analysis of Cash Flows

Cash and cash equivalents (“funds”) as of March 31, 2015 amounted to ¥26,114 million, a decrease of ¥9,840 million from March 31, 2014.

a) Cash flows from operating activities

Net cash used in operating activities was ¥8,155 million (Year ended March 31, 2014: ¥22,996 million), mainly attributable to a decrease in accounts payable, trade.

b) Cash flows from investing activities

Net cash used in investing activities was ¥7,998 million (Year ended March 31, 2014: ¥(4,568) million), mainly attributable to purchase of fixed assets.

c) Cash flows from financing activities

Net cash provided by financing activities was ¥6,314 million (Year ended March 31, 2014: ¥(366) million), mainly attributable to an increase in borrowings.

(iii) Changes in Cash Flow Indicators

	FY2013/3	FY2014/3	FY2015/3
Equity ratio (%)	32.2	28.2	30.6
Equity ratio at market value (%)	58.3	37.9	70.6
Debt repayment period (years)	39.8	1.6	-
Interest coverage ratio (times)	1.1	28.0	-

Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Equity market capitalization / Total assets

Debt repayment period: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expense

\* These indicators are all calculated using consolidated financial data.



\* Interest-bearing debt includes all debts recorded on the Consolidated balance sheet on which interest is paid.

\* For FY2015/3, Debt repayment period (years) and Interest coverage ratio (times) are omitted due to negative operating cash flows.

### (3) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years

Returning profits to the shareholder is one of the most important tasks for the Company, and the Company has the fundamental policy of striving to sustain stable levels of dividends at levels deemed appropriate based on due consideration of corporate performance trends and of the amount of internally retained funds required to expand and strengthen business operations. While the previous mid-term management plan set a policy to allocate over 30% of the bottom line to dividends and treasury stock acquisition, the new mid-term management plan aims at 35% or more.

Specifically, the plans for dividends are set as follows:

		1 <sup>st</sup> half dividend	Year-end dividend	Total
Year ended March 31, 2015 (forecast)	Ordinary dividends	¥2.0	¥4.0	¥6.0
Year ending March 31, 2016 (forecast)	Ordinary dividends	¥4.0	¥6.0	¥10.0

The Company does not decide dividends based solely on specific benchmarks but on a comprehensive assessment, with an aim to make the Company attractive for long-term investment by numerous shareholders.

### (4) Business Risks

The following items present potential risk for the operating results, share price, financial position, etc. of the Group.

Forward-looking statements hereby are based on the assessment by the Group as of the end of the current consolidated fiscal year.

#### a) Earthquakes and other natural disasters

Earthquakes and other natural disasters may directly damage the Company or the construction companies used for execution, or may make it difficult for these construction companies to procure building materials. Any of these events may delay construction work, as well as hamper sales and collection activity of the Company, and thus impact the performance and financial position of the Group.

#### b) Legal regulations

The business of the Group is subject to the National Land Use Planning Act, Building Lots and Buildings Transaction Business Act, Building Standards Act, City Planning Act, Money Lending Control Act, Act on Advancement of Proper Condominium Management, Long-Term Care Insurance Act and other applicable national laws as well as applicable ordinances, etc., of the various local governments. Should these laws, ordinances, etc., be revised or new ones created, this may create new burdens for the Group and potentially impact its performance and business development.

#### c) Degree of dependency on borrowing

Purchase of land is funded primarily by loans from financial institutions, and the ratio of interest-bearing debt to total assets is 48.0% at the end of the current consolidated fiscal year. Thus, in case the funding is restricted or interest rates increase rapidly due to worsened financial conditions, the performance and financial position of the Group may be affected.

#### d) Home buyer sentiment

The Company's core business, new built-for-sale condominiums, tends to be swayed by changes in home buyer sentiment, which is affected by factors such as the overall economy, residential tax regulations, consumption taxes, land prices, and interest rates. A pronounced deterioration in home buyer sentiment may impact the performance and financial position of the Group.

e) Impact of home loans

In purchase of condominiums, etc., our customers often make use of home loans from home financing support organizations and financial institutions, and therefore credit crunch caused by unfavorable changes in financial conditions may potentially impact the performance and financial position of the Group.

f) Impact of supply trends

Sales of new build-for-sale condominiums, a core business of the Group, are greatly affected by supply trends, such as fluctuations in land procurement cost and subcontracting cost and financial conditions. For these reasons, conditions which has a significant impact on supply trends may potentially impact the performance and financial position of the Group.

g) Impact of competition

The Group sells real estate in and around the Tokyo Metropolitan Area, and an excessive price competition in this area may prolong marketing activities or cause sales at the estimated price to be difficult. Such situations may potentially impact the performance and financial position of the Group.

h) Subcontractors

The Group entrusts the construction of its condominiums to building contractors. However, increases in building material costs and labor costs may raise building contract costs, thus depressing profitability. Also, construction companies entrusted with the construction work may become insolvent, which may delay construction work or force the construction company to default on its contract. Any of these events, as well as failure by the construction company to provide the due compensation in the future, may impact the performance and financial position of the Group.

i) Opposition to condominium construction from surrounding residents

When constructing condominiums, the Group carefully considers the environment surrounding the construction location, reviews relevant national laws and local ordinances when creating a development plan, and holds information sessions for local residents prior to the start of construction in order to facilitate understanding. However, issues such as construction noise, sunlight block or environmental disruption may sometimes lead to an opposition campaign against the construction by surrounding residents and cause the change of plans, construction delays, and additional costs, etc., which may potentially impact the performance and financial position of the Group.

j) Possibility of lawsuits

When constructing condominiums, the Group takes careful considerations from a variety of perspectives; however, lawsuits may be brought against the Group as a result of building defects, soil contamination, etc., and as a result, the building plans may have to be changed. Such cases may potentially impact the performance and financial position of the Group.

k) Personal information

The Group handles a large amount of personal information in the course of selling and managing condominiums, etc. Extreme care is taken in handling and administering such information through measures such as implementation of software designed to prevent personal information leak, creation and maintenance of relevant rules, creation of employees manuals, and provision of employee training seminars; however, if a leak of personal information occurs, it may potentially impact the performance and financial position of the Group.

## 2. The Takara Leben Group

The Takara Leben Group, consisting of the Company, ten consolidated subsidiaries and two affiliates, operates real estate business primarily in the Tokyo metropolitan area, including Tokyo, Saitama, Chiba, and Kanagawa prefectures.

The Company mainly engages in planning, development, and marketing of 'Leben-series' new built-for-sale condominiums.

Leben Community Co., Ltd., a consolidated subsidiary, primarily engages in comprehensive management services for condominium buildings. Takara Asset Management Co., Ltd., a consolidated subsidiary, will primarily engage in investment management business.

Takara Leben Tohoku Co., Ltd., a consolidated subsidiary, is engaged in real estate sales business mainly in eastern Japan.

Takara Leben Realnet Co., Ltd., a consolidated subsidiary, is engaged in real estate distribution businesses.

Takara Property Co., Ltd., a consolidated subsidiary, primarily engages in rental management business.

Takara Investments Co., Ltd., a consolidated subsidiary, will primarily engage in real estate asset management business.

TAFUKO Co., Ltd., a consolidated subsidiary, primarily engages in loan collection agency business and other commission-based businesses.

Nikko kensetsu Co., Ltd., a consolidated subsidiary, is engaged in general construction business mainly in Yokohama, Kanagawa.

Jyutakujyouhoukan Co., Ltd., a consolidated subsidiary, is engaged in real estate sales business and real estate management business mainly in western Japan.

Marunouchi Servicer Co., Ltd., a consolidated subsidiary, is primarily engaged in claims servicing business pursuant to the Act on Special Measures concerning the Claims Servicing Business.

As Partners Co., Ltd., an affiliate accounted for by the equity method, primarily operates residential facilities with nursing capabilities for elderly people.

Sunwood Corporation, an affiliate accounted for by the equity method, primarily engages in planning, development, and marketing of new built-for-sale condominiums, etc. mainly in the Tokyo Metropolitan area.

### (1) Real estate sales business

The Company is primarily engaged in planning, development and marketing of 'Leben-series' new built-for-sale condominiums in the suburbs of the Tokyo metropolitan area. Also, Sunwood Corporation, an affiliate accounted for by the equity method, is primarily engaged in planning, development, and marketing of new built-for-sale condominiums, etc. mainly in the Tokyo Metropolitan area.

### (2) Real estate rental business

The Company is engaged in rental business for apartments, condominiums, and offices in the Tokyo metropolitan area. Also Takara Property Co., Ltd., a consolidated subsidiary, is engaged in rental management business.

### (3) Real estate management business

Leben Community Co., Ltd., a consolidated subsidiary, provides comprehensive management service for built-for-sale condominiums.

### (4) Other businesses

- Loan collection agency business

TAFUKO Co., Ltd., a consolidated subsidiary, provides loan collection service.

- Claims servicing business

Marunouchi Servicer Co., Ltd., a consolidated subsidiary, is engaged in claims servicing business pursuant to the Act on Special Measures concerning the Claims Servicing Business.

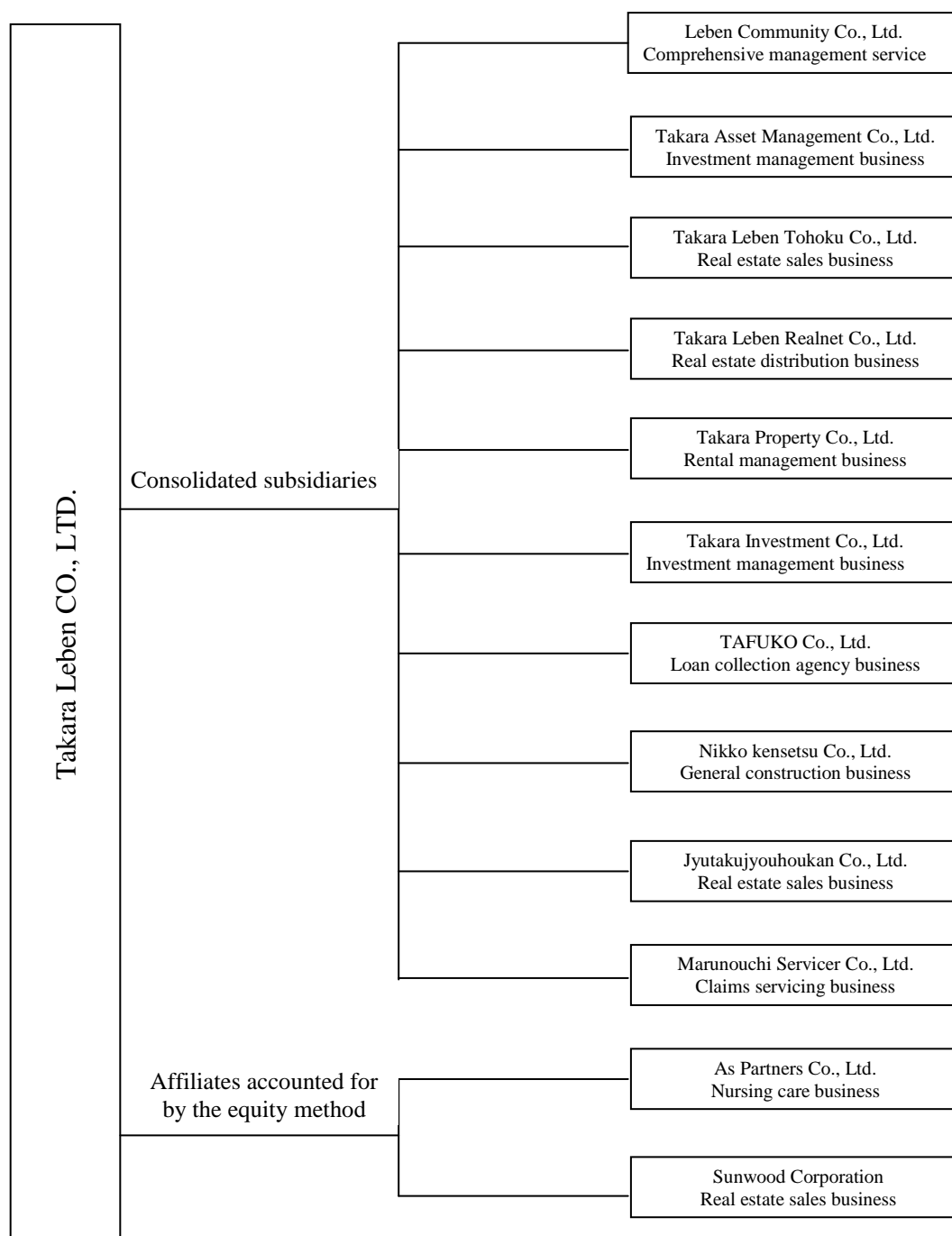
- Nursing care business

As Partners Co., Ltd., an affiliate accounted for by the equity method, operates residential facilities with nursing capabilities for elderly people. Also, Leben Community Co., Ltd., a consolidated subsidiary, provides rehabilitation-focused day-care nursing service.

- Other businesses

The Group is also engaged in other businesses such as commissioned real estate marketing agency business. In the future, the Group plans to engage in investment management and real estate asset management businesses.

The Group's businesses are organized as follows.



### 3. Management Policy

#### (1) Basic Management Policy

The followings are the Company's corporate vision and corporate mission.

#### Takara Leben's Corporate Vision: The Way We Should Be

#### Thinking of Happiness. Making Happiness

As a builder, we take your happiness more seriously than anyone else; when we build for you, we build to make your living dreams come true.

When we develop, we consider the well-being of the community more deeply than anyone else; the world gets new towns where all people live in comfort.

To build a happy future, we plan and work more fruitfully than anyone else; we propose earth-friendly, sustainable development for the environment.

Thinking of Happiness. Making Happiness.

That's Takara Leben's corporate vision.

#### Takara Leben's Corporate Mission: The Beliefs We Value

#### Creating Together

##### with Eager Minds

Putting our heads together with customers, eagerly,  
to think up and create new market values

##### with Sincere Efforts

Prizing the sincere efforts of our partners,  
for the comfort and security of living together

##### with Ample Talent

Prizing the talents of every corporate member,  
for the rich and seamless development of a shared tomorrow.

#### (2) Medium and Long-Term Business Strategy

##### < Overview of Strategies >

The Company developed the new mid-term management plan "Takara Leben Next Stage 2019" in May 2015 for the period ending March 31, 2019, with a theme of 'Beginning of a new era for Takara Leben' and two main measures listed below.

- Diversifying flow businesses
- Expanding stock and fee-based businesses

##### < Specific Strategies >

#### A. Basic Policy

By maximizing the Group's strengths, the Company aims to diversify flow businesses and expand stock and fee-based businesses, and achieve profit ratio of 65% for flow businesses and 35% for stock and fee-based businesses.

#### B. Individual Strategies

##### (i) Diversifying flow businesses

- a) New built-for-sale condominium business in the Tokyo Metropolitan area

Due to a surge of condominium price in the metropolitan area, first-time buyers have shifted to suburban areas, which resulted in increasing demands for condominiums with good locations and upscale specifications in these areas. As the exodus of first-time buyers from the metropolitan area to the suburbs is still expected to increase, the Company plans to supply high value-added condominiums with solar-power, etc. in good locations at appropriate prices, and aims at stable annual supply of 1,200 units.

b) New built-for-sale condominium business in downtown areas in local cities

In downtown areas in local cities, we will expand our business with active seniors as the main target. As demand for condominiums located in central areas is expected to increase in the future once the second-generation baby boomers begin to retire, the Company aims at annual supply of 1,000 units.

c) Redevelopment & Rebuilding Business

Through rebuilding, redevelopment, and scrap & build businesses, the Company aims at stable annual supply of about 300 units.

d) Detached house business

The Company will establish short-, mid-, and long-term business cycles, ensure creating value for town through development of complex facilities including condominiums and supplying condominiums in good locations, and aim at annual supply of 500 units, in a complementary role in the condominium business.

e) Business charged with effective use of land

The Company plans to provide one-stop solution for the entire process from proposal of land effective utilization, design/construction and operational management/maintenance, with the aim of expanding both flow and stock businesses.

(ii) Expanding stock and fee-based businesses

a) Mega-solar business

We set the operation goal of 130 MW for FY2019/3. In addition, Takara Asset Management Co., Ltd. aims for listing of an investment corporation on the infrastructure market as soon as possible

b) Real estate rental business

We will proactively acquire used properties located near railway stations. Through scrap & build operations, such acquired properties will be sold to active seniors or to REIT as new rental properties.

c) Real estate management business

The Company will proactively acquire management of build-for-sale housing conducted by other companies, and aim for 50,000 managed housing units.

d) Real estate rental and management business

Group companies will enhance rental management business in each area, aiming for 6,200 managed housing units.

e) Real estate distribution business

With effective use of resources available in the Group, we will strengthen the business structure to respond to replacement needs of active seniors that are expected to increase going forward and aim to achieve annual sales of ¥1.0 billion.

(3) Issues to be Addressed

The Company considers its immediate priority to be cultivation of human resources. Especially, in order to establish sustainable organization, it is absolutely imperative to cultivate middle-level personnel. Through providing trainings according to employee level and reinforcing corporate culture, we aim to build stronger organization while maintaining the speedy decision making.

#### 4. Basic Idea on Selection of Accounting Standards

The Group has adopted the Japanese accounting standards to ensure comparability with our domestic competitors

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	35,964	※2 26,281
Notes and accounts receivable, trade	405	※2 933
Real estate held for sale	※3 1,156	※2, ※3 4,901
Real estate held for sale in progress	※2 32,288	※2 30,444
Costs incurred on uncompleted contracts	—	244
Deferred tax assets	408	189
Other	2,345	※2 4,362
Allowance for doubtful accounts	(43)	(37)
<b>Total current assets</b>	<b>72,524</b>	<b>67,319</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	8,114	10,490
Accumulated depreciation	(3,006)	(3,619)
Buildings and structures, net	※2, ※3 5,108	※2, ※3 6,870
Machinery, equipment and vehicles	1,135	4,248
Accumulated depreciation	(61)	(377)
Machinery, equipment and vehicles, net	※2 1,074	※2 3,870
Tools, furniture and fixtures	177	220
Accumulated depreciation	(148)	(188)
Tools, furniture and fixtures, net	※2 28	※2 31
Land	※2, ※3 14,100	※2, ※3 18,758
Lease assets	135	230
Accumulated depreciation	(31)	(75)
Lease assets, net	104	154
Construction in progress	※2 816	※2 725
<b>Total tangible fixed assets</b>	<b>21,233</b>	<b>30,412</b>
<b>Intangible fixed assets</b>		
Goodwill	—	1,123
Lease assets	92	82
Other	※2 421	※2 421
<b>Total intangible fixed assets</b>	<b>513</b>	<b>1,627</b>
<b>Investments and other assets</b>		
Investment securities	226	223
Long-term loans	73	55
Deferred tax assets	44	46
Other	※1 1,384	※1 2,042
Allowance for doubtful accounts	(109)	(6)
<b>Total investments and other assets</b>	<b>1,619</b>	<b>2,361</b>
<b>Total fixed assets</b>	<b>23,366</b>	<b>34,400</b>
Deferred assets	—	18
<b>Total assets</b>	<b>95,891</b>	<b>101,738</b>



(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable, trade	20,692	10,023
Short-term borrowings	※2 2,590	※2 4,742
Current portion of long-term borrowings	※2 5,101	※2 10,378
Lease obligations	62	108
Income taxes payable	3,356	1,928
Advance received	4,043	4,146
Allowance for bonuses	229	265
Allowance for compensation for complete work	158	150
Other	1,475	2,857
Total current liabilities	37,711	34,600
Noncurrent liabilities		
Bonds	—	200
Long-term borrowings	※2 29,861	※2 33,235
Lease obligations	149	148
Allowance for directors' retirement benefits	26	29
Liabilities related to retirement benefits	220	255
Asset retirement obligations	24	20
Deferred tax liabilities	117	813
Other	642	1,245
Total noncurrent liabilities	31,041	35,948
Total liabilities	68,752	70,549
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	21,623	26,251
Treasury stock	(4,179)	(4,806)
Total shareholders' equity	27,080	31,081
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	4	30
Total accumulated other comprehensive income	4	30
New share subscription rights	53	77
Total net assets	27,138	31,189
Total liabilities and net assets	95,891	101,738

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

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Net sales	71,963	76,956
Cost of sales	53,763	※ <sup>1</sup> 58,645
Gross profit	18,199	18,311
Selling, general and administrative expenses	※ <sup>2</sup> 8,400	※ <sup>2</sup> 9,053
Operating income	9,798	9,257
Non-operating income		
Interest income	4	3
Dividend income	4	4
Commissions received	114	112
Income from equity method investment	139	5
Deposit settlement gain	—	48
Miscellaneous income	40	58
Total non-operating income	302	233
Non-operating expenses		
Interest expense	832	892
Miscellaneous losses	87	59
Total non-operating expense	920	951
Ordinary income	9,181	8,540
Extraordinary gains		
Gain on sale of fixed assets	—	※ <sup>3</sup> 0
Gain on sale of investment securities	—	16
Gain on negative goodwill	—	82
Legal settlement received	330	—
Total extraordinary gains	330	99
Extraordinary losses		
Loss on sale of fixed assets	※ <sup>4</sup> 39	—
Loss on disposal of fixed assets	※ <sup>5</sup> 0	※ <sup>5</sup> 30
Impairment loss	※ <sup>6</sup> 17	※ <sup>6</sup> 0
Loss on valuation of investment securities	—	9
Loss from legal proceedings	※ <sup>7</sup> 9	※ <sup>7</sup> 20
Total extraordinary losses	66	61
Income before income taxes and minority interests	9,444	8,577
Income taxes – current	3,390	1,973
Income taxes – deferred	185	886
Total income taxes	3,575	2,859
Income before minority interests	5,869	5,718
Net income	5,869	5,718

## (Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Income before minority interests	5,869	5,718
Other comprehensive income		
Net unrealized gains on available-for-sale securities	0	26
Total other comprehensive income	※1 0	※1 26
Comprehensive income	5,869	5,744
(Comprising)		
Comprehensive income attributable to parent	5,869	5,744

## (3) Consolidated Statement of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	4,819	4,947	16,991	(2,630)	24,127
Changes during the year					
Dividends from surplus			(472)		(472)
Net income			5,869		5,869
Change in scope of consolidation					
Acquisition of treasury stock				(2,496)	(2,496)
Disposition of treasury stock		25		26	52
Cancellation of treasury stock		(920)		920	—
Transfer from retained earnings to capital surplus		765	(765)		—
Net changes of items other than shareholders' equity					
Total changes during the year	—	(130)	4,632	(1,548)	2,952
Balance at end of year	4,819	4,817	21,623	(4,179)	27,080

	Accumulated other comprehensive income		New share subscription rights	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of year	3	3	16	24,147
Changes during the year				
Dividends from surplus				(472)
Net income				5,869
Change in scope of consolidation				—
Acquisition of treasury stock				(2,496)
Disposition of treasury stock				52
Cancellation of treasury stock				—
Transfer from retained earnings to capital surplus				—
Net changes of items other than shareholders' equity	0	0	36	37
Total changes during the year	0	0	36	2,990
Balance at end of year	4	4	53	27,138

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

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	4,819	4,817	21,623	(4,179)	27,080
Changes during the year					
Dividends from surplus			(624)		(624)
Net income			5,718		5,718
Change in scope of consolidation			92		92
Acquisition of treasury stock				(1,217)	(1,217)
Disposition of treasury stock		2		29	32
Cancellation of treasury stock		(560)		560	—
Transfer from retained earnings to capital surplus		557	(557)		—
Net changes of items other than shareholders' equity					
Total changes during the year	—	—	4,628	(627)	4,001
Balance at end of year	4,819	4,817	26,251	(4,806)	31,081

	Accumulated other comprehensive income		New share subscription rights	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of year	4	4	53	27,138
Changes during the year				
Dividends from surplus				(624)
Net income				5,718
Change in scope of consolidation				92
Acquisition of treasury stock				(1,217)
Disposition of treasury stock				32
Cancellation of treasury stock				—
Transfer from retained earnings to capital surplus				—
Net changes of items other than shareholders' equity	26	26	24	50
Total changes during the year	26	26	24	4,051
Balance at end of year	30	30	77	31,189

## (4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Net income before income taxes and minority interests	9,444	8,577
Depreciation and amortization	437	717
Impairment loss	17	0
Amortization of goodwill	—	46
Gains on negative goodwill	—	(82)
Increase (decrease) in allowances	124	(19)
Increase in liabilities related to retirement benefits	41	25
Interest and dividend income	(8)	(8)
Equity-based compensation cost	88	55
Interest expense	832	892
Loss on disposal of fixed assets	0	30
Loss (gain) on sale of tangible fixed assets	39	(0)
Loss on valuation of investment securities	—	9
Gain on sale of investment securities	—	(16)
Legal settlement received	(330)	—
Increase in accounts receivable, trade	(81)	(484)
Decrease in operating loans	56	73
Decrease (increase) in inventories	2,051	(911)
Increase (decrease) in accounts payable, trade	12,772	(10,717)
Increase in advance received	87	73
Other	(425)	(1,979)
Subtotal	25,149	(3,716)
Interest and dividend received	8	8
Interest paid	(821)	(1,014)
Income taxes paid	(1,669)	(3,433)
Amount of legal settlement received	330	—
Net cash provided by (used in) operating activities	22,996	(8,155)
Cash flows from investing activities		
Payments into time deposits	(0)	(32)
Withdrawals from time deposits	9	27
Decrease in short-term loans	4	16
Purchase of stocks of subsidiaries and affiliates	(646)	—
Acquisition of tangible fixed assets	(3,856)	(7,681)
Proceeds from sale of tangible fixed assets	12	1
Acquisition of intangible fixed assets	(29)	(19)
Acquisition of investment securities	(59)	(1)
Proceeds from sale of investment securities	—	56
Outflow from acquisition of subsidiaries' stock resulting in change of the scope of consolidation	—	※3 (732)
Inflow from acquisition of subsidiaries' stock resulting in change of the scope of consolidation	—	※3 375
Other	(2)	(8)
Net cash used in investing activities	(4,568)	(7,998)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(38)	1,687
Proceeds from long-term borrowings	19,170	22,349
Repayment of long-term borrowings	(16,432)	(15,778)
Redemption of bonds	—	(30)
Repayment of lease obligations	(98)	(73)
Acquisition of treasury stock	(2,496)	(1,217)
Dividends paid	(471)	(624)
Net cash (used in) provided by financing activities	(366)	6,314
Increase (decrease) in cash and cash equivalent	18,061	(9,840)
Cash and cash equivalent at beginning of year	17,893	35,954
Cash and cash equivalent at end of year	※1 35,954	※1 26,114

(5) Notes to the Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

Not applicable.

(Significant Basis for Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of Consolidated subsidiaries: 10

Names of consolidated subsidiaries

Leben Community Co., Ltd.

Takara Asset Management Co., Ltd.

Takara Leben Tohoku Co., Ltd.

Takara Leben Realnet Co., Ltd.

Takara Property Co., Ltd.

Takara Investments Co., Ltd.

TAFUKO Co., Ltd.

Nikko kensetsu CO., LTD.

Jyutakujoyouhoukan Co., Ltd.

Marunouchi Servicer Co., Ltd.

During the three months ended June 30, 2014, Oasis Corporation was included in the scope of consolidation as a result of share acquisition. Oasis Corporation changed its name to Takara Leben Realnet Co., Ltd.

During the three months ended December 31, 2014, Nikko kensetsu Co., Ltd. was included in the scope of consolidation as a result of share acquisition.

During the three months ended March 31, 2015, Live Net Home Co., Ltd. and Jyutakujoyouhoukan Co., Ltd. were included in the scope of consolidation as a result of share acquisition. Live Net Home Co., Ltd. changed its name to Takara Leben Tohoku Co., Ltd.

(2) Names of major nonconsolidated subsidiaries

Not applicable.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method:2

Name of the affiliates

AS PARTNERS Co., Ltd.

Sunwood Corporation

(2) Non-consolidated subsidiaries not accounted for by the equity method

Not applicable.

3. Fiscal year of consolidated subsidiaries

All consolidated subsidiaries have the same fiscal year-end as the consolidated fiscal year-end.

4. Accounting policies

(1) Valuation basis and method for major assets

(i) Securities

a. Debt securities held to maturity

Debt securities held to maturity are stated at amortized cost using the straight-line method.

b. Available-for-sale securities

With fair value

Securities with fair value are marked to market based on the market value at the consolidated fiscal year-end.

(Unrealized gains and losses are directly recorded in Net assets and cost of securities sold is calculated using the moving-average method)

Without fair value

Securities without fair value are stated at cost based on the moving-average method.

(ii) Inventories

Inventory is stated at cost based on the specific identification method.

(Book value is written down due to decline in profitability)



(2) Depreciation method for major depreciable assets

(i) Tangible fixed assets (excluding lease assets)

Tangible fixed assets (excluding lease assets) are depreciated using the declining balance method, except for buildings (excluding leasehold improvement) acquired after April 1, 2008, which are depreciated using the straight-line method.

Individual useful lives are as follows:

	Individual useful lives (years)
Buildings and structures	3 - 50
Machinery, equipment and vehicles	4 - 17

(ii) Intangible fixed assets (excluding lease assets)

Software for internal use is amortized using the straight-line method over the estimated useful life of five years.

(iii) Lease assets

Lease assets under the finance lease arrangements where the ownership is transferred to lessees

Lease assets with ownership transfer are depreciated using the same depreciation method as fixed assets owned.

Lease assets under the finance lease arrangements where the ownership is not transferred to lessees

Lease assets without ownership transfer are depreciated using the straight-line method over the lease term with no residual value.

(iv) Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method.

(3) Accounting for major allowances

(i) Allowance for doubtful accounts

For the estimated uncollectible amount, allowance for performing receivables is recorded based on the actual loss ratio, and allowance for certain receivables with doubtful collectibility is recorded based on the individual assessment of collectibility.

(ii) Allowance for bonuses

In order to provide for bonuses to be paid to employees, estimated bonus amount attributable to the current consolidated fiscal year is recorded.

(iii) Allowance for compensation for complete work

Allowance for compensation for complete work is recorded in order to provide for losses arising from defects after the delivery of self-executed constructions or compensation service costs based on the historical costs related to repair work of self-executed constructions.

(iv) Allowance for directors' retirement benefits

Allowance for directors' retirement benefits is provided in the amount payable at the current consolidated fiscal year-end in accordance with the regulations on directors' retirement benefits (internal regulations).

(4) Accounting for retirement benefits

The Company and its consolidated subsidiaries calculate liabilities related to retirement benefits and pension costs using the simplified method in which the amount of retirement benefits payable for voluntary termination at end of year is treated as retirement benefit obligations.

(5) Amortization method and period of goodwill

Goodwill is amortized using the straight-line method over ten years.

However, goodwill of minor amounts is charged to income in the period of acquisition.

(6) Scope of cash and cash equivalent on the consolidated statement of cash flows

Cash and cash equivalent consist of cash at hand, demand deposit, and short-term investments with an original maturity of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value.

(7) Other significant matters for preparation of the consolidated financial statements

Accounting for consumption taxes

National and local consumption taxes are accounted for using the tax exclusive method. Non-deductible consumption taxes relating to assets are charged to income in the year of acquisition.

However, Consumption taxes of tax-exempt consolidated subsidiaries are accounted for using the tax inclusive method.

## (Consolidated Balance Sheet)

※1 Assets relating to affiliates are as follows:

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Investments and other assets, Other (Affiliates' stock)	¥885 million	¥881 million

※2 Assets pledged as collateral and corresponding liabilities are as follows.

(1) Assets pledged as collateral

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Cash and deposits	—	21
Notes and accounts receivable, trade	—	409
Real estate held for sale	—	592
Real estate held for sale in progress	29,640	23,876
Other (current assets)	—	267
Buildings and structures	4,302	5,805
Machinery and equipment	631	3,070
Tools, furniture and fixtures	0	0
Land	10,268	14,489
Construction in progress	710	549
Other (intangible fixed assets)	224	224
Total	45,778	49,307

(2) Corresponding liabilities

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Short-term borrowings	2,197	3,032
Current portion of long-term borrowings	4,797	5,296
Long-term borrowings	28,829	31,667
Total	35,824	39,996

※3 Change in purpose of asset holding

Previous consolidated fiscal year (as of March 31, 2014)

In line with the decision to reclassify part of real estate held for development and rent to real estate held for resale, Buildings and structures of ¥38 million and Land of ¥27 million were reclassified to Real estate held for sale.

Current consolidated fiscal year (as of March 31, 2015)

In line with the decision to reclassify part of real estate held for development and rent to real estate held for resale, Buildings and structures of ¥252 million and Land of ¥445 million were reclassified to Real estate held for sale.

#### 4 Contingent liabilities (Guarantee liability)

Guarantee liability for borrowings from financial institutions by companies other than consolidated subsidiaries

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Joint and several guarantees in favor of financial institutions until the customers' residential mortgage loans are registered Aruka Co., Ltd.	7,301	12,073
	26	—
Total	7,327	12,073

- 5 The Group maintains overdraft and credit lines agreement with 14 financial institutions (March 31, 2014: 11) in order to ensure efficient funding of operating capital. The unused balance of borrowings under these agreements at consolidated fiscal year-end is as follows: (Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Total maximum amount of overdraft and credit lines	5,950	8,213
Outstanding borrowing balance	3,622	4,683
Difference	2,327	3,529

(Consolidated Statement of Income)

- ※1 Inventories are stated at the amount after the write-down reflecting the decline in profitability. Loss on valuation of inventories included in Cost of sales is as follows. (Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
	—	(151)

- ※2 Selling expenses account for approximately 52% and General and administrative expenses account for approximately 48% for the year ended March 31, 2014, and 46% and 54%, respectively, for the year ended March 31, 2015.

Major components of Selling, general and administrative expenses and their amounts are as follows.

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Advertising expenses	2,838	2,781
Sales promotion expenses	1,450	1,394
Salaries	1,341	1,560
Provision for allowance for bonuses	276	320
Retirement benefit costs	46	57
Provision for allowance for directors' retirement benefits	1	3
Provision for allowance for doubtful accounts	22	17

- ※3 The breakdown of Gain on sale of fixed assets is as follows. (Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Machinery, equipment and vehicles	—	0
Total	—	0

- ※4 The breakdown of Loss on sale of fixed assets is as follows. (Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Buildings and structures	39	—
Total	39	—

※5 The breakdown of Loss on disposal of fixed assets is as follows.

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Buildings and structures	—	30
Tools, furniture and fixtures	0	0
Software	0	—
Total	0	30

※6 Impairment loss

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

During the year ended March 31, 2014, the Group recorded impairment loss of ¥17 million on the following assets or asset groups due to the decline in market value of rental properties.

Use	Type	Location	Amount (Millions of yen)
Idle assets	Land	Furukawa, Ibaraki	0
	Land	Hakone-machi, Ashigara-shimogun, Kanagawa	1
	Land	Oyama, Tochigi	8
Rental properties	Land	Tsukuba, Ibaraki	5
	Land	Matsudo, Chiba	1
Total			17

The amount consists of Land of ¥17 million.

Rental properties and idle assets are grouped based on an individual property.

The recoverable amount is measured using net sale value and value in use. Net sale value is assessed based on the appraisal value by a real estate appraiser and value in use is calculated by discounting future cash flows at a rate of 6%.

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

During the year ended March 31, 2015, the Group recorded impairment loss of ¥0 million on the following assets or asset groups due to the decline in market value of idle assets.

Use	Type	Location	Amount (Millions of yen)
Idle assets	Land	Hakone-machi, Ashigara-shimogun, Kanagawa	0
Total			0

The amount consists of Land of ¥0 million.

Idle assets are grouped based on an individual property.

The recoverable amount is measured using net sale value, which is assessed based on the appraisal value by a real estate appraiser.

※7 Loss from legal proceedings

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

Loss from legal proceedings represents attorney's fee of ¥9 million

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

Loss from legal proceedings represents ¥20 million of legal settlement related to legal proceedings filed against the Company.

(Consolidated Statement of Comprehensive Income)

※1 Reclassification adjustments of other comprehensive income and their tax effects.

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Unrealized gains (losses) on available-for-sale securities :		
Recognized during the current year	0	42
Reclassification adjustments	—	(16)
Before tax effects	0	26
Tax effects	—	—
Unrealized gains (losses) on available-for-sale securities	0	26
Total other comprehensive income	0	26

(Consolidated Statement of Changes in Shareholders' Equity)

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

1. Class and number of shares issued and outstanding and class and number of treasury stock

	Number of shares at April 1, 2013 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2014 (Shares)
Shares issued and outstanding				
Common stock (Note 1, 2, 3)	33,386,070	99,000,000	2,386,070	130,000,000
Total	33,386,070	99,000,000	2,386,070	130,000,000
Treasury stock				
Common stock (Notes 1, 4, 5)	3,505,271	14,881,606	2,412,070	15,974,807
Total	3,505,271	14,881,606	2,412,070	15,974,807

(Notes) 1. As of July 1, 2013, the Company split its shares at a ratio of 1:4 for one common stock.

2. The increase in number of common stock outstanding of 99,000,000 shares is due to stock split.

3. The decrease in number of common stock outstanding of 2,386,070 shares is due to cancellation of treasury stock based on the resolution by the Board of Directors meeting.

4. The increase in number of common stock in treasury stock of 14,881,606 shares is due to market purchase of 2,601,900 shares based on the resolution by the Board of Directors meeting, acquisition of odd-lot shares of 103 shares, and stock split (at 1:4) of 12,279,603 shares.

5. The decrease in number of common stock in treasury stock of 2,412,070 shares is due to exercise of stock option of 26,000 shares and cancellation of treasury stock of 2,386,070 shares based on the resolution by the Board of Directors meeting.

2. New share subscription rights and treasury new share subscription rights

Classifi- cation	Description of new share subscription rights	Class of shares to be issued upon exercise of new share subscription rights	Number of shares to be issued upon exercise of new share subscription rights				Balance at March 31, 2014 (Millions of yen)
			Number of shares at April 1, 2013 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2014 (Shares)	
Submitting company (Parent company)	New share subscription rights as stock options	—	—	—	—	—	53
Total		—	—	—	—	—	53

### 3. Dividends

#### (1) Dividends paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 20, 2013	Common stock	298	10	March 31, 2013	June 21, 2013
Board of Directors meeting on October 28, 2013	Common stock	173	1.5	September 30, 2013	December 10, 2013

#### (2) Dividends with a record date belonging to the current consolidated fiscal year but to be effective in the following fiscal year

(Resolution)	Class of shares	Total dividends to be paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on June 23, 2014	Common stock	399	Retained earnings	3.5	March 31, 2014	June 24, 2014

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

##### 1. Class and number of shares issued and outstanding and class and number of treasury stock

	Number of shares at April 1, 2014 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2015 (Shares)
Shares issued and outstanding				
Common stock (Note 1)	130,000,000	—	2,000,000	128,000,000
Total	130,000,000	—	2,000,000	128,000,000
Treasury stock				
Common stock (Notes 2, 3)	15,974,807	2,668,500	2,112,000	16,531,307
Total	15,974,807	2,668,500	2,112,000	16,531,307

- (Notes) 1. The decrease in number of common stock outstanding of 2,000,000 shares is due to cancellation of treasury stock based on the resolution by the Board of Directors meeting.
2. The increase in number of common stock in treasury stock of 2,668,500 shares is due to acquisition of treasury stock based on the resolution by the Board of Directors meeting.
3. The decrease in number of common stock in treasury stock of 2,112,000 shares is due to exercise of stock option of 112,000 shares and cancellation of treasury stock of 2,000,000 shares based on the resolution by the Board of Directors meeting.

##### 2. New share subscription rights and treasury new share subscription rights

Classification	Description of new share subscription rights	Class of shares to be issued upon exercise of new share subscription rights	Number of shares to be issued upon exercise of new share subscription rights				Balance at March 31, 2015 (million yen)
			Number of shares at April 1, 2014 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2015 (Shares)	
Submitting company (Parent company)	New share subscription rights as stock options	—	—	—	—	77	
Total		—	—	—	—	77	

### 3. Dividends

#### (1) Dividends paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 23, 2014	Common stock	399	3.5	March 31, 2014	June 24, 2014
Board of Directors meeting on October 27, 2014	Common stock	225	2	September 30, 2014	December 9, 2014

(2) Dividends with a record date belonging to the current consolidated fiscal year but to be effective in the following fiscal year

The following dividend is expected to be approved.

(Resolution)	Class of shares	Total dividends to be paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on June 24, 2015	Common stock	445	Retained earnings	4	March 31, 2015	June 25, 2015

#### (Consolidated Statement of Cash Flows)

※1 A reconciliation of Cash and cash equivalent and the account balance on the Consolidated Balance Sheet

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Cash and deposits	35,964	26,281
Time deposits with maturity in excess of three months	(10)	(166)
Cash and cash equivalent	35,954	26,114

#### 2 Significant non-cash transactions

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
The amounts transferred from fixed assets to Real estate held for sale due to change in the purpose of real estate holding	65	697

※3 Major components of assets and liabilities of the company newly included in the scope of consolidation as a result of acquisition of shares

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

Not applicable

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

Details of assets and liabilities at the time of consolidation of the company newly included in the scope of consolidation as a result of acquisition of shares, purchase price of the stock, and outflow (net increase) from acquisition of shares are as follows:

(1) Takara Leben Tohoku Co., Ltd.

	(Millions of yen)
Current assets	278
Fixed assets	5
Goodwill	82
Current liabilities	(325)
Noncurrent liabilities	(40)
Purchase price of newly consolidated subsidiary's stock	0
Cash and cash equivalent of newly consolidated subsidiary's stock	(18)
Difference : Cash inflow due to acquisition of newly consolidated subsidiary's shares	18

(2) Takara Leben Realnet Co., Ltd.

	(Millions of yen)
Current assets	50
Fixed assets	298
Current liabilities	(133)
Noncurrent liabilities	(122)
Negative goodwill	(82)
Purchase price of newly consolidated subsidiary's stock	10
Cash and cash equivalent of newly consolidated subsidiary's stock	(37)
Difference : Cash inflow due to acquisition of newly consolidated subsidiary's shares	27

(3) Nikko kensetsu Co., Ltd.

	(Millions of yen)
Current assets	653
Fixed assets	570
Goodwill	707
Current liabilities	(1,355)
Noncurrent liabilities	(559)
Purchase price of newly consolidated subsidiary's stock	16
Cash and cash equivalent of newly consolidated subsidiary's stock	(346)
Difference : Cash inflow due to acquisition of newly consolidated subsidiary's shares	329

(4) Jyutakujoyouhoukan Co., Ltd.

	(Millions of yen)
Current assets	643
Fixed assets	2,291
Goodwill	380
Current liabilities	(317)
Noncurrent liabilities	(1,951)
Purchase price of newly consolidated subsidiary's stock	1,047
Cash and cash equivalent of newly consolidated subsidiary's stock	(314)
Difference : Cash inflow due to acquisition of newly consolidated subsidiary's shares	732



(Rental Properties, etc.)

The Company and its certain consolidated subsidiaries own office buildings (including land) and condominiums for rent in Tokyo and other areas. During the consolidated fiscal year ended March 31, 2014, net rent income from these rental properties amounted to ¥705 million (rent income is recorded in Net sales and major rent expenses are recorded in Cost of sales), and impairment loss amounted to ¥17 million (recorded in Extraordinary losses). During the consolidated fiscal year ended March 31, 2015, net rent income from these rental properties amounted to ¥721 million (rent income is recorded in Net sales and major rent expenses are recorded in Cost of sales), and impairment loss amounted to ¥0 million (recorded in Extraordinary losses).

The carrying amount of these rental properties on the Consolidated Balance Sheet, changes during the year and market value are as follows: (Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Consolidated Balance Sheet		
Beginning balance	17,381	18,088
Changes during the year	707	5,686
Ending balance	18,088	23,774
Market value at end of year	19,748	25,336

- (Notes)
1. The carrying amount on the Consolidated Balance Sheet represents acquisition cost, net of accumulated depreciation and amortization and accumulated impairment loss.
  2. Of the changes during the year, the major increases during the year ended March 31, 2014 include acquisition of real estate (¥1,262 million), and major decreases include reclassification to Real estate held for sale (¥65 million), Depreciation (¥244 million), and Impairment loss (¥17 million). The major increases during the year ended March 31, 2015 include acquisition of real estate (¥4,082 million), an increase in scope of consolidation (¥2,536 million), and major decreases include reclassification to Real estate held for sale (¥697 million) and Depreciation (¥297 million).
  3. Market value at end of year is based on the appraisal value by a third party real estate appraiser.

(Segment Information)

a. Segment Information

1. Overview of reportable segments

The reportable segments of the Group are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Group's core business is construction and sales of build-for-sale condominiums. The Group's reportable segments consist of three business segments: "Real estate sales business," "Real estate rental business" and "Real estate management business."

"Real estate sales business" primarily engages in construction and sales of new build-for-sale condominiums and detached houses and condominium renovation.

"Real estate rental business" provides office and residential condominiums rental service, and "Real estate management business" provides condominium management service.

2. Calculation methods of net sales, income or loss, assets, liabilities and other items by reportable segment

Accounting policies for the reportable business segments are consistent with those described in "Significant Basis for Preparation of the Consolidated Financial Statements," except for valuation of inventories.

Inventories are stated at the value after the write-down reflecting the decline in profitability.

Reportable segment income represents operating income.

Inter-segment sales and transfers are valued at market prices.

3. Net sales, income or loss, assets, liabilities and other items by reportable segment

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

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Real estate sales business	Real estate rental business	Real estate management business	Total		
Net sales						
Net sales to external customers	65,757	1,696	2,739	70,194	1,768	71,963
Inter-segment sales and transfers	—	58	9	68	109	178
Total	65,757	1,755	2,749	70,262	1,878	72,141
Segment income	8,667	663	127	9,458	350	9,808
Segment assets	35,750	18,543	296	54,591	3,862	58,453
Segment liabilities	55,251	9,242	234	64,728	3,334	68,063
Other items						
Depreciation and amortization	104	246	2	352	76	429
Interest expense	569	195	—	765	30	796
Increase in tangible and intangible fixed assets	79	1,337	0	1,417	2,707	4,125

(Note) “Other” represents business segments which are not included in any reportable segments and includes repair work business and mega solar business.

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

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Real estate sales business	Real estate rental business	Real estate management business	Total		
Net sales						
Net sales to external customers	66,907	2,898	2,978	72,784	4,172	76,956
Inter-segment sales and transfers	—	89	13	103	701	805
Total	66,907	2,988	2,991	72,887	4,874	77,762
Segment income	7,983	668	142	8,794	593	9,387
Segment assets	39,538	24,985	371	64,895	8,598	73,494
Segment liabilities	45,631	14,345	365	60,343	8,596	68,939
Other items						
Depreciation and amortization	96	273	3	373	304	678
Interest expense	572	211	—	784	78	862
Increase in tangible and intangible fixed assets	73	6,526	28	6,628	3,929	10,557

(Note) “Other” represents business segments which are not included in any reportable segments and includes repair work business and mega solar business.

4. Reconciliation of the total reportable segments and the amount on the consolidated financial statements (difference adjustments)

(Millions of yen)

Net sales	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	70,262	72,887
Net sales of "Other" category	1,878	4,874
Elimination of inter-segment transactions	(178)	(805)
Net sales on the consolidated financial statements	71,963	76,956

(Millions of yen)

Income	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	9,458	8,794
Income of "Other" category	350	593
Elimination of inter-segment transactions	(9)	(83)
Amortization of goodwill	—	(46)
Operating income on the consolidated financial statements	9,798	9,257

(Millions of yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	54,591	64,895
Assets of "Other" category	3,862	8,598
Elimination of due from parent administrative division	(199)	(1,017)
Corporate assets (Note)	37,636	29,261
Total assets on the consolidated financial statements	95,891	101,738

(Note) Corporate assets represent assets not attributable to any reportable segments and primarily consist of cash and deposits, assets attributable to administrative division, and deferred tax assets.

(Millions of yen)

Liabilities	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	64,728	60,343
Liabilities of "Other" category	3,334	8,596
Elimination of due to parent administrative division	(495)	(909)
Corporate liabilities (Note)	1,184	2,519
Total liabilities on the consolidated financial statements	68,752	70,549

(Note) Corporate liabilities represent liabilities not attributable to any reportable segments and primarily consist of borrowings.

(Millions of yen)

Other items	Total reportable segments		Other		Adjustments		Consolidated financial statements	
	Previous FY	Current FY	Previous FY	Current FY	Previous FY	Current FY	Previous FY	Current FY
Depreciation and amortization	352	373	76	304	8	39	437	717
Amortization of goodwill	—	—	—	—	—	46	—	46
Interest expense	765	784	30	78	42	33	838	896
Increase in tangible and intangible fixed assets	1,417	6,628	2,707	3,929	38	1,321	4,163	11,879

(Note) Adjustments for increase in tangible and intangible fixed assets represent goodwill incurred but not allocated to reportable segments, capital expenditure for the headquarter building and elimination of inter-segment transactions.

b. Impairment loss on fixed assets by reportable segment

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

(Millions of yen)

	Real estate sales business	Real estate rental business	Real estate management business	Other	Corporate / Elimination	Total
Impairment loss	—	17	—	—	—	17

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

(Millions of yen)

	Real estate sales business	Real estate rental business	Real estate management business	Other	Corporate / Elimination	Total
Impairment loss	—	0	—	—	—	0

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Net assets per share	¥237.53	¥279.11
Earnings per share	¥50.64	¥50.61
Diluted earnings per share	¥50.53	¥50.44

- (Notes) 1. On July 1, 2013, the Company split its shares at a ratio of 1:4 for one common stock. Earnings per share and diluted earnings per share are calculated, assuming that the stock split had taken place at the beginning of the previous consolidated fiscal year.
2. Basis for calculation of earnings per share and diluted earnings per share is as follows.

	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)
Earnings per share		
Net income (millions of yen)	5,869	5,718
Amount not attributable to common stockholders (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	5,869	5,718
Average number of shares during the year (thousand shares)	115,903	112,990
Diluted earnings per share		
Net income adjustments (millions of yen)	—	—
Increase in number of common stock (thousand shares)	252	381
(Of those, new share subscription rights (thousand shares))	(252)	(381)
Overview of dilutive shares not included in calculation of diluted earnings per share due to its anti-dilutive effect	—	—

(Significant Subsequent Events)

(Issuance of stock options for equity-based compensation)

The Board of Directors resolved at the meeting held on April 13, 2015 to issue new share subscription rights as stock options for equity-based compensation to directors and executive officers of the Company, pursuant to Articles 236, 238 and 240 of the Companies Act.

Please refer to news release dated April 13, 2015, “Announcement concerning issuance of stock options for equity-based compensation (Class A new share subscription rights),” for more detail.

(Acquisition of treasury stock)

The Board of Directors resolved at the meeting held on May 11, 2015 to acquire treasury stock and on specific procedures of acquisition, pursuant to provisions of Articles 156 of the Companies Act which shall be applied by replacing phrases in accordance with provision of Article 165, Paragraph 3 of the Companies Act.

1. Purpose of acquisition of treasury stock

As a measure to improve capital efficiency towards an increase in shareholders' value

2. Details of the resolution by the Board of Directors meeting regarding acquisition of treasury stock

(1) Class of shares to be acquired

Common stock of the Company

(2) Total number of shares that may be acquired

2,000,000 shares (maximum)

(Ratio to the total number of shares issued and outstanding (excluding treasury stock): 1.79%)

(3) Acquisition period

From May 12, 2015 to March 31, 2016

(4) Total amount of acquisition cost of shares

¥1,500 million (maximum)

(5) Acquisition method

Market purchase at Tokyo Stock Exchange

## 6. Non-Consolidated Financial Statements

### (1) Balance Sheet

(Millions of yen)

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	34,557	※ <sub>1</sub> 23,768
Accounts receivable, trade	73	※ <sub>1</sub> 110
Other receivables	40	140
Real estate held for sale	1,152	※ <sub>1</sub> , ※ <sub>2</sub> 4,892
Real estate held for sale in progress	※ <sub>1</sub> 32,228	※ <sub>1</sub> 30,108
Advance payments	249	1,721
Prepaid expenses	920	1,003
Short-term loans	4	3
Short-term loans to affiliates	—	270
Deferred tax assets	375	139
Other	438	※ <sub>1</sub> 944
Allowance for doubtful accounts	(8)	(17)
<b>Total current assets</b>	<b>70,032</b>	<b>63,085</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings	7,491	7,885
Accumulated depreciation	(2,683)	(2,876)
<b>Buildings, net</b>	<b>※<sub>1</sub> 4,808</b>	<b>※<sub>1</sub>, ※<sub>2</sub> 5,009</b>
Structures	129	273
Accumulated depreciation	(60)	(79)
<b>Structures, net</b>	<b>※<sub>1</sub> 68</b>	<b>※<sub>1</sub> 193</b>
Machinery, equipment and vehicles	1,135	4,197
Accumulated depreciation	(61)	(332)
<b>Total machinery, equipment and vehicles, net</b>	<b>※<sub>1</sub> 1,074</b>	<b>※<sub>1</sub> 3,864</b>
Tools, furniture and fixtures	128	135
Accumulated depreciation	(116)	(121)
<b>Total tools, furniture and fixtures, net</b>	<b>※<sub>1</sub> 11</b>	<b>※<sub>1</sub> 14</b>
Land	※ <sub>1</sub> 13,741	※ <sub>1</sub> , ※ <sub>2</sub> 16,506
Lease assets	128	166
Accumulated depreciation	(29)	(57)
<b>Lease assets, net</b>	<b>98</b>	<b>108</b>
Construction in progress	※ <sub>1</sub> 743	※ <sub>1</sub> 725
<b>Total tangible fixed assets</b>	<b>20,546</b>	<b>26,423</b>
<b>Intangible fixed assets</b>		
Land lease rights	※ <sub>1</sub> 224	※ <sub>1</sub> 224
Software	61	49
Lease assets	85	62
Other	—	0
<b>Total intangible fixed assets</b>	<b>371</b>	<b>336</b>
<b>Investments and other assets</b>		
Investment securities	210	184
Affiliates' stock	748	2,292
Investments in capital	2	2
Membership	11	15

(Millions of yen)

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Security deposits and guarantee deposits	319	343
Long-term loans	73	55
Long-term loans to affiliates	325	331
Long-term other receivables	185	157
Other	6	137
Allowance for doubtful accounts	(266)	(234)
Total investments and other assets	1,615	3,285
Total fixed assets	22,533	30,044
Total assets	92,565	93,130
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable	18,943	8,088
Accounts payable, trade	1,619	1,371
Short-term borrowings	※1 2,580	※1 4,443
Current portion of long-term borrowings	※1 5,003	※1 10,112
Lease obligations	59	71
Other payables	913	1,118
Accrued expenses	110	101
Income taxes payable	3,264	1,808
Advance received	3,985	4,065
Deposits received	179	333
Unearned revenues	17	17
Allowance for bonuses	161	180
Allowance for compensation for complete work	158	150
Other	8	63
Total current liabilities	37,005	31,926
<b>Noncurrent liabilities</b>		
Long-term borrowings	※1 29,579	※1 30,800
Security deposits and guarantee deposits received	634	739
Lease obligations	139	115
Allowance for employees' retirement benefits	142	165
Asset retirement obligations	20	20
Deferred tax liabilities	117	796
Other	4	4
Total noncurrent liabilities	30,639	32,643
Total liabilities	67,644	64,569

(Millions of yen)

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings		
Legal reserve	92	92
Other retained earnings		
Reserve for special depreciation	691	2,592
General reserve	12,681	14,681
Retained earnings carried forward	5,940	6,258
Total retained earnings	19,405	23,624
Treasury stock	(4,179)	(4,806)
Total shareholders' equity	24,863	28,454
Valuation and translation adjustments		
Net unrealized gains on available-for-sale securities	4	28
Total valuation and translation adjustments	4	28
New share subscription rights	53	77
Total net assets	24,920	28,560
Total liabilities and net assets	92,565	93,130



## (2) Statement of Income

(Millions of yen)

	Previous Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Fiscal Year (From April 1, 2014 to March 31, 2015)
Net sales		
Net sales - real estate	65,602	66,818
Income from real estate rental	1,297	1,353
Other income	258	647
Total net sales	67,158	68,819
Cost of sales		
Cost of sales - real estate	49,358	51,097
Cost of sales - real estate rental	682	713
Cost of sales - other	75	334
Total cost of sales	50,116	52,145
Gross profit	17,041	16,673
Selling, general and administrative expenses	※1 7,663	※1 7,889
Operating income	9,378	8,783
Non-operating income		
Interest income	14	13
Dividend income	44	70
Commissions received	114	111
Miscellaneous income	35	58
Total non-operating income	209	253
Non-operating expenses		
Interest expense	829	869
Miscellaneous losses	85	30
Total non-operating expense	915	899
Ordinary income	8,672	8,137
Extraordinary gains		
Gain on sale of investment securities	—	16
Legal settlement received	330	—
Total extraordinary gains	330	16
Extraordinary losses		
Loss on sale of fixed assets	※2 39	—
Loss on disposal of fixed assets	※3 0	※3 30
Impairment loss	17	0
Loss on valuation of investment securities	—	9
Loss from legal proceedings	※4 9	※4 20
Total extraordinary losses	66	61
Income before income taxes	8,936	8,092
Income taxes - current	3,221	1,776
Income taxes - deferred	198	914
Total income taxes	3,419	2,690
Net income	5,516	5,401

Cost of Sales Statement

1. Cost of sales - real estate

		Previous Fiscal Year (From April 1, 2013 to March 31, 2014)		Current Fiscal Year (From April 1, 2014 to March 31, 2015)	
Category	Notes	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Land purchase cost	2	15,443	31.3	14,860	29.1
Outsourced construction cost		32,982	66.8	35,413	69.3
Other		932	1.9	823	1.6
Cost of sales - real estate		49,358	100.0	51,097	100.0

(Note) 1. Cost of sales is calculated using the job order costing system.

2. Land purchase cost of the current fiscal year includes loss on valuation of inventories of ¥ (151) million.

2. Cost of sales - real estate rental

		Previous Fiscal Year (From April 1, 2013 to March 31, 2014)		Current Fiscal Year (From April 1, 2014 to March 31, 2015)	
Category	Notes	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Taxes and public charges		119	17.4	135	18.9
Depreciation and amortization		237	34.8	247	34.7
Maintenance and administrative expenses		325	47.8	330	46.4
Cost of sales - real estate rental		682	100.0	713	100.0

## (3) Non-consolidated Statement of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for special depreciation	General reserve	Retained earnings carried forward	
Balance at beginning of year	4,819	4,817	130	4,947	92	—	9,681	5,352	15,126
Changes during the year									
Funding for reserve for special depreciation						752		(752)	—
Reversal of reserve for special depreciation						(61)		61	—
Funding for general reserve							3,000	(3,000)	—
Dividends from surplus								(472)	(472)
Net income								5,516	5,516
Acquisition of treasury stock									
Disposition of treasury stock			25	25					
Cancellation of treasury stock			(920)	(920)					
Transfer from retained earnings to capital surplus			765	765				(765)	(765)
Net changes of items other than shareholders' equity									
Total changes during the year	—	—	(130)	(130)	—	691	3,000	587	4,279
Balance at end of year	4,819	4,817	—	4,817	92	691	12,681	5,940	19,405

	Shareholders' equity		Valuation and translation adjustments		New share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of year	(2,630)	22,262	3	3	16	22,283
Changes during the year						
Funding for reserve for special depreciation		—				—
Reversal of reserve for special depreciation		—				—
Funding for general reserve		—				—
Dividends from surplus		(472)				(472)
Net income		5,516				5,516
Acquisition of treasury stock	(2,496)	(2,496)				(2,496)
Disposition of treasury stock	26	52				52
Cancellation of treasury stock	920	—				—
Transfer from retained earnings to capital surplus		—				—
Net changes of items other than shareholders' equity			0	0	36	37
Total changes during the year	(1,548)	2,600	0	0	36	2,637
Balance at end of year	(4,179)	24,863	4	4	53	24,920

	Shareholders' equity								
	Capital stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Reserve for special depreciation	General reserve	Retained earnings carried forward	
Balance at beginning of year	4,819	4,817	—	4,817	92	691	12,681	5,940	19,405
Changes during the year									
Funding for reserve for special depreciation						2,199		(2,199)	—
Reversal of reserve for special depreciation						(298)		298	—
Funding for general reserve							2,000	(2,000)	—
Dividends from surplus								(624)	(624)
Net income								5,401	5,401
Acquisition of treasury stock									
Disposition of treasury stock			2	2					
Cancellation of treasury stock			(560)	(560)					
Transfer from retained earnings to capital surplus			557	557				(557)	(557)
Net changes of items other than shareholders' equity									
Total changes during the year	—	—	—	—	—	1,900	2,000	318	4,218
Balance at end of year	4,819	4,817	—	4,817	92	2,592	14,681	6,258	23,624

	Shareholders' equity		Valuation and translation adjustments		New share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of year	(4,179)	24,863	4	4	53	24,920
Changes during the year						
Funding for reserve for special depreciation		—				—
Reversal of reserve for special depreciation		—				—
Funding for general reserve		—				—
Dividends from surplus		(624)				(624)
Net income		5,401				5,401
Acquisition of treasury stock	(1,217)	(1,217)				(1,217)
Disposition of treasury stock	29	32				32
Cancellation of treasury stock	560	—				—
Transfer from retained earnings to capital surplus		—				—
Net changes of items other than shareholders' equity			24	24	24	48
Total changes during the year	(627)	3,591	24	24	24	3,640
Balance at end of year	(4,806)	28,454	28	28	77	28,560

(4) Notes to the non-consolidated financial statements

(Notes Regarding the Going Concern Assumption)

Not applicable.

(Significant Accounting Policies)

1. Valuation basis and method for securities

(1) Debt securities held to maturity

Debt securities held to maturity are stated at amortized cost using the straight-line method.

(2) Subsidiaries' and affiliates' stock

Subsidiaries' and affiliates' stock is stated at cost based on the moving-average method.

(3) Available-for-sale securities

With fair value

Securities with fair value are marked to market based on the market value at the fiscal year-end (Unrealized gains and losses are directly recorded in Net assets and cost of securities sold is calculated using the moving-average method).

Without fair value

Securities without fair value are stated at cost based on the moving-average method.

2. Valuation basis and method for inventories

Inventory is stated at cost based on the specific identification method (Book value is written down due to decline in profitability).

3. Depreciation method for fixed assets

(1) Tangible fixed assets (excluding lease assets)

Tangible fixed assets (excluding lease assets) are depreciated using the declining balance method, except for buildings (excluding leasehold improvement) acquired after April 1, 2008, which are depreciated using the straight-line method.

Individual useful lives are as follows:

	Individual useful lives (years)
Buildings	3-50
Machinery and equipment	17

(2) Intangible fixed assets (excluding lease assets)

Software for internal use is amortized using the straight-line method over the estimated useful life of five years.

(3) Lease assets

Lease assets under the finance lease arrangements where the ownership is transferred to lessees

Lease assets with ownership transfer are depreciated using the same depreciation method as fixed assets owned.

Lease assets under the finance lease arrangements where the ownership is not transferred to lessees

Lease assets without ownership transfer are depreciated using the straight-line method over the lease term with no residual value.

4. Accounting for allowances

(1) Allowance for doubtful accounts

For the estimated uncollectible amount, allowance for performing receivables is recorded based on the actual loss ratio, and allowance for certain receivables with doubtful collectibility is recorded based on the individual assessment of collectibility.

(2) Allowance for bonuses

In order to provide for bonuses to be paid to employees, estimated bonus amount attributable to the current fiscal year is recorded.

(3) Allowance for compensation for complete work

Allowance for compensation for complete work is recorded in order to provide for losses arising from defects after the delivery of self-executed constructions or compensation service costs based on the historical costs related to repair work of self-executed constructions.

(4) Allowance for employees' retirement benefits

Allowance for employees' retirement benefits is provided based on the retirement benefit obligations as at the current fiscal year-end.

## 5. Other significant basis for preparation of the financial statements

### Accounting for consumption taxes

National and local consumption taxes are accounted for using the tax exclusive method. Non-deductible consumption taxes relating to assets are charged to income in the year of acquisition.

(Balance Sheet)

※1 Assets pledged as collateral and corresponding liabilities are as follows.

#### (1) Assets pledged as collateral

(Millions of yen)

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Cash and deposits	—	21
Accounts receivable, trade	—	46
Real estate held for sale	—	598
Real estate held for sale in progress	29,640	23,876
Other (current assets)	—	297
Buildings	4,195	4,481
Structures	35	149
Machinery and equipment	631	3,068
Tools, furniture and fixtures	0	0
Land	10,131	12,741
Construction in progress	710	549
Land lease rights	224	224
<b>Total</b>	<b>45,570</b>	<b>46,056</b>

#### (2) Corresponding liabilities

(Millions of yen)

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Short-term borrowings	2,197	2,733
Current portion of long-term borrowings	4,776	5,175
Long-term borrowings	28,713	29,440
<b>Total</b>	<b>35,687</b>	<b>37,349</b>

※2 Change in purpose of asset holding

Previous fiscal year (as of March 31, 2014)

Not applicable.

Current fiscal year (as of March 31, 2015)

In line with the decision to reclassify part of the real estate held for development and rent to real estate held for resale, Buildings of ¥252 million and Land of ¥445 million were reclassified to Real estate held for sale during the year ended March 31, 2015.

### 3 Contingent liabilities

The Company provides guarantees for borrowings from financial institutions by affiliates and others listed below.

(Millions of yen)

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Joint and several guarantees in favor of financial institutions until the customers' residential mortgage loans are registered	7,301	12,073
TAFUKO Co., Ltd.	243	165
Aruka Co., Ltd.	26	—
<b>Total</b>	<b>7,570</b>	<b>12,239</b>

- 4 The Company maintains overdraft and credit lines agreement with 14 financial institutions (March 31, 2014: 11) in order to ensure efficient funding of operating capital. The unused balance of borrowings under these agreements at fiscal year-end is as follows.

(Millions of yen)

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Total maximum amount of overdraft and credit lines	5,950	8,213
Outstanding borrowing balance	3,622	4,683
Difference	2,327	3,529

(Statement of Income)

- ※1 Selling expenses account for approximately 56% and 53% for the years ended March 31, 2014 and 2015, respectively, and General and administrative expenses account for approximately 44% and 47% for the years ended March 31, 2014 and 2015, respectively.

Major components of Selling, general and administrative expenses and their amounts are as follows.

(Millions of yen)

	Previous Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Fiscal Year (From April 1, 2014 to March 31, 2015)
Advertising expenses	2,807	2,736
Sales commissions	43	56
Sales promotion expenses	1,448	1,390
Salaries	1,083	1,145
Provision for allowance for bonuses	242	267
Retirement benefit costs	26	35
Depreciation and amortization	104	96

- ※2 The breakdown of Loss on sale of fixed assets is as follows.

(Millions of yen)

	Previous Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Fiscal Year (From April 1, 2014 to March 31, 2015)
Buildings	39	—
Total	39	—

- ※3 The breakdown of Loss on disposal of fixed assets is as follows.

(Millions of yen)

	Previous Fiscal Year (From April 1, 2013 to March 31, 2014)	Current Fiscal Year (From April 1, 2014 to March 31, 2015)
Buildings	—	30
Structures	—	0
Tools, furniture and fixtures	0	0
Software	0	—
Total	0	30

- ※4 Loss from legal proceedings

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

Loss from legal proceedings represents attorney's fee of ¥9 million

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

Loss from legal proceedings represents ¥20 million of legal settlement related to legal proceedings filed against the Company.

(Significant Subsequent Events)

(Issuance of stock options for equity-based compensation)

The Board of Directors resolved at the meeting held on April 13, 2015 to issue new share subscription rights as stock options for equity-based compensation to directors and executive officers of the Company, pursuant to Articles 236, 238 and 240 of the Companies Act.

Please refer to news release dated April 13, 2015, “Announcement concerning issuance of stock options for equity-based compensation (Class A new share subscription rights)” for more detail.

(Acquisition of treasury stock)

The Board of Directors resolved at the meeting held on May 11, 2015 to acquire treasury stock and on specific procedures of acquisition, pursuant to provisions of Articles 156 of the Companies Act which shall be applied by replacing phrases in accordance with provision of Article 165, Paragraph 3 of the Companies Act.

1. Purpose of acquisition of treasury stock

As a measure to improve capital efficiency towards an increase in shareholders' value

2. Details of the resolution by the Board of Directors meeting regarding acquisition of treasury stock

- (1) Class of shares to be acquired  
Common stock of the Company
- (2) Total number of shares that may be acquired  
2,000,000 shares (maximum)  
(Ratio to the total number of shares issued and outstanding (excluding treasury stock): 1.79%)
- (3) Acquisition period  
From May 12, 2015 to March 31, 2016
- (4) Total amount of acquisition cost of shares  
¥1,500 million (maximum)
- (5) Acquisition method  
Market purchase at Tokyo Stock Exchange



## 7. Other

### (1) Changes of Officers

To be disclosed when the information to be disclosed is determined.

### (2) Production, Orders Received and Sales

#### (i) Number of units contracted during the year

Segment name	Previous Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)		Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)		Year-on-Year (%)
	Number of units	Amounts (Millions of yen)	Number of units	Amounts (Millions of yen)	
Real estate sales business	1,836	64,293	1,910	68,564	106.6
Total	1,836	64,293	1,910	68,564	106.6

(Note) The above amounts do not include consumption taxes.

#### (ii) Balance of contract

Segment name	Previous Consolidated Fiscal Year-End (March 31, 2014)		Current Consolidated Fiscal Year-End (March 31, 2015)		Year-on-Year (%)
	Number of units	Amounts (Millions of yen)	Number of units	Amounts (Millions of yen)	
Real estate sales business	1,014	35,167	984	36,824	104.7
Total	1,014	35,167	984	36,824	104.7

(Note) The above amounts do not include consumption taxes.

#### (iii) Net sales

Segment name	Current Consolidated Fiscal Year (From April 1, 2014 to March 31, 2015)	Year-on-Year (%)
Real estate sales business (Millions of yen)	66,907	101.7
Real estate rental business (Millions of yen)	2,898	170.8
Real estate management business (Millions of yen)	2,978	108.7
Total reportable segments (Millions of yen)	72,784	103.7
Other (Millions of yen)	4,172	235.9
Total (Millions of yen)	76,956	106.9

(Notes) 1. Inter-segment transactions are eliminated.

2. The above amounts do not include consumption taxes.