Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

May 12, 2014

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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Tel. +81-3-5324-8720
Scheduled date of annual general meeting of shareholders: June 23, 2014
Scheduled date for commencement of dividend payment: June 24, 2014
Scheduled date for release of annual securities report: June 23, 2014
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, 2014 (From April 1, 2013 to March 31, 2014)

(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, 2014	71,963	10.9	9,798	54.0	9,181	58.5	5,869	44.1
Year ended March 31, 2013	64,907	17.6	6,361	7.3	5,792	14.2	4,074	10.7

(Note) Comprehensive income: Fiscal year ended March 31, 2014: ¥5,869 million (43.7%)
Fiscal year ended March 31, 2013: ¥4,084 million (10.6%)

	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, 2014	50.64	50.53	22.9	10.7	13.6
Year ended March 31, 2013	33.61	33.58	18.0	8.0	9.8

(Reference) Equity in net income of affiliates: Fiscal year ended March 31, 2014: ¥139 million
Fiscal year ended March 31, 2013: ¥57 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, 2014	95,891	27,138	28.2	237.53
March 31, 2013	75,013	24,147	32.2	201.90

(Reference) Shareholders' equity: March 31, 2014: ¥27,084 million
March 31, 2013: ¥24,131 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, 2014	22,996	(4,568)	(366)	35,954
Year ended March 31, 2013	875	(1,590)	1,229	17,893

2. Dividends

	Annual dividends per share					Total dividends (annual)	Dividends payout ratio (consolidate)	Ratio of dividends to net assets (consolidated)
(Record date)	Q1	Q2	Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2013	—	5.00	—	10.00	15.00	450	11.2	2.0
Year ended March 31, 2014	—	1.50	—	3.50	5.00	572	9.9	2.3

Year ending March 31, 2015 (forecast)	—	2.00	—	4.00	6.00		11.6	

(Note) On July 1, 2013, the Company split its shares at a ratio of 1:4 for one common stock. Annual dividends per share for the year ended March 31, 2014 and the year ending March 31, 2015 (forecast) reflect the impact of the stock split.

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

(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	77,050	7.1	10,300	5.1	9,500	3.5	5,900	0.5	51.74

***Notes**

(1) Changes in significant subsidiaries during the current fiscal year
(Changes in specified subsidiaries resulting in changes in scope of consolidation): No
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: Yes
(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 December 31, 2014: 130,000,000 shares
(b) As of December 31, 2013: 133,544,280 shares
(ii) Number of treasury stock at end of year
(a) As of December 31, 2014 15,974,807 shares
(b) As of December 31, 2013 14,021,084 shares
(iii) Average number of shares during the year
(a) As of December 31, 2014: 115,903,076 shares
(b) As of December 31, 2013: 121,209,416 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, 2014 (From April 1, 2013 to March 31, 2014)

(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, 2014	67,158	11.0	9,378	58.0	8,672	61.8	5,516	48.0
Year ended March 31, 2013	60,502	17.5	5,936	8.4	5,360	14.4	3,726	4.9

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2014	47.60	47.49
Year ended March 31, 2013	30.75	30.72

(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, 2014	92,565	24,920	26.9	218.08
March 31, 2013	72,025	22,283	30.9	186.29

(Reference) Shareholders' equity: March 31, 2014: ¥24,867 million
March 31, 2013: ¥22,266 million

2. Forecast of Non-Consolidated Financial Results for the Year ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

(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	72,500	8.0	9,850	5.0	9,050	4.4	5,550	0.6	48.67

* 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.

○Contents of Attachment

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

Overview

During the consolidated fiscal year ended March 31, 2014, the Japanese economy showed a positive sign of moderate recovery as depreciation of yen coupled with rising stock prices followed by the BOJ's easy monetary policy resulted in improvement of corporate earnings, an increase in income and improvement of employment situations.

Amid this environment, as Tokyo was elected to host the 2020 Tokyo Olympics and Paralympics, the new built-for-sale condominium business industry began to see an increasing demand at the prospect of future inflation. In addition, properties utilizing natural energy continue to attract attentions and properties in suburban areas giving priority to living environment are also attracting attentions due to improved accessibility to downtown area.

Under such circumstances, the Company actively plans and develops properties utilizing natural energy in the suburbs of the Tokyo Metropolitan area as well as work on supplying more condominiums in downtown areas in local cities to meet an increasing demand for replacement or additional purchase by an active senior generation.

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, 2014

a) Performance review

At the parent level, Takara Leben Co., Ltd., the built-for-sale condominium business delivered 1,719 units including "Leben Higashi Saginomiya Terrace", 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 2013 for the third consecutive year.

The detached housing business delivered 109 units, and the Company will continue to increase the number of units to be delivered aiming to achieve the medium-term business plan.

The renovation business delivered 30 units as initially planned.

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

As a result, the Company recorded net sales of ¥67,158 million (up 11.0% year-on-year), operating income of ¥9,378 million (up 58.0% year-on-year), ordinary income of ¥8,672 million (up 61.8% year-on-year), and net income of ¥5,516 million (up 48.0% year-on-year).

At Leben Community Co., Ltd., the number of units managed under consignment expanded steadily to 35,860 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., established on October 28, 2013, is preparing for origination of a mega-solar fund.

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

In As Partners Co., Ltd., ten existing nursing care facilities are operating and capacity utilization remained high at approximately 93%.

In November 2013, the Company formed a business and capital alliance with Sunwood Corporation so as to promote an approach for a joint business.

As a result of the above, the Group recorded net sales of ¥71,963 million (up 10.9% year-on-year), operating income of ¥9,798 million (up 54.0% year-on-year), ordinary income of ¥9,181 million (up 58.5% year-on-year), and a record-high net income of ¥5,869 million (up 44.1% year-on-year).

b) Performance by Business Segment

＜Real Estate Sales Business＞

Sales from the real estate sales business amounted to ¥65,757 million, up 10.9% from the previous fiscal year, including sales of ¥58,597 million for 1,719 new build-for-sale condominium units and sales of ¥7,160 million from sales of detached houses and renovation and resale business.

＜Real Estate Rental Business＞

Revenues from the real estate rental business amounted to ¥1,696 million, up 14.2% from the previous fiscal 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 35,860 units under management amounted to ¥2,739 million, up 6.1% from the previous fiscal year.

＜Other Business＞

Revenues from other businesses amounted to ¥1,768 million, up 15.7% from the previous fiscal year, including revenues from 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 ¥65,757 million, including sales of 1,719 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 ¥1,696 million, including rent revenues from the rental of apartments, condominium units, and offices.

Revenues from the real estate management business representing management fees from 35,860 units under management amounted to ¥2,739 million.

Revenues from other businesses include revenues from large-scale repair work and revenues from electric power selling in mega-solar business and amounted to ¥1,768 million.

As a result, net sales for the consolidated fiscal year ended March 31, 2014 amounted to ¥71,963 million, up 10.9% from the previous fiscal year.

＜Cost of Sales＞

Cost of sales increased by 6.4% to ¥53,763 million as the number of units delivered in the real estate sales business increased by 33 units from the previous fiscal year to 1,719 units.

＜Selling, General and Administrative Expenses＞

Despite the continued cost-cutting efforts, selling, general and administrative expenses increased from the previous fiscal year by 4.8% to ¥8,400 million due to an increase in selling expenses resulting from increased contracted ratio and number of units delivered.

＜Non-Operating Income and Expenses＞

Non-operating income increased by 42.6% from the previous fiscal year to ¥302 million due to commission income and distribution of profits from an affiliate accounted for by using the equity method.

Non-operating expenses increased by 17.8% from the previous fiscal year to ¥920 million due to an increase in interest expense as a result of new borrowings for projects.

＜Extraordinary Gains and Losses＞

Extraordinary gains increased by 174.5% from the previous fiscal year to ¥330 million due to legal settlement received.

Extraordinary losses increased by 54.5% from the previous fiscal year to ¥66 million due to loss on sale of fixed assets.

As a result, net sales for the consolidated fiscal year ended March 31, 2014 amounted to ¥71,963 million, up 10.9% year-on-year; operating income amounted to ¥9,798 million, up 54.0% year-on-year; Ordinary income amounted to ¥9,181 million, up 58.5% year-on-year; and net income amounted to ¥5,869 million, up 44.1% year-on-year.

(ii) Outlook for the Year Ending March 31, 2015

Based on the new medium-term business plan announced in September 2012, the business plan for the fiscal year ending March 31, 2015 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 1,702 units.

The detached housing business will supply through combined projects with condominiums and expects to deliver 262 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 38,100 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, 2015 are as follows:

Net sales:	¥77,050 million	(up 7.1% on a year-on-year basis)
Operating income:	¥10,300 million	(up 5.1% on a year-on-year basis)
Ordinary income:	¥9,500 million	(up 3.5% on a year-on-year basis)
Net income:	¥5,900 million	(up 0.5% on a year-on-year basis)

(New built-for-sale condominiums: Contracts signed versus number of units scheduled for delivery in the fiscal year ending March 31, 2015)

	Scheduled for delivery (units)	Of which, number of contracts signed (units)	Contracted ratio (%)
As of March 31, 2014	1,702	856	50.3

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

The Company developed the new mid-term management plan “Takara Leben Next Stage 2016” in September 2012 and set five main measures: “Steady increase in number of units sold,” “Promote solar-powered condominiums,” “Entry to mega-solar business,” “Stable supply of condominiums in central area in local cities,” and “Restructure the detached house business.”

In the fiscal year ending March 31, 2015, the ratio of solar-powered condominium is expected to reach approximately 68% (in number of building).

In the mega-solar business, five facilities started operation by the end of the current fiscal year. In addition, Takara Asset Management Co., Ltd., a subsidiary, is preparing for origination of a mega-solar fund.

With regard to the supply of condominiums in central areas in local cities, the Company plans to open two new sales offices in Hokuriku and Tohoku area to enhance information-gathering capacity about land in each area and actively purchase it.

(iv) Achievement of Targeted Operating Index

The Company manages business with a focus on equity and cash and deposit balance. The new 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, 2014, the Group achieved the goal of cash and deposit two years ahead of schedule with ¥35,964 million. Equity is also showing a steady growth and increased by ¥2,953 million from March 31, 2013 despite the acquisition of treasury stock of ¥2,496 million.

(2) Analysis of Financial Position

With regard to assets, liabilities, and net assets of the Group as of March 31, 2014, total assets amounted to ¥95,891 million, an increase of ¥20,877 million from March 31, 2013, mainly due to an increase in cash and deposits and purchase of business assets.

(i) Analysis of Assets, Liabilities and Net Assets

a) Current assets

Current assets increased by ¥16,592 million from March 31, 2013 to ¥72,524 million mainly due to an increase in cash and deposits as a result of delivery of new built-for-sale condominium units.

b) Non-current assets

Non-current assets increased by ¥4,284 million from March 31, 2013 to ¥23,366 million mainly due to purchase of business assets.

c) Current liabilities

Current liabilities increased by ¥8,686 million from March 31, 2013 to ¥37,711 million mainly due to an increase in notes payable as a result of payment of construction fees to general contractors.

d) Non-current liabilities

Non-current liabilities increased by ¥9,200 million from March 31, 2013 to ¥31,041 million mainly due to an increase of borrowings associated with new purchases.

e) Net assets

Net assets increased by ¥2,990 million from March 31, 2013 to ¥27,138 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, 2014 amounted to ¥35,954 million, an increase of ¥18,061 million from March 31, 2013.

a) Cash flows from operating activities

Net cash provided by operating activities was ¥22,996 million (Year ended March 31, 2013: ¥875 million), mainly attributable to an increase in accounts payable, trade.

b) Cash flows from investing activities

Net cash used in investing activities was ¥4,568 million (Year ended March 31, 2013: ¥(1,590) million), mainly attributable to purchase of fixed assets.

c) Cash flows from financing activities

Net cash used in financing activities was ¥366 million (Year ended March 31, 2013: ¥1,229 million), mainly attributable to acquisition of treasury stock.

(iii) Cash Flow Indicators

③Changes in indicators related to cash flows

	FY2012/3	FY2013/3	FY2014/3
Equity ratio (%)	30.1	32.2	28.2
Equity ratio at market value (%)	34.3	58.3	37.9
Debt repayment period (years)	2.8	39.8	1.6

Interest coverage ratio (times)	11.8	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 debt recorded on the Consolidated balance sheet on which interest is paid.

(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. The new mid-term management plan sets a policy to allocate over 30% of the bottom line to dividends and treasury stock acquisition.

Specifically, the plans for dividends are set as follows:

		1st half dividend	Year-end dividend	Total
Year ended March 31, 2014 (forecast)	Ordinary dividends	¥1.5	¥3.5	¥5.0

		1st half dividend	Year-end dividend	Total
Year ending March 31, 2015 (forecast)	Ordinary dividends	¥2.0	¥4.0	¥6.0

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 39.3% 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. Home buyer sentiment 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

The Group makes use of home loans from home financing support organizations and financial institutions for the sale of condominiums, etc.; therefore, credit crunch caused by unfavorable changes in financial conditions may potentially impact the performance and financial situation 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 land procurement cost and subcontracting cost fluctuations and interest rate changes. For these reasons, conditions which impact 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 difficulties to sales at the price anticipated by the Company. Such situations may potentially impact the performance and financial situation 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 situation 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, six 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 Property Co., Ltd., a consolidated subsidiary, primarily engages in rental management business.

Takara Asset Management Co., Ltd., a consolidated subsidiary, will primarily engage in investment management business and Type II financial instruments 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.

Marunouchi Servicer Co., Ltd., a consolidated subsidiary, primarily engages 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 using the equity method, primarily operates residential facilities with nursing capabilities for elderly people.

Sunwood Corporation, an affiliate accounted for by using 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 primarily engages 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 using the equity method, primarily engages 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 engages in rental business for apartments, condominiums, and offices in the Tokyo metropolitan area. Also Takara Property Co., Ltd., a consolidated subsidiary, engages 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, engages in claims servicing business pursuant to the Act on Special Measures concerning the Claims Servicing Business.

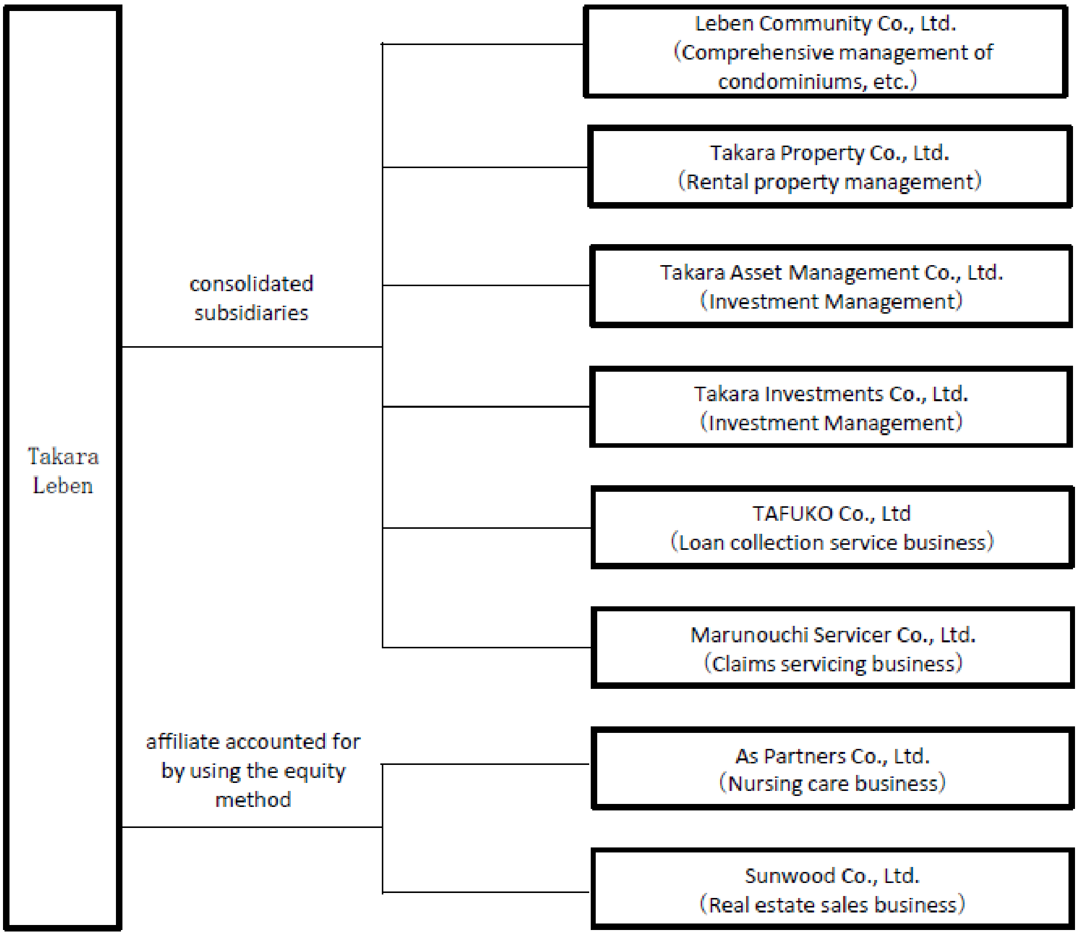
・Nursing care business

As Partners Co., Ltd., an affiliate accounted for by using 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 also engages 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.

<u>Takara Leben’s Corporate Vision: The Way We Should Be</u>

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.

<u>Takara Leben’s Corporate Mission: The Beliefs We Value</u>

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 2016” in September 2012 for the period ending March 31, 2016, with a theme of ‘For Solid Steps towards Regrowth’ and five main measures listed below. It also has a subtitle of ‘As a Pioneer of Solar-Powered Condominium.’

・Steady increase in number of units sold
・Promote solar-powered condominiums
・Entry to mega-solar business
・Stable supply of condominiums in central area in local cities
・Restructure the detached house business

＜Specific Strategies＞

A. Basic Policy

The Company aims to achieve its basic concept of ‘ideal, affordable housing that anyone can buy with confidence’ by maintaining and improving basic strategies of the previous mid-term management plan: ‘procurement strategy,’ ‘merchandising strategy,’ ‘sales strategy,’ and ‘financing strategy.’

B. Individual Strategies

(i) New built-for-sale condominium business

a) Promote solar-powered condominiums

Drawing on the achievement of the top supplier of ‘solar-powered condominiums (available in each individual home unit)’ units for the third consecutive year, the Company will continue to promote planning and development of solar-powered condominiums. The goal for the final year of the new mid-term management plan ending March 31, 2016 is to increase the ratio of solar-powered condominiums in new properties to over 50% (in number of buildings).

b) Development in downtown areas in local cities

The Company will continue to work on revitalization of downtown areas in local cities including Toyama and Nagano where we have already been delivering results. As supply and demand trends are quite important in local cities, we will purchase lands based on careful monitoring of the trends and aim at stable annual supply of over 500 units.

c) Reinforce Yokohama area

With our new Yokohama branch established in October 2012, we will reinforce Yokohama area to make it our second core area while continuing to focus on our primary core area of Saitama and Tokyo.

d) Obtain lands for medium- to long-term projects

We will secure lands for medium- to long-term project with terms of over three years in order to mitigate future risk and aim at long-term stability.

(ii) Detached housing business

a) Own construction detached house

We created a team specializing in land purchase to enhance land purchase system for detached house. Also, instead of engaging in small-sized land development which is highly competitive, we purchase land for medium- to large-sized projects and promote product planning which is different from competitors such as combined plan of condominiums and detached houses, in order to achieve the goal of annual delivery of 300 units.

b) Custom-built house

We will differentiate our products by offering unique products with condo-taste and functional themes of ‘solar-power’ and ‘earthquake resistant.’

(iii) Other businesses

a) Mega-solar business

With our goal to ease concerns over the electric power supply, we will develop mega-solar business as part of social contribution. We will aim to achieve operation goals of over 50 megawatts in total based on the assessment of proper fixed buy-out price.

b) Real estate management business

We will aim to secure 3,000 units annually as a pillar of stock business by enhancing entrustment from other companies.

c) Real estate rental business

The Company aims to further enhance stable stock business through well-selected purchases.

d) Renovation business

We will purchase at appropriate price based on the proper judgment of market trends and consider further development of the business.

C. Group Strategies

In order to build a strong corporate group which will not be affected by external factors, the Company will improve information exchange within the Group and establish a corporate structure that can create synergy effects. Especially, since the Company’s core business, the new built-for-sale condominium business, is a flow-type business, it is essential for the Company to expand stock-type business such as rental, management service and nursing service business.

(3) Issues to be Addressed

The Company overcame the rough times after the Lehman Shock and recovered enough to develop 'Takara Leben Next Stage 2016.' Under such conditions, 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. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2013)	Current Consolidated Fiscal Year (March 31, 2014)
Assets		
Current assets		
Cash and deposits	17,911	35,964
Notes and accounts receivable, trade	323	405
Real estate held for sale	※2, ※3 2,067	※3 1,156
Real estate held for sale in progress	※2, ※3 33,308	※2 32,288
Deferred tax assets	250	408
Other	2,102	2,345
Allowance for doubtful accounts	(32)	(43)
Total current assets	55,932	72,524
Fixed assets		
Tangible fixed assets		
Buildings and structures	7,726	8,114
Accumulated depreciation	(2,714)	(3,006)
Buildings and structures, net	※2, ※3 5,011	※2, ※3 5,108
Machinery, equipment and vehicles	-	1,135
Accumulated depreciation	-	(61)
Machinery, equipment and vehicles, net	-	※2 1,074
Tools, furniture and fixtures	170	177
Accumulated depreciation	(142)	(148)
Tools, furniture and fixtures, net	※2 27	※2 28
Land	※2, ※3 12,471	※2, ※3 14,100
Lease assets	137	135
Accumulated depreciation	(42)	(31)
Lease assets, net	95	104
Construction in progress	-	※2 816
Total tangible fixed assets	17,606	21,233
Intangible fixed assets		
Lease assets	129	92
Other	※2 421	※2 421
Total intangible fixed assets	551	513
Investments and other assets		
Investment securities	166	226
Long-term loans	81	73
Deferred tax assets	269	44
Other	※1 519	※1 1,384
Allowance for doubtful accounts	(112)	(109)
Total investments and other assets	924	1,619
Total fixed assets	19,081	23,366
Total assets	75,013	95,891

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2013)	Current Consolidated Fiscal Year (March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	7,920	20,692
Short-term borrowings	※2 2,629	※2 2,590
Current portion of long-term borrowings	※2 11,375	※2 5,101
Lease obligations	70	62
Income taxes payable	1,608	3,356
Advance received	3,955	4,043
Allowance for bonuses	207	229
Allowance for compensation for complete work	70	158
Other	1,188	1,475
Total current liabilities	29,025	37,711
Noncurrent liabilities		
Long-term borrowings	※2 20,849	※2 29,861
Lease obligations	171	149
Allowance for employees' retirement benefits	178	–
Allowance for directors' retirement benefits	24	26
Liabilities related to retirement benefits	-	220
Asset retirement obligations	22	24
Deferred tax liabilities	-	117
Other	594	642
Total noncurrent liabilities	21,840	31,041
Total liabilities	50,866	68,752
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,947	4,817
Retained earnings	16,991	21,623
Treasury stock	(2,630)	(4,179)
Total shareholders' equity	24,127	27,080
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	3	4
Total accumulated other comprehensive income	3	4
New share subscription rights	16	53
Total net assets	24,147	27,138
Total liabilities and net assets	75,013	95,891

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Net sales	64,907	71,963
Cost of sales	※1 50,528	53,763
Gross profit	14,378	18,199
Selling, general and administrative expenses	※2 8,017	※2 8,400
Operating income	6,361	9,798
Non-operating income		
Interest income	4	4
Dividend income	4	4
Commissions received	106	114
Income from equity method investment	57	139
Miscellaneous income	40	40
Total non-operating income	212	302
Non-operating expenses		
Interest expense	766	832
Miscellaneous losses	15	87
Total non-operating expense	781	920
Ordinary income	5,792	9,181
Extraordinary gains		
Reversal of allowance for directors’ retirement benefits	53	—
Gain on negative goodwill	66	—
Legal settlement received	—	330
Total extraordinary gains	120	330
Extraordinary losses		
Loss on sale of fixed assets	—	※3 39
Loss on disposal of fixed assets	※4 23	※4 0
Impairment loss	※5 18	※5 17
Loss from legal proceedings	-	※6 9
Other	0	−
Total extraordinary losses	43	66
Income before income taxes and minority interests	5,869	9,444
Income taxes - current	1,865	3,390
Income taxes – deferred	(70)	185
Total income taxes	1,795	3,575
Income before minority interests	4,074	5,869
Net income	4,074	5,869

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Income before minority interests	4,074	5,869
Other comprehensive income		
Net unrealized gains on available-for-sale securities	10	0
Total other comprehensive income	※1 10	※1 0
Comprehensive income	4,084	5,869
(Comprising)		
Comprehensive income attributable to parent	4,084	5,869

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	4,819	4,949	13,266	(1,890)	21,145
Changes during the year					
Dividends from surplus			(429)		(429)
Net income			4,074		4,074
Change in scope of consolidation			79		79
Acquisition of treasury stock				(792)	(792)
Disposition of treasury stock		(1)		52	50
Cancellation of treasury stock					
Transfer from retained earnings to capital surplus					
Net changes of items other than shareholders' equity					
Total changes during the year	―	(1)	3,724	(740)	2,981
Balance at end of year	4,819	4,947	16,991	(2,630)	24,127

	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	(7)	(7)	―	21,138
Changes during the year				
Dividends from surplus				(429)
Net income				4,074
Change in scope of consolidation				79
Acquisition of treasury stock				(792)
Disposition of treasury stock				50
Cancellation of treasury stock				―
Transfer from retained earnings to capital surplus				―
Net changes of items other than shareholders' equity	10	10	16	27
Total changes during the year	10	10	16	3,009
Balance at end of year	3	3	16	24,147

Current 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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Net income before income taxes and minority interests	5,869	9,444
Depreciation and amortization	356	437
Impairment loss	18	17
Gains on negative goodwill	(66)	―
(Decrease) increase in allowances	(50)	124
(Decrease) increase in Liabilities related to retirement benefits	―	41
Interest and dividend income	(8)	(8)
Equity-based compensation cost	67	88
Interest expense	766	832
Loss on disposal of fixed assets	23	0
Loss on sale of tangible fixed assets	―	39
Legal settlement received	―	(330)
Decrease (increase) in accounts receivable, trade	54	(81)
Decrease in operating loans	79	56
(Increase) decrease in inventories	(3,294)	2,051
(Decrease) increase in accounts payable, trade	(2,244)	12,772
Increase in advance received	161	87
Other	671	(425)
Subtotal	2,404	25,149
Interest and dividend received	8	8
Interest paid	(764)	(821)
Income taxes paid	(772)	(1,669)
Amount of legal settlement received	―	330
Net cash provided by operating activities	875	22,996
Cash flows from investing activities		
Payments into time deposits	(1)	(0)
Withdrawals from time deposits	―	9
Decrease in short-term loans	4	4
Purchase of stocks of subsidiaries and affiliates	―	(646)
Acquisition of tangible fixed assets	(1,548)	(3,856)
Proceeds from sale of tangible fixed assets	―	12
Acquisition of intangible fixed assets	(42)	(29)
Acquisition of investment securities	(20)	(59)
Proceeds from sale of investment securities	16	―
Inflow from acquisition of subsidiaries' stock resulting in change of the scope of consolidation	※3 2	―
Other	(0)	(2)
Net cash used in investing activities	(1,590)	(4,568)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Cash flows from financing activities		
Net decrease in short-term borrowings	(2,865)	(38)
Proceeds from long-term borrowings	18,520	19,170
Repayment of long-term borrowings	(13,127)	(16,432)
Repayment of lease obligations	(75)	(98)
Acquisition of treasury stock	(792)	(2,496)
Dividends paid	(429)	(471)
Net cash provided by (used in) financing activities	1,229	(366)
Increase in cash and cash equivalent	515	18,061
Cash and cash equivalent at beginning of year	17,377	17,893
Cash and cash equivalent at end of year	※1 17,893	※1 35,954

(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: 6

Names of consolidated subsidiaries

Leben Community Co., Ltd.

TAFUKO Co., Ltd.

Marunouchi Servicer Co., Ltd.

Takara Property Co., Ltd.

Takara Asset Management Co., Ltd.

Takara Investments Co., Ltd.

Takara Asset Management Co., Ltd. and Takara Investments Co., Ltd. were established during the year ended March 31, 2014 and included in the scope of consolidation.

(2) Names of major nonconsolidated subsidiaries

Not applicable.

2. Application of the equity method

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

Name of the affiliate

AS PARTNERS Co., Ltd.

Sunwood Corporation

Sunwood Corporation became an associated company accounted for by the equity method as the Company acquired Sunwood's shares through the allocation of new shares to a third party during the year ended March 31, 2014.

(2) Non-consolidated subsidiaries not accounted for using 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)

a. Buildings

Headquarters and business offices, etc. are depreciated using the declining balance method.

Useful lives and residual values are determined in accordance with the Corporate Tax Law of Japan.

However, buildings (excluding leasehold improvement) acquired after April 1, 1998 are depreciated using the straight-line method.

Buildings for rent are depreciated using the straight-line method over the individual estimated economic useful life in order to reasonably match the corresponding income.

Individual useful lives for buildings for rent are as follows:

	Individual useful lives (years)
Reinforced concrete buildings	40
Steel structure buildings	30
Wooden construction	15
Leasehold improvements	15

b. Tangible fixed assets other than above

The declining balance method is applied.

Useful lives and residual values are determined in accordance with the Corporate Tax Law of Japan.

(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.

Lease assets without ownership transfer starting prior to March 31, 2008 are accounted for in the similar manner to operating lease transactions.

(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.

(Change of Accounting Policy)

(Adoption of Accounting Standard for Retirement Benefit)

The Company adopted Accounting Standards Boards of Japan (ASBJ) Statement No. 26, “Accounting Standard for Retirement Benefits” (May 17, 2012) and ASBJ Guidance No. 25 “Guidance on Accounting Standard for Retirement Benefits” (May 17, 2012) from the year ended March 31, 2014, except for the matters provided in the main clause of Article 35 of Accounting Standard for Retirement Benefits and Article 67 of Guidance on Accounting Standard for Retirement Benefits, and modified to record retirement benefit obligations as liabilities related to retirement benefits.

As a result, liabilities related to retirement benefits of ¥220 million was recorded for the current consolidated fiscal year.

(Consolidated Balance Sheet)

※1 Assets relating to affiliates are as follows:

	Previous Consolidated Fiscal Year (March 31, 2013)	Current Consolidated Fiscal Year (March 31, 2014)
Investments and other assets, Other (Affiliates’ stock)	¥101 million	¥885 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, 2013)	Current Consolidated Fiscal Year (March 31, 2014)
Real estate held for sale	474	―
Real estate held for sale in progress	28,922	29,640
Buildings and structures	4,515	4,302
Machinery and equipment	―	631
Tools, furniture and fixtures	0	0
Land	9,705	10,268
Construction in progress	―	710
Intangible fixed assets (land lease rights)	224	224
Total	43,842	45,778

(2) Corresponding liabilities (Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2013)	Current Consolidated Fiscal Year (March 31, 2014)
Short-term borrowings	2,619	2,197
Current portion of long-term borrowings	11,255	4,797
Long-term borrowings	20,252	28,829
Total	34,127	35,824

※3 Change in purpose of asset holding

Previous consolidated fiscal year (as of March 31, 2013)

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 ¥9 million and Land of ¥2,091 million were reclassified to Real estate held for sale and Real estate held for sale in progress during the year ended March 31, 2013.

Also, in line with the decision to reclassify part of real estate held for resale to real estate held for development and rent, Real estate held for sale in progress of ¥95 million was reclassified to Land during the year ended March 31, 2013.

Current 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.

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, 2013)	Current Consolidated Fiscal Year (March 31, 2014)
Joint and several guarantees in favor of financial institutions until the customers' residential mortgage loans are registered	1,207	7,301
Aruka Co., Ltd.	46	26
計	1,253	7,327

5 The Group maintains overdraft and credit lines agreement with 11 financial institutions (March 31, 2013: 1) 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, 2013)	Current Consolidated Fiscal Year (March 31, 2014)
Total maximum amount of overdraft and credit lines	600	5,950
Outstanding borrowing balance	475	3,622
Difference	125	2,327

(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, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013to March 31, 2014)
(220)	—

※2 Selling expenses account for approximately 55% and General and administrative expenses account for approximately 45% for the year ended March 31, 2013, and 52% and 48%, respectively, for the year ended March 31, 2014.

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

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Advertising expenses	2,634	2,838
Sales promotion expenses	1,588	1,450
Salaries	1,208	1,341
Provision for allowance for bonuses	248	276
Retirement benefit costs	31	46
Provision for allowance for directors' retirement benefits	2	1

Provision for allowance for doubtful accounts	16	22

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

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Buildings and structures	―	39
Total	―	39

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

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Buildings and structures	22	―
Tools, furniture and fixtures	0	0
Software	1	0
Total	23	0

※5 Impairment loss

Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)

During the year ended March 31, 2013, the Group recorded impairment loss of ¥18 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	Koga, Ibaraki	2
	Land	Midori-ku, Saitama, Saitama	4
	Land	Miyoshi-cho, Iruma-gun, Saitama	1
	Land	Hakone-machi, Ashigara-shimogun, Kanagawa	0
	Land	Itabashi-ku, Tokyo	5
	Land	Oyama, Tochigi	3
Recreation facility	Land and buildings	Atami, Shizuoka	1
Total			18

The amount consists of Land of ¥17 million and Buildings of ¥0 million.

Idle assets and recreation facility 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.

Current 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	Koga, Ibaraki	0
	Land	Hakone-machi, Ashigara-shimogun, Kanagawa	1
	Land	Oyama, Tochigi	8

Rental properties	Land	Tsukuba, Ibaraki	5
Rental properties	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%.

※6 Loss from legal proceedings

Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)

Not applicable.

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

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

(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, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Unrealized gains (losses) on available-for-sale securities :		
Recognized during the current year	12	0
Reclassification adjustments	(1)	—
Before tax effects	10	0
Tax effects	—	—
Unrealized gains (losses) on available-for-sale securities	10	0
Total other comprehensive income	10	0

(Consolidated Statement of Changes in Shareholders' Equity)

Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)

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

	Number of shares at April 1, 2012 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2013 (Shares)
Shares issued and outstanding				
Common stock	33,386,070	—	—	33,386,070
Total	33,386,070	—	—	33,386,070
Treasury stock				
Common stock (Note 1, 2)	2,451,871	1,124,400	71,000	3,505,271
Total	2,451,871	1,124,400	71,000	3,505,271

(Notes) 1. The increase in number of common stock in treasury stock of 1,124,400 shares is due to acquisition of treasury stock based on the resolution by the Board of Directors meeting.

2. The decrease in number of common stock in treasury stock of 71,000 shares is due to exercise of stock option.

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, 2013 (million yen)
			Number of shares at April 1, 2012 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2013 (Shares)	
Submitting company (Parent company)	New share subscription rights as stock options	—	—	—	—	—	16
Total		—	—	—	—	—	16

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 22, 2012	Common stock	278	9	March 31, 2012	June 25, 2012
Board of Directors meeting on October 29, 2012	Common stock	151	5	September 30, 2012	December 11, 2012

(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 paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 20, 2013	Common stock	298	Retained earnings	10	March 31, 2013	June 21, 2013

Current 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 stock split and acquisition of treasury stock based on the resolution by the Board of Directors meeting.

5. The decrease in number of common stock in treasury stock of 2,412,070 shares is due to exercise of stock option and cancellation of treasury stock 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 (million 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

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 23, 2014	Common stock	399	Retained earnings	3.5	March 31, 2014	June 24, 2014

(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, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Cash and deposits	17,911	35,964
Time deposits with maturity in excess of three months	(18)	(10)
Cash and cash equivalent	17,893	35,954

2 Significant non-cash transactions (Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
The amounts transferred from fixed assets to Real estate held for sale and Real estate held for sale in progress due to change in the purpose of real estate holding	2,101	65
The amounts transferred from Real estate held for sale and Real estate held for sale in progress to fixed assets due to change in the purpose of real estate holding	95	—

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

Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)

Details of assets and liabilities of Takara Property Co., Ltd. at the time of consolidation as a result of acquisition of shares, purchase price of the stock and cash flows (net) from acquisition of Takara Property Co., Ltd. are as follows:

	(Millions of yen)
Current assets	14
Fixed assets	338
Current liabilities	(130)
Noncurrent liabilities	(145)
Negative goodwill	(66)
Purchase price of newly consolidated subsidiary's stock	10
Cash and cash equivalent of newly consolidated subsidiary's stock	(12)
Difference：Cash inflow due to acquisition of newly consolidated subsidiary's shares	2

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

Not applicable

(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, 2013, net rent income from these rental properties amounted to ¥605 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, 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).

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, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Consolidated Balance Sheet			
	Beginning balance	17,809	17,381
	Changes during the year	(428)	707
	Ending balance	17,381	18,088
Market value at end of year		19,215	19,748

(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 increase during the year ended March 31, 2013 include acquisition of real estate (¥1,175 million) and an increase in scope of consolidation (¥332 million), and major decreases include reclassification to Real estate held for sale and Real estate held for sale in progress (¥2,096 million), Depreciation (¥221 million), and Impairment loss (¥17 million). 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).

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, 2012 to March 31, 2013)

(Millions of yen)

	Reportable segments				Other (Note) 1	Total
	Real estate sales business	Real estate rental business	Real estate management business	Total		
Net sales						
Net sales to external customers	59,310	1,485	2,582	63,378	1,529	64,907
Inter-segment sales and transfers	—	24	8	33	92	126
Total	59,310	1,510	2,591	63,412	1,621	65,033
Segment income	5,234	592	173	5,999	350	6,349
Segment assets	37,387	17,559	266	55,213	1,164	56,377
Segment liabilities	40,349	9,200	220	49,771	849	50,620
Other items						
Depreciation and amortization	112	221	3	337	11	348
Interest expense	529	220	—	749	15	764
Increase in tangible and intangible fixed assets (Note) 2	195	1,589	2	1,788	195	1,983

(Notes) 1. "Other" represents business segments which are not included in any reportable segments and includes real estate agent services and repair work business.

2. Increase in tangible and intangible fixed assets of Real estate rental business segment includes ¥332 million associated with consolidation of Takara Property Co. Ltd. as a subsidiary.

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

(Millions of yen)

	Reportable segments				Other (Note) 1	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

(Notes) 1. "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	63,412	70,262
Net sale of "Other" category	1,621	1,878
Elimination of inter-segment transactions	(126)	(178)
Net sales on the consolidated financial statements	64,907	71,963

(Millions of yen)

Income	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	5,999	9,458
Income of "Other" category	350	350
Elimination of inter-segment transactions	11	(9)
Operating income on the consolidated financial statements	6,361	9,798

(Millions of yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	55,213	54,591
Assets of "Other" category	1,164	3,862
Elimination of due from parent administrative division	(332)	(199)
Corporate assets (Note)	18,968	37,636
Total assets on the consolidated financial statements	75,013	95,891

(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	49,771	64,728
Liabilities of “Other” category	849	3,334
Elimination of due to parent administrative division	(521)	(495)
Corporate liabilities (Note)	767	1,184
Total liabilities on the consolidated financial statements	50,866	68,752

(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	337	352	11	76	8	8	356	437
Interest expense	749	765	15	30	1	42	766	838
Increase in tangible and intangible fixed assets	1,788	1,417	195	2,707	7	38	1,991	4,163

(Note) Adjustments for increase in tangible and intangible fixed assets represent 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, 2012 to March 31, 2013)

(Millions of yen)

	Real estate sales business	Real estate rental business	Real estate management business	Other	Corporate / Elimination	Total
Impairment loss	1	17	—	—	—	18

Current 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

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Net assets per share	¥201.90	¥237.53
Earnings per share	¥33.61	¥50.64
Diluted earnings per share	¥33.58	¥50.53

(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, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Earnings per share		
Net income (Millions of yen)	4,074	5,869
Amount not attributable to common stockholders (Millions of yen)	–	–
Net income attributable to common stock (Millions of yen)	4,074	5,869
Average number of shares during the year (thousand shares)	121,209	115,903
Diluted earnings per share		
Net income adjustments (Millions of yen)	–	–
Increase in number of common stock (thousand shares)	116	252
(Of those, stock option through acquisition of treasury stock (thousand shares))	(116)	(252)
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 11, 2014 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 11, 2014, "Announcement concerning issuance of stock options for equity-based compensation (Class A new share subscription rights)" and "Announcement concerning issuance of stock options for equity-based compensation (Class B new share subscription rights)," for more detail.

(Acquisition of treasury stock)

The Board of Directors resolved at the meeting held on May 12, 2014 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 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

5,000,000 shares (maximum)

(Ratio to the total number of shares issued and outstanding (excluding treasury stock): 4.38%)

(3) Acquisition period

From May 13, 2014 to March 31, 2015

(4) Total amount of acquisition cost of shares

¥1,500 million (maximum)

(5) Acquisition method

Market purchase at Tokyo Stock Exchange

5. Non-Consolidated Financial Statements

(1) Balance Sheet

(Millions of yen)

	Previous Fiscal Year (March 31, 2013)	Current Fiscal Year (March 31, 2014)
Assets		
Current assets		
Cash and deposits	16,635	34,557
Accounts receivable, trade	53	73
Other receivables	9	40
Real estate held for sale	※1, ※2 2,035	1,152
Real estate held for sale in progress	※1, ※2 33,282	※1 32,228
Advance payments	65	249
Prepaid expenses	962	920
Short-term loans	4	4
Deferred tax assets	224	375
Other	267	438
Allowance for doubtful accounts	(8)	(8)
Total current assets	53,530	70,032
Fixed assets		
Tangible fixed assets		
Buildings	7,145	7,491
Accumulated depreciation	(2,444)	(2,683)
Buildings, net	※1, ※2 4,700	※1 4,808
Structures	87	129
Accumulated depreciation	(51)	(60)
Structures, net	※1 35	※1 68
Machinery, equipment and vehicles	―	1,135
Accumulated depreciation	―	(61)
Total machinery, equipment and vehicles, net	―	※1 1,074
Tools, furniture and fixtures	133	128
Accumulated depreciation	(114)	(116)
Total tools, furniture and fixtures, net	※1 18	※1 11
Land	※1, ※2 12,141	※1 13,741
Lease assets	128	128
Accumulated depreciation	(36)	(29)
Lease assets, net	91	※1 98
Construction in progress	―	※1 743
Total tangible fixed assets	16,987	20,546
Intangible fixed assets		
Land lease rights	※1 224	※1 224
Software	70	61
Lease assets	128	85
Total intangible fixed assets	423	371
Investments and other assets		
Investment securities	150	210
Affiliates’ stock	82	748
Investments in capital	2	2
Membership	9	11

(Millions of yen)

	Previous Fiscal Year (March 31, 2013)	Current Fiscal Year (March 31, 2014)
Security deposits and guarantee deposits	245	319
Long-term loans	81	73
Long-term loans to affiliates	361	325
Long-term other receivables	195	185
Deferred tax assets	231	-
Other	1	6
Allowance for doubtful accounts	(276)	(266)
Total investments and other assets	1,083	1,615
Total fixed assets	18,494	22,533
Total assets	72,025	92,565
Liabilities		
Current liabilities		
Notes payable	6,200	18,943
Accounts payable, trade	1,607	1,619
Short-term borrowings	※1 2,619	※1 2,580
Current portion of long-term borrowings	※1 11,261	※1 5,003
Lease obligations	68	59
Other payables	648	913
Accrued expenses	93	110
Income taxes payable	1,517	3,264
Advance received	3,918	3,985
Deposits received	96	179
Unearned revenues	17	17
Allowance for bonuses	148	161
Allowance for compensation for complete work	70	158
Other	99	8
Total current liabilities	28,368	37,005
Noncurrent liabilities		
Long-term borrowings	※1 20,476	※1 29,579
Security deposits and guarantee deposits received	586	634
Lease obligations	169	139
Allowance for employees’ retirement benefits	116	142
Asset retirement obligations	19	20
Deferred tax liabilities	-	117
Other	4	4
Total noncurrent liabilities	21,373	30,639
Total liabilities	49,742	67,644

(Millions of yen)

	Previous Fiscal Year (March 31, 2013)	Current Fiscal Year (March 31, 2014)
Net assets		
Shareholders’ equity		
Capital stock	4,819	4,819
Capital surplus		
Capital reserve	4,817	4,817
Other capital surplus	130	—
Total capital surplus	4,947	4,817
Retained earnings		
Legal reserve	92	92
Other retained earnings		
Reserve for special depreciation	—	691
General reserve	9,681	12,681
Retained earnings carried forward	5,352	5,940
Total retained earnings	15,126	19,405
Treasury stock	(2,630)	(4,179)
Total shareholders’ equity	22,262	24,863
Valuation and translation adjustments		
Net unrealized gains on available-for-sale securities	3	4
Total valuation and translation adjustments	3	4
New share subscription rights	16	53
Total net assets	22,283	24,920
Total liabilities and net assets	72,025	92,565

(2) Statement of Income

(Millions of yen)

	Previous Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Net sales		
Net sales - real estate	59,194	65,602
Income from real estate rental	1,137	1,297
Other income	171	258
Total net sales	60,502	67,158
Cost of sales		
Cost of sales - real estate	※1 46,589	49,358
Cost of sales - real estate rental	587	682
Cost of sales - other	―	75
Total cost of sales	47,176	50,116
Gross profit	13,326	17,041
Selling, general and administrative expenses	※2 7,390	※2 7,663
Operating income	5,936	9,378
Non-operating income		
Interest income	11	14
Dividend income	44	44
Commissions received	106	114
Secondment fee received	6	―
Miscellaneous income	30	35
Total non-operating income	199	209
Non-operating expenses		
Interest expense	764	829
Miscellaneous losses	10	85
Total non-operating expense	775	915
Ordinary income	5,360	8,672
Extraordinary gains		
Legal settlement received	―	330
Reversal of allowance for directors’ retirement benefits	53	―
Total extraordinary gains	53	330
Extraordinary losses		
Loss on sale of fixed assets	―	※3 39
Loss on disposal of fixed assets	※4 23	※4 0
Impairment loss	※5 18	※5 17
Loss from legal proceedings	―	※5 9
Total extraordinary losses	42	66
Income before income taxes	5,371	8,936
Income taxes - current	1,697	3,221
Income taxes - deferred	(52)	198
Total income taxes	1,645	3,419
Net income	3,726	5,516

Cost of Sales Statement

1. Cost of sales - real estate

Category	Notes	Previous Fiscal Year (From April 1, 2012 to March 31, 2013) Amount (Millions of yen)	Ratio (%)	Current Fiscal Year (From April 1, 2013 to March 31, 2014) Amount (Millions of yen)	Ratio (%)
Land purchase cost	2	15,117	32.4	15,443	31.3
Outsourced construction cost		30,777	66.1	32,982	66.8
Other		694	1.5	932	1.9
Cost of sales - real estate		46,589	100.0	49,358	100.0

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

2. Land purchase cost of the previous fiscal year includes loss on valuation of inventories of ¥ (220) million.

2. Cost of sales - real estate rental

Category	Notes	Previous Fiscal Year (From April 1, 2012 to March 31, 2013) Amount (Millions of yen)	Ratio (%)	Current Fiscal Year (From April 1, 2013 to March 31, 2014) Amount (Millions of yen)	Ratio (%)
Taxes and public charges		106	18.1	119	17.4
Depreciation and amortization		214	36.5	237	34.8
Maintenance and administrative expenses		266	45.4	325	47.8
Cost of sales - real estate rental		587	100.0	682	100.0

(3) Statement of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Reserve for special depreciation	General reserve	Retained earnings carried forward	Total retained earnings
Balance at beginning of year	4,819	4,817	132	4,949	92	—	6,681	5,055	11,829
Changes during the year									
Funding for reserve for special depreciation									
Reversal of reserve for special depreciation									
Funding for general reserve							3,000	(3,000)	—
Dividends from surplus								(429)	(429)
Net income								3,726	3,726
Acquisition of treasury stock									
Disposition of treasury stock			(1)	(1)					
Cancellation of treasury stock									
Transfer from retained earnings to capital surplus									
Net changes of items other than shareholders' equity									
Total changes during the year	—	—	(1)	(1)	—	—	3,000	296	3,296
Balance at end of year	4,819	4,817	130	4,947	92	—	9,681	5,352	15,126

	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	(1,890)	19,708	(7)	(7)	—	19,701
Changes during the year						
Funding for reserve for special depreciation						—
Reversal of reserve for special depreciation						—
Funding for general reserve						—
Dividends from surplus		(429)				(429)
Net income		3,726				3,726
Acquisition of treasury stock	(792)	(792)				(792)
Disposition of treasury stock	52	50				50
Cancellation of treasury stock						—
Transfer from retained earnings to capital surplus						—

Net changes of items other than shareholders' equity			10	10	16	27
Total changes during the year	(740)	2,554	10	10	16	2,582
Balance at end of year	(2,630)	22,262	3	3	16	22,283

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

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Reserve for special depreciation	General reserve	Retained earnings carried forward	Total retained earnings
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

(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)

(i) Buildings

Headquarters and business offices, etc. are depreciated using the declining balance method.

Useful lives and residual values are determined in accordance with the Corporate Tax Law of Japan.

However, buildings (excluding leasehold improvement) acquired after April 1, 1998 are depreciated using the straight-line method.

Buildings for rent are depreciated using the straight-line method over the individual estimated economic useful life in order to reasonably match the corresponding income.

Individual useful lives for buildings for rent are as follows:

	Individual useful lives (years)
Reinforced concrete buildings	40
Steel structure buildings	30
Wooden construction	15
Leasehold improvements	15

(ii) Other tangible fixed assets

The declining balance method is applied.

Useful lives and residual values are determined in accordance with the Corporate Tax Law of Japan.

(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.

Lease assets without ownership transfer starting prior to March 31, 2008 are accounted for in the similar manner to operating lease transactions.

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, 2013)	Current Fiscal Year (March 31, 2014)
Real estate held for sale	474	―
Real estate held for sale in progress	28,922	29,640
Buildings	4,420	4,195
Structures	19	35
Machinery and equipment	―	631
Tools, furniture and fixtures	0	0
Land	9,567	10,131
Construction in progress	―	710
Land lease rights	224	224
Total	43,630	45,570

(2) Corresponding liabilities (Millions of yen)

	Previous Fiscal Year (March 31, 2013)	Current Fiscal Year (March 31, 2014)
Short-term borrowings	2,619	2,197
Current portion of long-term borrowings	11,240	4,776
Long-term borrowings	20,170	28,713
Total	34,029	35,687

※2　Change in purpose of asset holding

Previous fiscal year (as of March 31, 2013)

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 ¥3 million and Land of ¥2,082 million were reclassified to Real estate held for sale and Real estate held for sale in progress during the year ended March 31, 2013.

Also, in line with the decision to reclassify part of the real estate held for resale to real estate held for development and rent, Real estate held for sale in progress of ¥95 million was reclassified to Land during the year ended March 31, 2013.

Current fiscal year (as of March 31, 2014)

Not applicable.

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, 2013)	Current Fiscal Year (March 31, 2014)
Joint and several guarantees in favor of financial institutions until the customers' residential mortgage loans are registered	1,207	7,301
TAFUKO Co., Ltd.	327	243
Takara Property Co., Ltd.	83	―
Aruka Co., Ltd.	46	26
Total	1,663	7,570

4　The Company maintains overdraft and credit lines agreement with 11 financial institutions (March 31, 2013: 1) 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, 2013)	Current Fiscal Year (March 31, 2014)
Total maximum amount of overdraft and credit lines	600	5,950
Outstanding borrowing balance	475	3,622
Difference	125	2,327

(Statement of Income)

※1　Real estate held for sale and Real estate held for sale in progress at year-end 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.

Previous Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
¥(220) million	¥― million

※2　Selling expenses account for approximately 59% and 56% for the year ended March 31, 2013 and 2014, respectively, and General and administrative expenses account for approximately 41% and 44%, for the year ended March 31, 2013 and 2014, respectively.

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

(Millions of yen)

	Previous Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Advertising expenses	2,608	2,807
Sales commissions	180	43
Sales promotion expenses	1,585	1,448
Salaries	994	1,083
Provision for allowance for bonuses	216	242
Retirement benefit costs	12	26
Depreciation and amortization	112	104

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

(Millions of yen)

	Previous Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Buildings	—	39
Total	—	39

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

(Millions of yen)

	Previous Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Buildings	22	—
Tools, furniture and fixtures	0	0
Software	1	0
Total	23	0

※5 Impairment loss

Previous fiscal year (From April 1, 2012 to March 31, 2013)

During the year ended March 31, 2013, the Company recorded impairment loss of ¥18 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	Koga, Ibaraki	2
	Land	Midori-ku, Saitama, Saitama	4
	Land	Miyoshi-cho, Iruma-gun, Saitama	1
	Land	Hakone-machi, Ashigara-shimogun, Kanagawa	0
	Land	Itabashi-ku, Tokyo	5
	Land	Oyama, Tochigi	3
Recreation facility	Land and buildings	Atami, Shizuoka	1

Total	18

The amount consists of Land of ¥17 million and Buildings of ¥0 million.

Idle assets and recreation facility 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.

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

During the year ended March 31, 2014, the Company 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	Koga, 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%.

※6 Loss from legal proceedings

Previous fiscal year (From April 1, 2012 to March 31, 2013)

Not applicable.

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

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

(Statement of Changes in Shareholders’ Equity)

Previous fiscal year (From April 1, 2012 to March 31, 2013)

Class and number of treasury stock

	Number of shares at April 1, 2012 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2013 (Shares)
Common stock (Notes 1,2)	2,451,871	1,124,400	71,000	3,505,271
Total	2,451,871	1,124,400	71,000	3,505,271

(Note) 1. The increase in number of common stock in treasury stock of 1,124,400 shares is due to acquisition of treasury stock based on the resolution by the Board of Directors meeting.

2. The decrease in number of common stock in treasury stock of 71,000 shares is due to exercise of stock option.

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

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)
Common stock (Notes 1,2, 3)	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 in treasury stock of 14,881,606 shares is due to stock split and 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 2,412,070 shares is due to exercise of stock option and cancellation of treasury stock based on the resolution by the Board of Directors meeting.

(Per Share Information)

	Previous Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Net assets per share	¥186.29	¥ 218.08
Earnings per share	¥30.75	¥47.60
Diluted earnings per share	¥30.72	¥47.49

(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 fiscal year.

2. Basis for calculation of earnings per share and diluted earnings per share is as follows.

	Previous Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Fiscal Year (From April 1, 2013 to March 31, 2014)
Earnings per share		
Net income (Millions of yen)	3,726	5,516
Amount not attributable to common stockholders (Millions of yen)	―	―
Net income attributable to common stock (Millions of yen)	3,726	5,516
Average number of shares during the year (thousand shares)	121,209	115,903
Diluted earnings per share		
Net income adjustments (Millions of yen)	―	―
Increase in number of common stock (thousand shares)	116	252
(Of those, stock option through acquisition of treasury stock (thousand shares))	(116)	(252)
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 11, 2014 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 11, 2014, "Announcement concerning issuance of stock options for equity-based compensation (Class A new share subscription rights)" and "Announcement concerning issuance of stock options for equity-based compensation (Class B new share subscription rights)," for more detail.

(Acquisition of treasury stock)

The Board of Directors resolved at the meeting held on May 12, 2014 to acquire treasury stock and on specific procedures of acquisition, pursuant to provisions of Article 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 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
   5,000,000 shares (maximum)
   (Ratio to the total number of shares issued and outstanding (excluding treasury stock): 4.38%)

   (3) Acquisition period
   From May 12, 2014 to March 31, 2015

   (4) Total amount of acquisition cost of shares
   ¥1,500 million (maximum)

   (5) Acquisition method
   Market purchase at Tokyo Stock Exchange

6. 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, 2012 to March 31, 2013)		Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)		Year-on-Year (%)
	Number of units	Amounts (Millions of yen)	Number of units	Amounts (Millions of yen)	
Real estate sales business	1,813	61,118	1,836	64,293	105.2
Total	1,813	61,118	1,836	64,293	105.2

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

(ii) Balance of contract

Segment name	Previous Consolidated Fiscal Year-End (March 31, 2013)		Current Consolidated Fiscal Year-End (March 31, 2014)		Year-on-Year (%)
	Number of units	Amounts (Millions of yen)	Number of units	Amounts (Millions of yen)	
Real estate sales business	1,094	36,632	1,014	35,167	96.0
Total	1,094	36,632	1,014	35,167	96.0

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

(iii) Net sales

Segment name		Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)	Year-on-Year (%)
Real estate sales business	(Millions of yen)	65,757	110.9
Real estate rental business	(Millions of yen)	1,696	114.2
Real estate management business	(Millions of yen)	2,739	106.1
Total reportable segments	(Millions of yen)	70,194	110.8
Other	(Millions of yen)	1,768	115.7
Total	(Millions of yen)	71,963	110.9

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

2. The above amounts do not include consumption taxes.