日本商業開発株式会社
Nippon Commercial Development Co., Ltd.

May 11, 2015

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

[Japanese GAAP]

Company name: Nippon Commercial Development Co., Ltd.
Listing: TSE/NSE, First Sections
Securities code: 3252
URL: http://www.ncd-jp.com
Representative: Tetsuya Matsuoka, President
Contact: Kenji Irie, Director, General Manager of Finance and Accounting Division
Tel: +81-(0) 6-4706-7501
Scheduled date of Annual General Meeting of Shareholders: June 25, 2015
Scheduled date of filing of Annual Securities Report: June 26, 2015
Scheduled date of payment of dividend: June 26, 2015
Preparation of supplementary materials for financial results: None
Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

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

(1) Consolidated results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2015	16,252	50.1	3,547	146.3	2,987	206.9	1,863	179.6
Fiscal year ended Mar. 31, 2014	10,828	64.8	1,440	171.4	973	110.6	666	109.7

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2015: 1,886 (up 177.4%)
Fiscal year ended Mar. 31, 2014: 680 (up 115.3%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2015	125.91	106.33	35.3	13.4	21.8
Fiscal year ended Mar. 31, 2014	48.05	42.10	36.7	7.2	13.3

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2015: - Fiscal year ended Mar. 31, 2014: -

Note: The Company conducted following stock splits: a 100-for-1 stock split on April 1, 2013 under the March 1, 2013 Board of Directors' resolution; a 4-for-1 stock split on July 1, 2013 under the May 20, 2013 Board of Directors' resolution; a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2015	24,104	8,510	34.9	496.43
As of Mar. 31, 2014	20,489	2,232	10.6	152.43

Reference: Shareholders' equity (million yen) As of Mar. 31, 2015: 8,405 As of Mar. 31, 2014: 2,166

Note: The Company conducted following stock splits: a 100-for-1 stock split on April 1, 2013 under the March 1, 2013 Board of Directors' resolution; a 4-for-1 stock split on July 1, 2013 under the May 20, 2013 Board of Directors' resolution; a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2015	6,608	(328)	1,088	10,315
Fiscal year ended Mar. 31, 2014	(11,898)	(87)	12,655	2,947

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2014	-	0.00	-	35.00	35.00	165	24.3	8.9
Fiscal year ended Mar. 31, 2015	-	0.00	-	30.00	30.00	507	23.8	9.2
Fiscal year ending Mar. 31, 2016 (forecasts)	-	0.00	-	35.00	35.00		20.7	

Breakdown of dividends for the fiscal year ended Mar. 31, 2015: Ordinary dividends: 27 yen; Commemorative dividends: 3 yen

Note: The Company conducted a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. The year-end dividend for the fiscal year ended March 31, 2014 is based on the number of shares before the split. After adjusting for this split, the year-end dividend was 11.67 yen.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,500	1.5	4,780	34.7	3,900	30.6	2,500	34.1	168.89

Note: The Company has decided not to announce forecasts for the first half of fiscal year ending March 31, 2016. For more details, please refer to "1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations (Forecasts for the next fiscal year)" on page 2 of the attachment.

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Mar. 31, 2015: 16,931,600 shares As of Mar. 31, 2014: 14,214,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2015: 141 shares As of Mar. 31, 2014: 141 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2015: 14,802,799 shares Fiscal year ended Mar. 31, 2014: 13,876,020 shares

Note: The Company conducted following stock splits: a 100-for-1 stock split on April 1, 2013 under the March 1, 2013 Board of Directors' resolution; a 4-for-1 stock split on July 1, 2013 under the May 20, 2013 Board of Directors' resolution; a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Number of outstanding shares (common stock) has been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2014.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (Apr. 1, 2014 – Mar. 31, 2015)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2015	12,731	52.5	2,594	176.3	2,249	229.7	1,428	190.3
Fiscal year ended Mar. 31, 2014	8,346	27.0	938	74.7	682	45.1	492	(29.8)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2015	96.51	81.50
Fiscal year ended Mar. 31, 2014	35.46	31.07

Note: The Company conducted following stock splits: a 100-for-1 stock split on April 1, 2013 under the March 1, 2013 Board of Directors' resolution; a 4-for-1 stock split on July 1, 2013 under the May 20, 2013 Board of Directors' resolution; a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Net income per share and diluted net income per share have been calculated as if this 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
	Million yen	Million yen	%	Yen
As of Mar. 31, 2015	17,182	7,819	45.4	460.69
As of Mar. 31, 2014	13,625	1,996	14.7	140.47

Reference: Shareholders' equity (million yen) As of Mar. 31, 2015: 7,800 As of Mar. 31, 2014: 1,996

Note: The Company conducted following stock splits: a 100-for-1 stock split on April 1, 2013 under the March 1, 2013 Board of Directors' resolution; a 4-for-1 stock split on July 1, 2013 under the May 20, 2013 Board of Directors' resolution; a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Indication of audit procedure implementation status

The current financial report is not subject to the audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedures based on this Act for the financial statements have not been completed.

Cautionary statement with respect to forward-looking statements, and other special items

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations" on page 2 of the attachments for assumptions for forecasts and notes of caution for usage.

Stock split

The Company conducted following stock splits: a 100-for-1 stock split on April 1, 2013 under the March 1, 2013 Board of Directors' resolution; a 4-for-1 stock split on July 1, 2013 under the May 20, 2013 Board of Directors' resolution; a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Net income per share, diluted net income per share, net assets per share, and number of outstanding shares (common stock) have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

How to view presentation materials

The Company plans to hold a financial results meeting for institutional investors and analysts on Thursday, June 4, 2015. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

Contents of Attachments

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

I. Summary of the fiscal year

In the fiscal year that ended in March 2015, the recovery of the Japanese economy was held back by the prolonged drop in demand caused by the April 2014 consumption tax hike from 5% to 8%. Currently, the economy is recovering slowly. Amid considerable geopolitical instability overseas, economic growth is slowing in China and the U.S. Federal Reserve Bank is planning on raising interest rates as the U.S. economy recovers. One result is changes and an increasingly unclear outlook for the economies of emerging countries.

In the Japanese real estate and real estate finance industries, market conditions have remained favorable due to a high volume of real estate transactions. Encouraged by Abenomics policies, the increase in land prices is gaining momentum for both residential and commercial land based on average prices in the Tokyo, Osaka and Nagoya areas. In addition, real estate investments from overseas are growing. The further decline in the yen's value following the October 31, 2014 announcement of additional monetary easing by the Bank of Japan is one reason.

The Nippon Commercial Development Group conducted extensive sales activities while focusing on developing a new type of JINUSHI Fund and locating new sellers of properties. In addition, to establish a consistent buyer for our properties, we are a participant in the new retail property J-REIT that was established in October 2014 by Kenedix, Inc. (listed on the TSE first section). We have started selling properties to this J-REIT in February 2015 based on a basic agreement. Establishing a relationship with a consistent buyer of properties made it possible to concentrate even more on the acquisition of high-quality properties. Nippon Commercial Development stock was listed on the first sections of the Tokyo Stock Exchange and Nagoya Stock Exchange on December 26, 2014 and there was a public offering of stock at the same time with proceeds of 4,458,900 thousand yen. In the fiscal year that ended in March 2015, sales increased 50.1% to 16,252,341 thousand yen, ordinary income was up 206.9% to 2,987,232 thousand yen and net income climbed 179.6% to 1,863,804 thousand yen.

Results by business segment were as follows:

The real estate investment business segment reported sales of 15,707,493 thousand yen (up 52.8% year on year), and segment profit increased to 4,318,290 thousand yen (up 121.4%).

The subleasing, leasing and fund fee business segment reported sales of 292,688 thousand yen (down 5.9% year on year), and segment profit decreased to 48,672 thousand yen (down 27.0%).

In the planning and brokerage business segment, sales increased to 252,160 thousand yen (up 4.9% year on year), and segment profit rose to 248,785 thousand yen (up 13.6%).

II. Forecasts for the next fiscal year

In the fiscal year ending in March 2016, although there has been a delay in the start of a recovery following the consumption tax hike, the Japanese economy will probably continue to recover slowly. Overseas, interest rates are likely to start rising in the United States, growth of the Chinese economy is slowing, and there are signs of changes in emerging country economies. In addition, geopolitical risks are increasing. Overall, there are many sources of concern about the global outlook.

In the real estate and real estate financing industry, overseas investors are making substantial investments in Japan because of the continuation of monetary easing on an unprecedented scale and Tokyo's selection to host the 2020 Olympics. As a result, the level of activity has been consistently high in Japan's real estate market.

In the real estate investment business, where the JINUSHI Business will remain the group's core business, the goal in this fiscal year is to further increase purchases of new properties for sale. As safe and stable investment opportunities from a long-term perspective, we will accelerate investments of real estate investment products in new JINUSHI Funds. In addition, we plan to sell properties to the retail property J-REIT established by Kenedix and use other measures in order to achieve growth in sales and earnings in the JINUSHI Business.

We are not announcing a forecast for the first half of fiscal year ending in March 2016. The reason is that we expect to complete a number of transactions during the first half of the fiscal year and the prices of these properties will have a significant effect on our performance.

(2) Analysis of Financial Position

1) Balance sheet

Current assets

Current assets were 23,423,776 thousand yen at the end of the fiscal year, 16.2% more than one year earlier. Real estate for sale decreased 4,041,355 thousand yen because of property sales in association with the establishment of a new type of JINUSHI Fund and properties sold to the new retail property J-REIT established by Kenedix. Cash and deposits increased 7,349,245 thousand yen mainly due to proceeds of 4,458,900 thousand yen from a public offering of stock in conjunction with the Tokyo and Nagoya first section stock exchange listings of Nippon Commercial Development stock on December 26, 2014. Proceeds from sales of real estate for sale also contributed to this increase.

Non-current assets

Non-current assets increased 103.6% to 680,393 thousand yen mainly due to an increase of 287,877 thousand yen in investment securities.

Current liabilities

Current liabilities increased 217.6% to 7,890,657 thousand yen. There were decreases of 809,000 thousand yen in short-term loans payable and 327,762 thousand yen in the current portion of guarantee deposits received as real estate for sale was sold. But the current portion of long-term loans payable increased 5,580,752 thousand yen.

Non-current liabilities

Non-current liabilities decreased 51.2% to 7,702,891 thousand yen. There was an 8,062,639 thousand yen decrease in long-term loans payable because of the transfer of loans to the current portion of long-term loans payable and loan repayments funded by proceeds from sales of real estate for sale.

Net assets

Net assets increased 281.3% to 8,510,620 thousand yen. There were 2,274,300 thousand yen increased in each of capital stock and capital surplus due to the December 2014 stock offering and the exercise of subscription rights to shares, and net income of 1,863,804 thousand yen (up 179.6% year on year). Consequently, the equity ratio was 34.9%

2) Cash flows

Cash and cash equivalents (net cash) increased 7,367,744 thousand yen from the end of the previous fiscal year to 10,315,304 thousand yen on March 31, 2015. The main reasons for this increase are proceeds from sales of real estate for sale and proceeds from the December 26, 2014 stock offering that took place when Nippon Commercial Development stock was listed on the first sections of the Tokyo and Nagoya stock exchanges. Furthermore, Nippon Commercial Development continued to procure funds from financial institutions and reported an appropriate level of earnings for the fiscal year.

The main changes in cash flow from operating, investing, and financing activities are described as below.

Cash flows from operating activities

Net cash provided by operating activities totaled 6,608,107 thousand yen, compared with net cash used of 11,898,330 thousand yen one year earlier. The main factors were income before income taxes and minority interests of 2,972,527 thousand yen, and a 4,041,355 thousand yen decrease in inventories (real estate for sale).

Cash flows from investing activities

Net cash used in investing activities totaled 328,787 thousand yen, compared with 87,978 thousand yen used one year earlier. This was mainly due to payments of 311,253 thousand yen for the purchase of investment securities.

Cash flows from financing activities

Net cash provided by financing activities totaled 1,088,423 thousand yen, compared with 12,655,238 thousand yen provided one year earlier. The main factors were proceeds of 4,548,600 thousand yen from the stock offering and decreases of 809,000 thousand yen in short-term loans and 2,481,886 thousand yen in long-term loans from financial institutions.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Nippon Commercial Development is still in a growth phase. We believe that the best way to return earnings to shareholders is to take actions aimed at achieving more growth. Accordingly, we are retaining earnings to strengthen our financial position and fund investments to operate more efficiently and grow.

Our basic policy for dividends is to make distributions consistently while taking into consideration earnings in each fiscal year, the plans for business activities, and other factors. For the fiscal year that ended in March 2015, if approved by shareholders at the 15^{th} annual meeting, we plan to pay a year-end dividend of 30 yen per share, the sum of a 27 yen ordinary dividend and 3 yen commemorative dividend. After an adjustment for the 3-for-1 stock split with a record date of September 1, 2014, the year-end dividend was 11.67 yen for the fiscal year that ended in March 2014.

We plan to pay a year-end dividend of 35 yen for the fiscal year ending in March 2016. We will continue to base dividend payments on our performance in each fiscal year, plans for business activities, the amount of retained earnings and other items.

(4) Business Risks

This section includes the major items that may be risk factors concerning the Nippon Commercial Development Group’s business operations and financial condition. In addition, from the standpoint of disclosing all applicable information to investors, this section contains items that are not necessarily risk factors but may be important for investment decisions. Group companies are aware that these events may occur and are taking actions to prevent these problems and respond properly if a problem occurs. To reach a decision about an investment in Nippon Commercial Development stock, investors are asked to carefully consider the information in this section as well as other information. Note that this section is not a complete list of risk factors associated with an investment in Nippon Commercial Development stock.

Forward-looking statements in this section represent the judgments of Nippon Commercial Development at the time of this earnings announcement.

1) Business operations

a. Operating environment

The main business activity of the Nippon Commercial Development Group is the JINUSHI Business. This involves purchasing land, locating tenants, and then leasing the land to these tenants for a long term based on a commercial fixed-term land lease agreement. The tenant then constructs a building on the property and we receive leasing income. Finally, the land is sold to investors as a real estate product with a yield.

Our business operations are vulnerable to changes in economic conditions, the real estate market, interest rates and other financial factors, and other items. A change in the economy or real estate market, interest rate movements, or other components of our operating environment may affect our financial condition and results of operations.

b. Competition

Until recently, our operations involved primarily residential land with considerable value in locations with large population. These properties were mainly in large metropolitan areas and other major cities of Japan. Currently, we are targeting small to midsize properties near Tokyo and other large metropolitan areas.

Competition with large real estate developers and other companies is intense in the Tokyo area and other large metropolitan areas. If we are unable to purchase quality properties in these areas, there may be an effect on our financial condition and results of operations.

When purchasing real estate, we examine a property’s location, surroundings, geological properties, soil contamination, price, and other items. We then acquire properties at suitable terms with respect to the results of this investigation process. If we are unable to purchase real estate at the proper terms for each location, there may be an effect on our financial condition and results of operations.

c. Real estate purchases and sales

In the real estate investment business, as a rule, we purchase a property only after we sign a commercial fixed-term land lease agreement with the prospective tenants and have located an operating company, real estate fund or other organization that wants to buy the property. This reduces the risk associated with owning real estate.

In addition, we signed a basic agreement concerning the REIT business on October 3, 2014 for the purpose of helping ensure that there will be buyers for our properties. The other companies that signed this agreement are Kenedix, Inc., Sumitomo Mitsui Finance and Leasing Company Limited, and P&D Consulting Co., Ltd.

However, if we are unable to purchase land that matches the requirements for a tenant’s store or if we are unable to find a buyer for a property due to a change in the REIT business basic agreement, there may be an effect on our financial condition and results of operations.

d. Natural disasters, accidents and other events

Real estate that we own may be demolished, damaged or degraded by a fire, terrorism, riots, earthquakes, tsunamis, and other accidents or natural disasters. These events may cause a sharp decline in leasing income and require expenses for repairs. To reduce exposure to these risks as much as possible, we purchase fire and other types of insurance and take other actions. However, there may be damage or losses at a property due to an event that is not insured or damage or losses at a property due an insured event that is not entirely covered by the insurance payment. These events may have an effect on our financial condition and results of operations.

e. Soil contamination and underground objects

When purchasing real estate, we usually perform studies at the expense of the seller concerning soil contamination and underground objects at the site. The purpose of these studies is to avoid expenses associated with soil contamination and underground objects and prevent these issues from affecting the subsequent construction schedule. If there is a problem involving soil contamination or an underground object, we either decide not to purchase the property or purchase the property after the seller has paid for soil remediation, removal of the object or other necessary actions. However, there may be cases where these studies are unable to discover soil contamination or underground objects or that this contamination or the objects are not completely removed prior to the purchase. As a result, if soil contamination or an underground object is discovered after we acquire a property, the schedule for that property may need to be revised and there may be additional expenses or other problems. These events may have an effect on our financial condition and results of operations.

2) Results of operations and financial condition

a. Changes in results of operations

The Nippon Commercial Development Group started full-scale operations in the real estate investment business in the fiscal year that ended in March 2004. Due to the nature of this business, there may be significant differences in results of operations from year to year. One reason is the large purchase and sales prices of properties. There is also a possibility of a change in the timing of recognizing a sale for accounting purposes because of the long time needed for regulatory permits and construction for a tenant's store, a revision in the timetable for the sale, or for other reasons. Consequently, our past performance and financial condition alone are insufficient for reaching decisions about our future performance.

The following table is a summary of our financial highlights for the past several years.

(Thousands of yen)

Term		11th period (consolidated)	12th period (consolidated)	13th period (consolidated)	14th period (consolidated)	15th period (consolidated)
Fiscal year ended		March 2011	March 2012	March 2013	March 2014	March 2015
Total net sales		1,141,253	9,973,948	6,572,586	10,828,795	16,252,341
	Real Estate Investment Business	293,600	9,362,101	6,030,852	10,277,344	15,707,493
	Subleasing, Leasing and Fund Fee Business	332,762	314,364	321,035	310,978	292,688
	Planning and Brokerage Business	514,890	297,482	220,699	240,472	252,160
Operating income		318,523	746,484	530,869	1,440,526	3,547,561
Ordinary income		194,693	728,321	462,230	973,302	2,987,232
Net income		317,491	393,700	317,920	666,706	1,863,804
Net assets		867,423	1,247,444	1,518,832	2,232,272	8,510,620
Total assets		5,189,677	2,917,818	6,705,844	20,489,188	24,104,169

Notes: 1. Sales do not include consumption tax.

2. Business segments were changed in the fiscal year that ended in March 2013. In prior years, the business segments were the Real Estate Solutions Business, Developer and Agent Business, and Other Businesses. The current business segments are the Real Estate Investment Business, Subleasing, Leasing and Fund Fee Business, and Planning and Brokerage Business. Data for prior years have been revised to match the current business segments.

b. Vulnerability of performance to transaction closing risk

When we sell real estate, the proceeds are recognized as sales when ownership is transferred rather than when the sales contract is signed. As a result, if the transfer of ownership is delayed to after the end of a fiscal year, there may be an effect on our financial condition and results of operations in individual fiscal years.

c. Reliance on debt

We use loans from financial institutions to fund real estate purchases. The amount of our debt is shown in the table below. In the fiscal year that ended in March 2012, debt decreased as proceeds from sales of real estate for sale were used for loan repayments. Subsequently, debt has been increasing and we believe that debt will continue to increase as we focus on business activities centered on our strategy of concentrating on the JINUSHI Business. Consequently, if there is a change in interest rates or some other aspect of the financial environment, there may be an effect on our financial condition and results of operations.

We try ensure not using a specific financial institution in financing. However, if there is difficulty in obtaining loans for some reasons, this may cause problems in acquiring and developing real estates or other activities, and there may be an effect on our financial condition and results of operations.

(Thousands of yen)

Term	11th period (consolidated)	12th period (consolidated)	13th period (consolidated)	14th period (consolidated)	15th period (consolidated)
Fiscal year ended	March 2011	March 2012	March 2013	March 2014	March 2015
Interest-bearing debt	3,892,753	1,176,830	4,197,309	16,834,906	13,529,661
Total assets	5,189,677	2,917,818	6,705,844	20,489,188	24,104,169
Dependence on interest-bearing debt (%)	75.01	40.33	62.59	82.16	56.13

Note: Debt is the sum of short-term loans, long-term loans (including the current portion), and lease obligations.

d. Possibility of real estate valuation gains and losses

In the fiscal year that ended in March 2015, due to the faster pace of real estate purchases to support future business activities, we expect that real estate for sale will remain a large share of total assets. Furthermore, we believe that real estate for sale will continue to increase in association with the growth of the JINUSHI Business.

We are using our accomplishments, experience, and other know-how involving the real estate investment business to minimize exposure to risks associated with the ownership of real estate. However, there is a long holding period between the times that we buy and sell a property. If the price or other characteristic of a property changes during the holding period, there may be an effect on our financial condition or results of operations.

At the time of this earnings announcement, we believe there is only a minimal possibility of an asset impairment charge that would significantly affect results of operations. However, if an economic downturn or other future event requires an asset impairment charge, there may be an effect on our financial condition or results of operations.

3) Laws and regulations

a. Laws and regulations

Our business operations must comply with a large number and variety of laws and regulations. Examples include, but are not limited to, the Building Lots and Buildings Transaction Business Act, the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment (the Large-Scale Store Act), the City Planning Act, the National Land Use Planning Act, and the Building Standards Act. We perform our business activities in compliance with all applicable laws and regulations. However, if a law or regulation is revised or new laws or regulations are established, there may be an effect on our financial condition and results of operations.

We have the following permits, licenses and registrations in association with our major business activities. We have a commitment to operating in a manner that is in compliance with the requirements of these permits, licenses and registrations. At this time, we are aware of no reasons for the termination of these permits, licenses and registrations. However, a future violation of a law or regulation or similar event may result in the termination of a permit, license or registration. If this happens, the resulting disruption in our business activities may have an effect on our financial condition and results of operations.

Major permits and licenses	Validity	Law or regulation	Provisions for cancelation
Real estate transaction business license Minister of Land, Infrastructure, Transport and Tourism Certificate (2) No. 7373	Nov. 16, 2011 – Nov. 15, 2016	Building Lots and Buildings Transaction Business Act,	Article 66 (License Termination) and Article 67/67-2 (Permit Termination) of the Building Lots and Buildings Transaction Business Act
Type II financial instruments business* Director of Kinki Local Financial Bureau (Kin-sho) No. 184	-	Financial Instruments and Exchange Act	Article 52 (Disposition Rendered to a Financial Instruments Business Operator for the Purpose of Supervision) of the Financial Instruments and Exchange Act
First-class registered architect Governor of Tokyo No. 56464	Aug. 1, 2010 – Jul. 31, 2015	Act on Architects and Building Engineers	Article 26 (Disciplinary Actions) of the Act on Architects and Building Engineers

* Equivalent to the trust beneficiary right sales business and the investment advisory and agency business prior to enactment of the Financial Instruments and Exchange Act

b. Time and restrictions for developing large-scale stores

The development of large-scale stores is a lengthy process with many steps. Development requires selecting a site, negotiations with landowners, legal procedures, locating tenants, signing a land lease, constructing the store, and leasing the building. In addition, if the store has a sales area of more than 1,000 square meters, the project must comply with the Large-Scale Store Act. Compliance may result in restrictions that require more time for completing the project. For example, there may be guidance and notices involving the development plan in order to preserve a pleasant living environment for nearby residents. As a result, depending on the size of the store development project, a long time may be needed to complete procedures or there may be restrictions due to the Large-Scale Store Act or other laws and regulations. These events may affect our financial condition and results of operations.

c. Amendments to the City Planning Act

The Act to Partially Amend the City Planning Act for Creating Orderly Cities was promulgated on May 31, 2006. As a result, amendments were made to the ordinance for enforcement of the City Planning Act and the changes involving development permits became effective on November 30, 2007.

The amended law reduced construction permits for retail facilities with a floor area of more than 10,000 square meters from six land-use categories to, in principle, only three. Our policy is to develop primarily stores that are smaller than 10,000 square meters and projects other than retail facilities. However, the enactment of this law may affect our results of operations.

d. The amended Soil Contamination Countermeasures Act

The Act to Partially Amend the Soil Contamination Countermeasures Act became effective on April 1, 2010. This made a number of regulations stricter. For example, when notice of a revision in the characteristics of a site of at least 3,000 square meters is submitted, the revision is denied in principle when the prefectural governor states that there is a possibility of soil contamination and the site has soil contamination exceeding a specified standard.

When purchasing land that exceeds a certain area, we will continue to use the risk countermeasures explained in “1) Business operations e. Soil contamination and underground objects” in this section. However, soil contamination or some other problem may be discovered that was not found by the previous investigation. If a revision of the site characteristics is prohibited as a result, changes in the development schedule, additional expenses and other issues may have an effect on our financial condition and results of operations.

4) Organization

a. Reliance on a specific individual

Tetsuya Matsuoka, the president and representative director of Nippon Commercial Development, has been the company’s chief executive officer since its establishment. Mr. Matsuoka plays an extremely important role in the determination and implementation of management policies and business strategies. We are making progress with measures to establish a management framework without an excessive dependence on Mr. Matsuoka. For example, authority is transferred to others in an appropriate manner and councils are used for making decisions. However, if for some reason Mr. Matsuoka is no longer able to be involved in the management of the Nippon Commercial Development Group, there may be an effect on our ability to conduct business operations.

b. Small size of the organization

At the time of this earnings announcement, the Nippon Commercial Development Group had 34 directors and employees. In addition, the internal administration framework matches the size of this organization.

We will continue to recruit people as the scale of our business operations grows. We will also strengthen and upgrade the internal administration framework. However, if our recruiting activities or the establishment of this framework do not keep up with the growth of our operations, there may be an effect on our ability to conduct business operations.

c. Recruiting activities

The real estate investment business, which is our primary activity, requires people with the expertise and experience for the complex coordination of real estate rights, measures to meet the needs of nearby businesses and residents, and other tasks. We use the knowledge that has been accumulated in our organization for programs to enhance the skills of employees. In addition, we hire skilled professionals from other organizations. All these activities are aimed at conducting our business operations more efficiently. If we are unable to recruit and train people as planned or if current executives or employees leave, there may be an effect on our ability to conduct business operations.

5) Other risks

a. Current or potential significant litigation

There are no lawsuits against the Nippon Commercial Development Group at this time. However, there is a possibility in the future of litigation or demands resulting from a defect in a property we sold, a complaint about the condition of a property that we manage, or some other issue. Depending on the nature of the litigation or demands and the outcome, there may be an effect on our financial condition and results of operations.

b. Stock options

In accordance with Article 280-20 and 280-21 of the former Commercial Code (revision in 2001), stock options are granted to the directors, corporate auditors, and employees of group companies. This stock option program is based on resolutions approved by the shareholders of Nippon Commercial Development at an extraordinary shareholders meeting on February 28, 2006 and by the Board of Directors on March 10, 2006 and October 13, 2006. In addition, in accordance with Articles 236, 238, and 240 of the Companies Act, directors, corporate auditors, and employees of group companies were allowed to purchase stock options on November 26, 2013 based on resolutions approved by the Board of Directors on November 11 and 21, 2013 and on August 29, 2014 based on resolutions approved by the Board of Directors on August 14 and 25, 2014. At the time of this earnings announcement, 2,955,000 shares of stock would be issued if all these stock options were exercised. This is equivalent to 17.45% of the current 16,931,459 shares issued, excluding treasury shares. Consequently, the exercise of these stock options may dilute the value of each share. We are considering the issuance of more stock options in order to recruit skilled individuals and for other purposes. The exercise of stock options, including stock options that may be issued in the future, may dilute the value of each share of Nippon Commercial Development stock.

Accounting Standards Board of Japan (ASBJ) Statement No. 8 Accounting Standard for Share-based Payment of December 27, 2005 requires the recognition of expenses associated with stock options. As a result, the issuance of stock options may have an effect on our financial position and results of operations.

c. Commitment line and credit line agreements

As part of its fund procurement activities, the Nippon Commercial Development Group has a commitment line agreement with a financial institution and a credit line agreement with three financial institutions.

These agreements include financial covenants that the borrower must satisfy. If one of these covenants is violated, we may be unable to procure the funds required for business activities. There are currently no loans using this commitment line and credit line as of the end of March 2015.

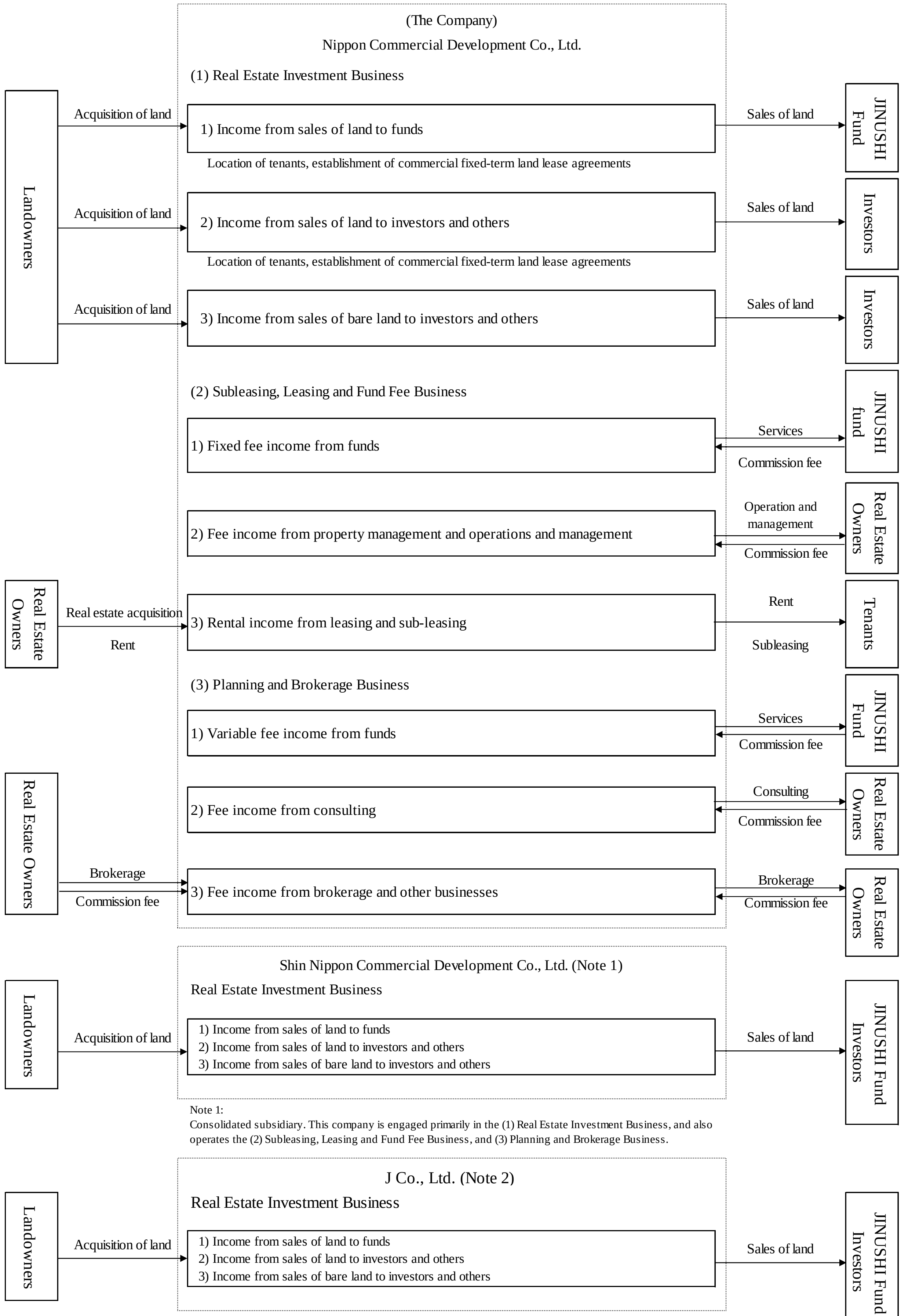
d. Financial covenants

There are other financial covenants, separate from the covenants in the preceding section, for some of our loans.

If one of these covenants is violated, we may be unable to procure the funds required for business activities.

2. Corporate Group

[Business flowchart]



Note 1:
Consolidated subsidiary. This company is engaged primarily in the (1) Real Estate Investment Business, and also operates the (2) Subleasing, Leasing and Fund Fee Business, and (3) Planning and Brokerage Business.

Note 2:
Consolidated subsidiary. This company is engaged primarily in the (1) Real Estate Investment Business, and also operates the (2) Subleasing, Leasing and Fund Fee Business, and (3) Planning and Brokerage Business.

3. Management Policies

(1) Basic Management Policy

The philosophy of the Nippon Commercial Development Group is “making investments properly.” Proper investments are achieved by making investments that are safe.

Based on this philosophy, we use a business model in which we supply safe real estate investment products that reduce risk for investors and produce a steady, long-term income stream. We call this the JINUSHI Business.

We are dedicated to using the JINUSHI Business to provide benefits to shareholders, investors, owners of assets (including developers), and the communities where we operate.

(2) Performance Targets

The current goal of the Nippon Commercial Development Group is to become a highly profitable organization with operations centered on customers. Consequently, we conduct business operations with emphasis on the gross profit margin, ordinary income margin, and return on equity (ROE), which are all indicators of efficiency.

(3) Medium to Long-Term Management Strategy

The JINUSHI Business is the primary source of growth for the Nippon Commercial Development Group. This is based on our fundamental strategy of buying and renting land to supply investors with safe real estate investment products that produce consistent long-term income streams with low risk. The real estate investment business for achieving these safe real estate investments is our core business. We also have a subleasing business and other activities for generating steady income. In addition, we earn substantial fees from consulting and other activities. Overall, we anticipate steady growth for our business operations.

(4) Challenges

Although there has been a delay in the start of a recovery following the consumption tax hike, the Japanese economy will probably continue to recover slowly. Overseas, interest rates are likely to start rising in the United States, growth of the Chinese economy is slowing, and there are signs of changes in emerging country economies. In addition, geopolitical risks are increasing. Overall, there are many sources of concern about the global outlook.

In the real estate and real estate financing industry, overseas investors are making substantial investments in Japan because of the continuation of monetary easing on an unprecedented scale and Tokyo’s selection to host the 2020 Olympics. As a result, the level of activity has been consistently high in Japan’s real estate market.

To overcome these challenges, we will further increase activities in the fiscal year ending March 31, 2016 for buying new properties for sale in the real estate investment business, where the JINUSHI Business will remain the group’s core business. To provide safe and stable investment opportunities over many years, we will accelerate investments of real estate investment products in new JINUSHI Funds. In addition, we plan to sell properties to the retail property J-REIT established by Kenedix and use other measures in order to achieve growth in sales and earnings in the JINUSHI Business.

4. Basic Approach to the Selection of Accounting Standards

The Nippon Commercial Development Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with the financial data of other companies in Japan.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	3,055,086	10,404,331
Operating accounts receivable	8,232	531
Real estate for sale	*1 16,682,153	*1 12,640,797
Advance payments-trade	174,200	207,337
Prepaid expenses	201,060	81,189
Deferred tax assets	34,235	87,145
Other	-	2,443
Total current assets	20,154,967	23,423,776
Non-current assets		
Property, plant and equipment		
Buildings, net	20,753	17,534
Tools, furniture and fixtures, net	5,342	5,710
Land	3,758	3,758
Leased assets, net	46,713	32,413
Total property, plant and equipment	*2 76,567	*2 59,416
Intangible assets		
Trademark right	874	1,055
Other	212	106
Total intangible assets	1,086	1,161
Investments and other assets		
Investment securities	19,960	307,837
Investments in capital	451	4,461
Lease and guarantee deposits	178,533	179,327
Long-term prepaid expenses	50,378	77,880
Other	7,868	50,934
Allowance for doubtful accounts	(625)	(625)
Total investments and other assets	256,566	619,815
Total non-current assets	334,221	680,393
Total assets	20,489,188	24,104,169

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Operating accounts payable	24,889	32,572
Short-term loans payable	*1 1,000,000	191,000
Current portion of long-term loans payable	*1 210,766	*1 5,791,518
Accounts payable-other	22,969	182,807
Accrued expenses	5,098	8,273
Lease obligations	18,348	9,707
Income taxes payable	283,226	1,041,841
Accrued consumption taxes	6,884	16,305
Deposits received	10,591	28,362
Unearned revenue	31,243	45,881
Current portion of guarantee deposits received	870,150	542,387
Total current liabilities	2,484,169	7,890,657
Non-current liabilities		
Long-term loans payable	*1 15,575,208	*1 7,512,568
Lease obligations	30,583	24,867
Deferred tax liabilities	1,499	-
Long-term lease and guarantee deposited	165,455	165,455
Total non-current liabilities	15,772,746	7,702,891
Total liabilities	18,256,915	15,593,548
Net assets		
Shareholders' equity		
Capital stock	249,780	2,524,080
Capital surplus	228,225	2,502,525
Retained earnings	1,685,931	3,383,907
Treasury shares	(79)	(79)
Total shareholders' equity	2,163,856	8,410,432
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,713	(5,154)
Total accumulated other comprehensive income	2,713	(5,154)
Subscription rights to shares	225	18,900
Minority interests	65,477	86,442
Total net assets	2,232,272	8,510,620
Total liabilities and net assets	20,489,188	24,104,169

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 –Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net sales	10,828,795	16,252,341
Cost of sales	8,556,198	11,599,198
Gross profit	2,272,596	4,653,143
Selling, general and administrative expenses	*1 832,069	*1 1,105,581
Operating income	1,440,526	3,547,561
Non-operating income		
Interest income	541	349
Dividend income	86	234
Interest on securities	-	881
Gain on investments in partnership	358	307
Reversal of allowance for doubtful accounts	508	-
Other	72	272
Total non-operating income	1,566	2,045
Non-operating expenses		
Interest expenses	155,106	262,331
Financing expenses	310,387	236,371
Other	3,297	63,671
Total non-operating expenses	468,791	562,374
Ordinary income	973,302	2,987,232
Extraordinary income		
Gain on sales of non-current assets	*2 2,700	-
Penalty income	92,429	-
Gain on sales of investment securities	13	-
Gain on cancellation of leases	-	492
Gain on reversal of subscription rights to shares	-	166
Total extraordinary income	95,143	658
Extraordinary losses		
Loss on valuation of golf club membership	4,495	-
Loss on cancellation of interest rate swaps	-	15,232
Loss on cancellation of leases	-	130
Total extraordinary losses	4,495	15,363
Income before income taxes and minority interests	1,063,951	2,972,527
Income taxes-current	353,784	1,131,217
Income taxes-deferred	31,434	(52,909)
Total income taxes	385,218	1,078,307
Income before minority interests	678,732	1,894,219
Minority interests in income	12,025	30,415
Net income	666,706	1,863,804

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Income before minority interests	678,732	1,894,219
Other comprehensive income		
Valuation difference on available-for-sale securities	1,297	(7,868)
Total other comprehensive income	* 1,297	* (7,868)
Comprehensive income	680,029	1,886,351
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	668,003	1,855,936
Comprehensive income attributable to minority interests	12,025	30,415

(3) Consolidated Statement of Changes in Equity

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	194,280	172,725	1,096,960	-	1,463,965
Changes of items during period					
Issuance of new shares	55,500	55,500			111,000
Dividends of surplus			(77,735)		(77,735)
Net income			666,706		666,706
Purchase of treasury shares				(79)	(79)
Net changes of items other than shareholders' equity					
Total changes of items during period	55,500	55,500	588,971	(79)	699,891
Balance at end of current period	249,780	228,225	1,685,931	(79)	2,163,856

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	1,416	1,416	-	53,451	1,518,832
Changes of items during period					
Issuance of new shares					111,000
Dividends of surplus					(77,735)
Net income					666,706
Purchase of treasury shares					(79)
Net changes of items other than shareholders' equity	1,297	1,297	225	12,025	13,548
Total changes of items during period	1,297	1,297	225	12,025	713,440
Balance at end of current period	2,713	2,713	225	65,477	2,232,272

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	249,780	228,225	1,685,931	(79)	2,163,856
Changes of items during period					
Issuance of new shares	2,274,300	2,274,300			4,548,600
Dividends of surplus			(165,828)		(165,828)
Net income			1,863,804		1,863,804
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	2,274,300	2,274,300	1,697,976	-	6,246,576
Balance at end of current period	2,524,080	2,502,525	3,383,907	(79)	8,410,432

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	2,713	2,713	225	65,477	2,232,272
Changes of items during period					
Issuance of new shares					4,548,600
Dividends of surplus					(165,828)
Net income					1,863,804
Purchase of treasury shares					
Net changes of items other than shareholders' equity	(7,868)	(7,868)	18,675	20,965	31,772
Total changes of items during period	(7,868)	(7,868)	18,675	20,965	6,278,348
Balance at end of current period	(5,154)	(5,154)	18,900	86,442	8,510,620

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	1,063,951	2,972,527
Depreciation	18,023	16,343
Increase (decrease) in allowance for doubtful accounts	(429)	-
Interest income	(541)	(349)
Dividend income	(86)	(234)
Interest income on securities	-	(881)
Loss (gain) on investments in partnership	(358)	(307)
Interest expenses	155,106	262,331
Non-deductible consumption taxes	55,375	64,562
Loss on valuation of golf club memberships	4,495	-
Loss (gain) on sales of non-current assets	(2,700)	-
Decrease (increase) in notes and accounts receivable-trade	(6,631)	7,701
Decrease (increase) in inventories	(13,088,423)	4,041,355
Increase (decrease) in notes and accounts payable-trade	(87,962)	7,682
Decrease (increase) in advance payments	173,500	(33,137)
Decrease (increase) in prepaid expenses	(134,351)	122,121
Increase (decrease) in accrued expenses	(3,355)	4,655
Increase (decrease) in accounts payable-other	(8,698)	159,827
Increase (decrease) in accrued consumption taxes	(916)	9,421
Increase (decrease) in advances received	(7,560)	-
Increase (decrease) in deposits received	(774)	17,770
Increase (decrease) in unearned revenue	11,848	14,637
Increase (decrease) in lease and guarantee deposits received	418,096	(327,762)
Other, net	(51,229)	(71,260)
Subtotal	(11,493,623)	7,267,005
Interest and dividend income received	546	580
Interest expenses paid	(158,978)	(264,652)
Income taxes paid	(246,274)	(394,824)
Net cash provided by (used in) operating activities	(11,898,330)	6,608,107
Cash flows from investing activities		
Decrease (increase) in time deposits	(93,024)	(11,501)
Proceeds from sales of property, plant and equipment	22,500	-
Purchase of investment securities	(443)	(311,253)
Payments for lease and guarantee deposits	(10,000)	(936)
Proceeds from redemption of investment securities	-	10,000
Proceeds from distribution of investment in partnerships	358	307
Other, net	(7,368)	(15,403)
Net cash provided by (used in) investing activities	(87,978)	(328,787)

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Cash flows from financing activities		
Proceeds from issuance of common shares	111,000	4,548,600
Net increase (decrease) in short-term loans payable	800,000	(809,000)
Proceeds from long-term loans payable	17,410,000	9,083,000
Repayments of long-term loans payable	(5,574,802)	(11,564,886)
Repayments of lease obligations	(13,370)	(12,862)
Cash dividends paid	(77,735)	(165,818)
Cash dividends paid to minority shareholders	-	(9,450)
Other, net	145	18,841
Net cash provided by (used in) financing activities	12,655,238	1,088,423
Effect of exchange rate change on cash and cash equivalents	-	0
Net increase (decrease) in cash and cash equivalents	668,929	7,367,744
Cash and cash equivalents at beginning of period	2,278,631	2,947,560
Cash and cash equivalents at end of period	* 2,947,560	* 10,315,304

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of consolidation
Number of consolidated subsidiary: 2
Names of consolidated subsidiary: Shin Nippon Commercial Development Co.,Ltd.
J Co., Ltd.

2. Application of equity method
Not applicable.

3. Period end of consolidated subsidiary
The fiscal year of the consolidated subsidiary ends on the closing date of consolidated financial statements.

4. Significant accounting standards
(1) Valuation criteria and methods for significant assets
1) Securities
Available-for-sale securities
- Securities with market quotations
Valued at the market price, using a market value at the end of the fiscal year, differences in valuation to be included in net assets, and cost of securities sold being determined by the moving average method.

For securities with market quotations where the difference between the acquisition cost and bond value is caused by interest rate adjustments, cost is determined by the amortized cost method.

- Securities without market quotations
Moving average cost method.

2) Inventories
Real estate for sale
Stated at cost, cost being determined by the specific-identification method. (The carrying value on the balance sheet is written down to reflect declines in profitability).

(2) Depreciation and amortization method for principal depreciable assets
1) Property, plant and equipment (excluding lease assets)
Declining-balance method except for buildings (excluding attached structures), which are accounted for by the straight-line method. The useful lives of property, plant and equipment are summarized as follows:

Buildings	8 to 18 years
Tools, furniture and fixtures	5 to 20 years

2) Intangible assets (excluding lease assets)
Straight-line method.
Software for internal use is amortized over an expected useful life of five years by the straight-line method.

3) Lease assets
Lease assets associated with finance lease transactions where there is no transfer of ownership
The straight-line method with no residual value is applied over the lease period used as the useful life of the assets.

4) Long-term prepaid expenses
Straight-line method.
Land leasing rights are amortized in equal installments over the lease period.

(3) Accounting for significant allowance
Allowance for doubtful accounts
To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.

(4) Accounting for hedges

1) Hedging method

Deferred hedge accounting is applied to interest rate swap transactions. However, exceptional accounting treatments are applied to certain interest rate swaps which meet the requirement of exceptional accounting treatment.

2) Hedging instruments and risks hedged

Hedging instrument: Interest rate swaps

Risk hedged: Interest on borrowings

3) Hedging policy

Interest rate swaps are used as a hedge for exposure to loan interest rate volatility risk only up to the extent needed for a specific loan. We do not deal with derivative transactions for investment purposes.

4) Evaluation method for the effectiveness of hedges

The effectiveness of the hedge is not evaluated since the interest rate swap transaction qualifies for exceptional treatment.

(5) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand and bank deposits which can be withdrawn at any time and short-term investments with the duration of three months or less which can be easily converted to cash and are exposed to little risk of change in value.

(6) Other significant items

1) Accounting for consumption taxes

The tax exclusion method is used and non-deductible and local consumption taxes are accounted for as expenses in the current fiscal year. However, non-deductible consumption taxes are associated with assets other than inventories are included in “Other” under investments and other assets as long-term prepaid consumption taxes and amortized in equal installments over five years.

2) Accounting for deferred assets

Share issuance cost

Charged to expenses as incurred.

Reclassifications

Consolidated statement of income

“Dividend income,” included in “Other” under “Non-operating income” in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year since the amount exceeded 10/100 of total non-operating income. The consolidated financial statements for the prior-period are restated to conform to the current-period presentation.

Accordingly, the 158 thousand yen “Other” line items included in “Non-operating income” in the previous fiscal year’s consolidated statement of income have been reclassified as 86 thousand yen “Dividend income” and 72 thousand yen “Other” line items.

Consolidated statement of cash flows

“Dividend income,” included in “Other” under “Cash flows from operating activities” in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year due to the increased significance of the amount. The consolidated financial statements for the prior-period are restated to conform to the current-period presentation.

Accordingly, the -51,316 thousand yen “Other” line items included in “Cash flows from operating activities” in the previous fiscal year’s consolidated statement of cash flows have been reclassified as -86 thousand yen “Dividend income” and -51,229 thousand yen “Other” line items.

Notes to Consolidated Balance Sheet

*1. Assets pledged as collateral and liabilities with collateral

(1) Assets pledged as collateral

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Real estate for sale	16,682,153	12,640,797

(2) Liabilities with collateral

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Short-term loans payable	1,000,000	-
Current portion of long-term loans payable	113,932	5,651,838
Long-term loans payable	15,272,068	7,078,868

*2. Accumulated depreciation on property, plant and equipment

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
	76,920	70,659

3. Commitment line agreements

FY3/14 (As of Mar. 31, 2014)

For the flexibility and reliability of fund procurement, the Nippon Commercial Development Group has a commitment line agreement with two financial institutions.

The balance of unused credit lines under the loan commitment as of the end of the fiscal year is as follows.

Commitment line agreements (Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)
Total amount of loan commitment	1,300,000
Credit used	-
Credit available	1,300,000

FY3/15 (As of Mar. 31, 2015)

For the flexibility and reliability of fund procurement, the Nippon Commercial Development Group has a commitment line agreement with a financial institution and a credit line agreement with three financial institutions.

The balance of unused credit lines under the loan commitment as of the end of the fiscal year is as follows.

(1) Commitment line agreements (Thousands of yen)

	FY3/15 (As of Mar. 31, 2015)
Total amount of loan commitment	400,000
Credit used	-
Credit available	400,000

(2) Credit line agreement (Thousands of yen)

	FY3/15 (As of Mar. 31, 2015)
Total amount of credit line	20,000,000
Credit used	-
Credit available	20,000,000

4. Financial covenants

FY3/14 (As of Mar. 31, 2014)

The following covenants applied to 1,300,000 thousand yen of loans as of March 31, 2014.

i. On the consolidated balance sheet of the borrower at the end of each fiscal year starting on March 31, 2014, net assets must be at least 75% of the larger of net assets on March 31, 2013 or on March 31, 2012.

ii. For each fiscal year starting with the year that ended on March 31, 2014, ordinary income on the borrower's consolidated statement of income must be at least zero.

The following covenants applied to 2,000,000 thousand yen of loans as of March 31, 2014.

i. On the balance sheet in the borrower's business reports and other announcements at the end of each fiscal year, net assets must be at least 75% of the larger of net assets on this balance sheet at the end of the previous fiscal year or 1,102,000 thousand yen.

ii. On the income statement in the borrower's business reports and other announcements, ordinary income must not be negative for any two consecutive fiscal years.

The following covenants applied to 2,400,000 thousand yen of loans as of March 31, 2014.

i. On the consolidated balance sheet of the borrower at the end of each fiscal year, net assets must be at least 75% of the larger of net assets at the end of the previous fiscal year or on March 31, 2013.

ii. On consolidated statement of income of the borrower, there must not be a loss in any year.

The following covenants applied to 5,550,000 thousand yen of loans as of March 31, 2014.

i. Net assets on the consolidated balance sheet of the borrower must be at least 80% of net assets as of March 31, 2013 and at the end of the previous fiscal year.

ii. There must not be an ordinary loss on the consolidated statement of income of the borrower.

The following covenants applied to 600,000 thousand yen of loans as of March 31, 2014.

i. Cash and deposits of the borrower Shin Nippon Commercial Development must be at least 120,000 thousand yen in the borrower's provisional financial data at the end of March, June, September, and December every year.

ii. On the non-consolidated balance sheet of the borrower Shin Nippon Commercial Development as of March 31, 2014 and March 31, 2015, net assets must be at least 60,000 thousand yen.

iii. On the non-consolidated balance sheet of the borrower Shin Nippon Commercial Development, interest bearing debt must be no more than 1,000,000 thousand yen at the end of each fiscal year (except when the borrower has received prior approval in writing).

The following covenants applied to 1,000,000 thousand yen of loans as of March 31, 2014.

i. In the borrower's non-consolidated statement of income, there must not be an operating loss in any fiscal year.

ii. In the borrower's non-consolidated balance sheet, total liabilities must not be more than assets at the end of any fiscal year.

FY3/15 (As of Mar. 31, 2015)

The following covenants applied to 550,000 thousand yen of loans as of March 31, 2015.

i. On the borrower's consolidated balance sheet, starting on March 31, 2015, net assets at the end of each fiscal year must be at least 75% of the larger of net assets on March 31, 2014 or March 31, 2013.

ii. On the borrower's consolidated statement of income starting with the fiscal year that ended on March 31, 2015, ordinary income must be at least zero in each fiscal year.

The following covenants applied to 5,550,000 thousand yen of loans as of March 31, 2015.

i. Net assets on the consolidated balance sheet of the borrower must be at least 80% of net assets as of March 31, 2013 and at the end of the previous fiscal year.

ii. There must not be an ordinary loss on the consolidated statement of income of the borrower.

Notes to Consolidated Statement of Income

*1. Major items of selling, general and administrative expenses

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Directors' compensations	210,540	265,290
Salaries and allowances	170,363	193,162
Bonuses	44,749	170,395
Depreciation	17,994	16,343

*2. Breakdown of gain on sales of non-current assets

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Buildings	1,432	-
Land	1267	-

Notes to Consolidated Statement of Comprehensive Income

* Re-classification adjustments and tax effect with respect to other comprehensive income

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Valuation difference on available-for-sale securities		
Amount incurred during the year	2,027	(13,375)
Re-classification adjustments	(13)	1,469
Before tax effect adjustments	2,013	(11,906)
Tax effect	(716)	4,038
Valuation difference on available-for-sale securities	1,297	(7,868)
Total other comprehensive income	1,297	(7,868)

Notes to Consolidated Statements of Changes in Equity

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

1. Type of stock, number of issued and outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2013	Increase	Decrease	Number of shares as of Mar. 31, 2014
Issued shares				
Common stock (Note 1)	11,105	4,726,895	-	4,738,000
Total	11,105	4,726,895	-	4,738,000
Treasury shares				
Common stock (Note 2)	-	47	-	47
Total	-	47	-	47

Notes: 1. The increase in the number of issued and outstanding shares of common stock (4,726,895 shares) is due to the stock split (4,430,895 shares) and exercise of subscription rights to shares (296,000 shares).

2. The increase in the number of treasury shares of common stock (47 shares) is due to the purchase of odd-lot shares.

2. Items related to subscription rights to shares and treasury subscription rights to shares

Item	Subscription rights to shares (itemized)	Type of shares under subscription rights to shares	Number of shares under subscription rights to shares (Shares)				Balance as of Mar. 31, 2014 (Thousands of yen)
			As of Apr. 1, 2013	Increase	Decrease	As of Mar. 31, 2014	
Reporting company	Subscription rights to shares by way of stock options	-	-	-	-	-	225
Total		-	-	-	-	-	225

Note: Regarding the above subscription rights to shares as stock options, the exercisable period of rights has not yet arrived.

3. Dividends

(1) Dividend payment

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on June 26, 2013	Common stock	77,735	7,000	Mar. 31, 2013	Jun. 27, 2013

Note: The Company conducted a 100-for-1 stock split on April 1, 2013 under the March 1, 2013 Board of Directors' resolution and a 4-for-1 stock split on July 1, 2013 under the May 20, 2013 Board of Directors' resolution. Above dividend per share is the amount before the stock split.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of stock	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Jun. 26, 2014	Common stock	165,828	Retained earnings	35	Mar. 31, 2014	Jun. 27, 2014

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

1. Type of stock, number of issued and outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2014	Increase	Decrease	Number of shares as of Mar. 31, 2015
Issued shares				
Common stock (Note 1)	4,738,000	12,193,600	-	16,931,600
Total	4,738,000	12,193,600	-	16,931,600
Treasury shares				
Common stock (Note 2)	47	94	-	141
Total	47	94	-	141

Notes: 1. The increase in the number of issued and outstanding shares of common stock (12,193,600 shares) is due to the public offering (2,000,000 shares), stock split (9,476,000 shares), and exercise of subscription rights to shares (717,600 shares).

2. The increase in the number of treasury shares of common stock (94 shares) is due to the stock split.

2. Items related to subscription rights to shares and treasury subscription rights to shares

Item	Subscription rights to shares (itemized)	Type of shares under subscription rights to shares	Number of shares under subscription rights to shares (Shares)				Balance as of Mar. 31, 2015 (Thousands of yen)
			As of Apr. 1, 2014	Increase	Decrease	As of Mar. 31, 2015	
Reporting company	Subscription rights to shares by way of stock options	-	-	-	-	-	18,900
Total		-	-	-	-	-	18,900

Note: Regarding the above subscription rights to shares as stock options, the exercisable period of rights has not yet arrived.

3. Dividends

(1) Dividend payment

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on June 26, 2014	Common stock	165,828	35	Mar. 31, 2014	Jun. 27, 2014

Note: The Company conducted a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. The year-end dividend for the fiscal year ended March 31, 2014 is based on the number of shares before the split. After adjusting for this split, the year-end dividend was 11.67 yen.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of stock	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Jun. 25, 2015	Common stock	507,943	Retained earnings	30	Mar. 31, 2015	Jun. 26, 2015

Notes to Consolidated Statement of Cash Flows

* Reconciliation between the cash and cash equivalents at end of the period and the amount booked in the consolidated balance sheet

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Cash and deposits	3,055,086	10,404,331
Long-term deposits under "Others" in "Investments and other assets"	-	30,000
Time deposits with maturities longer than three months	(107,525)	(119,027)
Cash and cash equivalents	2,947,560	10,315,304

Deferred Tax Accounting

1. Significant components of deferred tax assets and liabilities

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Deferred tax assets (current)		
Land lease rights not deductible	20,004	19,312
Loss on valuation of golf club membership	4,972	4,610
Deferred loss	5,682	-
Accrued enterprise tax	24,401	77,094
Estimated real estate acquisition tax	2,415	3,032
Other	4,610	13,890
Subtotal deferred tax assets	62,086	117,940
Valuation allowance	(27,851)	(26,588)
Total deferred tax assets	34,235	91,351
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,499)	(1,667)
Total deferred tax liabilities	(1,499)	(1,667)
Net deferred tax assets (liabilities)	32,735	89,683

Note: Net deferred tax assets are included in the following consolidated balance sheet accounts

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Current assets - Deferred tax assets	34,235	87,145
Non-current assets – Deferred tax assets under "Others" in "Investments and other assets"	-	2,538
Non-current liabilities - Deferred tax liabilities	(1,499)	-

2. Significant sources of differences between the statutory tax and effective tax rate

FY3/14 (As of Mar. 31, 2014)

Difference between statutory and effective tax rate after tax effect accounting is not presented because the difference is less than 5/100 of statutory effective tax.

FY3/15 (As of Mar. 31, 2015)

Difference between statutory and effective tax rate after tax effect accounting is not presented because the difference is less than 5/100 of statutory effective tax.

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on March 31, 2015 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015), and "Act for Partial Revision of the Local Tax Act, etc." (Act No.2 of 2015), the corporate tax rate, etc. have been revised for the fiscal years beginning on or after April 1, 2015. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 35.6% to 33.0% for temporary differences expected to be used for the fiscal year beginning from April 1, 2015. A tax rate of 32.2% will be applied for temporary differences expected to be used in the fiscal year beginning on April 1, 2016 and subsequent fiscal years.

Due to this change in tax rates, compared with the use of the previous tax rate, there was a decrease of 7,467 thousand yen in deferred tax assets and an increase of 7,467 thousand yen in income taxes-deferred.

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the Group’s constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

Real estate is the primary business activity of group companies and there are three reportable segments: Real Estate Investment Business, Subleasing, Leasing and Fund Fee Business, and Planning and Brokerage Business.

The Real Estate Investment Business includes activities involving real estate investments.

The Subleasing, Leasing and Fund Fee Business includes activities involving subleasing, leasing and fund fees.

The Planning and Brokerage Business includes activities involving planning and brokerage services.

2. Calculation methods for net sales, profits or losses, assets, liabilities, and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as the methods listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are operating income figures.

3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014) (Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Subtotal		
Net sales						
Sales to external customers	10,277,344	310,978	240,472	10,828,795	-	10,828,795
Inter-segment sales and transfers	-	-	-	-	-	-
Total	10,277,344	310,978	240,472	10,828,795	-	10,828,795
Segment profits	1,950,293	66,634	218,920	2,235,847	(795,320)	1,440,526
Segment assets	17,039,940	170,925	-	17,210,865	3,278,322	20,489,188
Other items						
Depreciation and amortization	-	28	-	28	17,994	18,023
Increase in property, plant and equipment and intangible assets	-	-	-	-	14,827	14,827

Notes: 1. The above adjustments are as follows.

To segment profits (Thousands of yen)

Corporate expenses *	795,320
Total	795,320

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

To segment assets (Thousands of yen)

Corporate assets *	3,278,322
Total	3,278,322

* Corporate assets mainly include assets which belong to administration department of the Company.

To depreciation and amortization (Thousands of yen)

Corporate expenses *	17,994
Total	17,994

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit is adjusted to be consistent with operating income shown on the consolidated statement of income.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015) (Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Subtotal		
Net sales						
Sales to external customers	15,707,493	292,688	252,160	16,252,341	-	16,252,341
Inter-segment sales and transfers	-	-	-	-	-	-
Total	15,707,493	292,688	252,160	16,252,341	-	16,252,341
Segment profits	4,318,290	48,672	248,785	4,615,748	(1,068,186)	3,547,561
Segment assets	12,915,571	165,971	-	13,081,542	11,022,626	24,104,169
Other items						
Depreciation and amortization	-	-	-	-	16,343	16,343
Increase in property, plant and equipment and intangible assets	-	-	-	-	20,237	20,237

Notes: 1. The above adjustments are as follows.

To segment profits (Thousands of yen)

Corporate expenses *	1,068,186
Total	1,068,186

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

To segment assets (Thousands of yen)

Corporate assets *	11,022,626
Total	11,022,626

* Corporate assets mainly include assets which belong to administration department of the Company.

To depreciation and amortization (Thousands of yen)

Corporate expenses *	16,343
Total	16,343

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit is adjusted to be consistent with operating income shown on the consolidated statement of income.

Related information

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

1. Information by product or service

This information is omitted because the same information is presented in “Segment information, 3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment.”

2. Information by region

(1) Net sales

Not applicable because there are no sales outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major client (Thousands of yen)

Company name	Net sales	Business segment
Sumitomo Mitsui Finance and Leasing Company, Limited	3,712,010	Real Estate Investment Business Planning and Brokerage Business
IBJ Leasing Company, Limited	2,685,000	Real Estate Investment Business
Godo Kaisha TG Kyoto JINUSHI	2,390,000	Real Estate Investment Business
Hankyu Corporation	1,418,000	Real Estate Investment Business

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

1. Information by product or service

This information is omitted because the same information is presented in “Segment information, 3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment.”

2. Information by region

(1) Net sales

Not applicable because there are no sales outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major client (Thousands of yen)

Company name	Net sales	Business segment
Sumitomo Mitsui Finance and Leasing Company, Limited	7,768,000	Real Estate Investment Business
Godo Kaisha JINUSHI CSF	3,400,000	Real Estate Investment Business
Kenedix Retail REIT Corporation	2,685,000	Real Estate Investment Business

Information related to impairment losses on non-current assets for each reportable segment

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

Not applicable.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

Not applicable.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

Not applicable.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

Not applicable.

Per Share Information

(Yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net assets per share	152.43	496.43
Net income per share	48.05	125.91
Diluted net income per share	42.10	106.33

Notes: 1. The Company conducted following stock splits: a 100-for-1 stock split on April 1, 2013 under the March 1, 2013 Board of Directors' resolution; a 4-for-1 stock split on July 1, 2013 under the May 20, 2013 Board of Directors' resolution; a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of FY3/14.

2. Basis for the calculation of net income per share and diluted net income per share are as follows.

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net income (Thousands of yen)	666,706	1,863,804
Amount not available to shareholders of common stock (Thousands of yen)	-	-
Net income attributable to common shares (Thousands of yen)	666,706	1,863,804
Average number of common shares outstanding during the period (Shares)	13,876,020	14,802,799
Diluted net income per share Adjusted to net income (Thousands of yen)	-	-
Increase in the number of common shares (Shares) [Subscription rights to shares]	1,962,102 [1,962,102]	2,725,773 [2,725,773]
Summary of potential shares not included in the calculation of "Diluted net income per share" since there was no dilutive effect	-	-

Subsequent Events

Not applicable.

6. Non-consolidated Financial Statements

(1) Balance Sheet

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	1,893,913	9,008,389
Operating accounts receivable	8,232	531
Real estate for sale	10,534,529	7,077,221
Advance payments-trade	174,200	190,500
Prepaid expenses	114,544	54,907
Deferred tax assets	24,324	63,682
Short-term loans receivable from subsidiaries and associates	430,000	-
Other	7,253	2,443
Total current assets	13,186,998	16,397,675
Non-current assets		
Property, plant and equipment		
Buildings	20,753	17,534
Tools, furniture and fixtures	5,342	5,710
Land	3,758	3,758
Leased assets	46,713	32,413
Total property, plant and equipment	76,567	59,416
Intangible assets		
Trademark right	874	1,055
Software	212	106
Other	0	0
Total intangible assets	1,086	1,161
Investments and other assets		
Investment securities	19,960	307,837
Shares of subsidiaries and associates	124,000	124,000
Investments in capital	451	4,461
Lease and guarantee deposits	158,533	159,327
Long-term prepaid expenses	50,378	77,880
Deferred tax assets	-	2,538
Other	7,868	48,395
Allowance for doubtful accounts	(625)	(625)
Total investments and other assets	360,566	723,815
Total non-current assets	438,221	784,393
Total assets	13,625,219	17,182,069

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Operating accounts payable	23,889	31,564
Short-term loans payable	1,000,000	175,000
Current portion of long-term loans payable	210,766	241,518
Lease obligations	18,348	9,707
Accounts payable-other	22,960	182,754
Accrued expenses	5,098	8,273
Income taxes payable	168,980	755,192
Accrued consumption taxes	6,884	16,305
Deposits received	10,450	21,786
Unearned revenue	26,943	28,881
Current portion of guarantee deposits received	511,295	189,187
Total current liabilities	2,005,618	1,660,170
Non-current liabilities		
Long-term loans payable	9,425,208	7,512,568
Long-term lease and guarantee deposited	165,455	165,455
Lease obligations	30,583	24,867
Deferred tax liabilities	1,499	-
Total non-current liabilities	9,622,746	7,702,891
Total liabilities	11,628,364	9,363,061
Net assets		
Shareholders' equity		
Capital stock	249,780	2,524,080
Capital surplus		
Legal capital surplus	228,225	2,502,525
Total capital surpluses	228,225	2,502,525
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,515,990	2,778,736
Total retained earnings	1,515,990	2,778,736
Treasury shares	(79)	(79)
Total shareholders' equity	1,993,916	7,805,262
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,713	(5,154)
Total valuation and translation adjustments	2,713	(5,154)
Subscription rights to shares	225	18,900
Total net assets	1,996,855	7,819,007
Total liabilities and net assets	13,625,219	17,182,069

(2) Statement of Income

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 –Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net sales	8,346,177	12,731,829
Cost of sales	6,612,368	9,065,588
Gross profit	1,733,809	3,666,241
Selling, general and administrative expenses	794,840	1,071,837
Operating income	938,969	2,594,403
Non-operating income		
Interest income	7,692	11,817
Dividend income	86	17,784
Interest on securities	-	881
Commission fee	1,900	2,400
Gain on investments in partnership	358	307
Other	555	272
Total non-operating income	10,592	33,463
Non-operating expenses		
Interest expenses	101,211	165,655
Financing expenses	163,074	149,038
Other	3,029	63,671
Total non-operating expenses	267,315	378,365
Ordinary income	682,246	2,249,501
Extraordinary income		
Gain on sales of non-current assets	2,700	-
Penalty income	92,429	-
Gain on sales of investment securities	13	-
Gain on cancellation of leases	-	492
Gain on reversal of subscription rights to shares	-	166
Total extraordinary income	95,143	658
Extraordinary losses		
Loss on valuation of golf club membership	4,495	-
Loss on cancellation of interest rate swaps	-	15,232
Loss on cancellation of leases	-	130
Total extraordinary losses	4,495	15,363
Income before income taxes	772,895	2,234,796
Income taxes-current	239,517	845,580
Income taxes-deferred	41,345	(39,357)
Total income taxes	280,862	806,222
Net income	492,032	1,428,574

(3) Statement of Changes in Equity

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
				Other retained earnings			
	Capital stock	Legal capital surplus	Total capital surpluses	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	194,280	172,725	172,725	1,101,693	1,101,693	-	1,468,698
Changes of items during period							
Issuance of new shares	55,500	55,500	55,500				111,000
Dividends of surplus				(77,735)	(77,735)		(77,735)
Net income				492,032	492,032		492,032
Purchase of treasury shares						(79)	(79)
Net changes of items other than shareholders' equity							
Total changes of items during period	55,500	55,500	55,500	414,297	414,297	(79)	525,218
Balance at end of current period	249,780	228,225	228,225	1,515,990	1,515,990	(79)	1,993,916

	Valuation and translation adjustments			
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at beginning of current period	1,416	1,416	-	1,470,114
Changes of items during period				
Issuance of new shares				111,000
Dividends of surplus				(77,735)
Net income				492,032
Purchase of treasury shares				(79)
Net changes of items other than shareholders' equity	1,297	1,297	225	1,522
Total changes of items during period	1,297	1,297	225	526,740
Balance at end of current period	2,713	2,713	225	1,996,855

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surpluses	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	249,780	228,225	228,225	1,515,990	1,515,990	(79)	1,993,916
Changes of items during period							
Issuance of new shares	2,274,300	2,274,300	2,274,300				4,548,600
Dividends of surplus				(165,828)	(165,828)		(165,828)
Net income				1,428,574	1,428,574		1,428,574
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	2,274,300	2,274,300	2,274,300	1,262,745	1,262,745	-	5,811,345
Balance at end of current period	2,524,080	2,502,525	2,502,525	2,778,736	2,778,736	(79)	7,805,262

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	2,713	2,713	225	1,996,855
Changes of items during period				
Issuance of new shares				4,548,600
Dividends of surplus				(165,828)
Net income				1,428,574
Purchase of treasury shares				
Net changes of items other than shareholders' equity	(7,868)	(7,868)	18,675	10,806
Total changes of items during period	(7,868)	(7,868)	18,675	5,822,152
Balance at end of current period	(5,154)	(5,154)	18,900	7,819,007

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.