

Securities code: 1878

June 3, 2014

To Our Shareholders

Naomi Kumakiri
Representative Director and President
Daito Trust Construction Co., Ltd.
16-1, Konan 2-chome, Minato-ku, Tokyo

Notice of Convocation of the 40th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 40th Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights via postal mail or the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on June 25, 2014 (Wednesday).

1. **Date and Time:** June 26, 2014 (Thursday) 10:00 a.m.
2. **Place:** 16-1, Konan 2-chome, Minato-ku, Tokyo
Shinagawa East One Tower 21F, Main Conference Room
3. **Agenda for the Meeting**
Matters to be reported:
 1. The Business Report, the Consolidated Financial Statements and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the 40th Fiscal Term (April 1, 2013 to March 31, 2014)
 2. The Non-consolidated Financial Statements for the 40th Fiscal Term (April 1, 2013 to March 31, 2014)**Matters to be resolved:**
 - Proposal No. 1:** Appropriation of Surplus for the 40th Fiscal Term
 - Proposal No. 2:** Partial Amendment to the Articles of Incorporation
 - Proposal No. 3:** Election of Two (2) Directors

Notes:

1. For those attending, please present the enclosed Voting Rights Exercise Form to the receptionist on arriving at the meeting. You are also requested to bring this document with you to the meeting for your reference.
2. If you vote by proxy, please make sure your proxy presents the Letter of Attorney along with the Voting Rights Exercise Form to the receptionist. In addition, pursuant to the provisions of the Articles of Incorporation of the Company, only one (1) shareholder holding the voting right of the Company is entitled to exercise a proxy voting right on your behalf.
3. Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements, which should be provided in conjunction with this notice, are not included in the documents attached to this notice, but are posted in the Company's website (<http://www.kentaku.co.jp/corporate/ir/kabunushi.html>) pursuant to the provisions of law and Article 16 of the Articles of Incorporation of the Company.
The Consolidated Financial Statements and the Non-consolidated Financial Statements attached to this notice are part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the accounting auditor and Audit & Supervisory Board Members as part of their preparation of Accounting Auditor's Report and Audit & Supervisory Board Member's Report, respectively.
4. If there are any amendments to the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders, the revised version will be posted on the Company's website (<http://www.kentaku.co.jp/corporate/ir/kabunushi.html>).
5. As part of our electricity-saving efforts, the attending officers and the meeting staff of the Company will dress in a "cool biz" style (without jacket and tie). Please dress lightly upon attending the meeting.

Reference Documents for the General Meeting of Shareholders

Proposals and references:

Proposal No. 1: Appropriation of Surplus for the 40th Fiscal Term

Appropriation of surplus for the 40th Fiscal Term is reported as follows:

Year-End Dividend

The Company recognizes adequate profit return to shareholders as the most important management matter and practices it.

For dividends, the Company, while taking the basic policy stance of providing stable dividends through ongoing reinforcement of our business foundation, aims to set the payout ratio at 50%, and includes a basic dividend of 100 yen and the profit return based on consolidated business performance. Based on this policy, the Company will set a dividend of 177 yen per share for the year-end dividend of the 40th Fiscal Term.

The annual dividend to be paid would be 347 yen per share including the interim dividend of 170 yen per share paid in November last year.

(1) Type of dividend property

Cash

(2) Matters regarding dividend property's allocation to shareholders and total amount

Cash payment of dividend per share: 177 yen per common share of the Company

Total amount: 14,099,829,735 yen

(3) Effective date of dividend payment

June 27, 2014

Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the Amendment

- (1) Items 36, 37 and 38 of Article 2 shall be added to start providing trust service within the Daito Group for the purpose of supporting landowners for amicable and smooth asset succession and secure asset management.
- (2) Change to item 39 of Article 2 involves the renumbering of said item associated with the aforementioned addition.

2. Description of the Amendment

The Company proposes that the Articles of Incorporation of the Company be amended as follows:

(Amendments shown by underlines)

Existing Articles of Incorporation	Proposed Amendments
(Purpose)	(Purpose)
<p>Article 2 The Company’s objective shall be to operate the following businesses and control and manage business activities of companies that operate the following businesses by acquiring and owning shares/interest of such companies.</p> <p>1. to 35. (Omitted) (New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p><u>36.</u> Any business incidental or related to the previous items.</p>	<p>Article 2 The Company’s objective shall be to operate the following businesses and control and manage business activities of companies that operate the following businesses by acquiring and owning shares/interest of such companies.</p> <p>1. to 35. (Same as at present)</p> <p><u>36. Custodian Type Custodian Trust Business prescribed by the Trust Business Act and other business that may be operated by a trust company pursuant to the Trust Business Act</u></p> <p><u>37. Business related to surveys, research and announcements concerning asset utilization or asset succession</u></p> <p><u>38. Consulting business concerning asset utilization, asset succession and asset management</u></p> <p><u>39.</u> Any business incidental or related to the previous items.</p>

Proposal No. 3: Election of Two (2) Directors

The Company proposes that shareholders elect the following two (2) candidates as Directors.

Election of candidate for Director Kanitsu Uchida is proposed to enhance the management and supervisory structure of the Technological Division in order to develop new construction methods and new products and further promote measures to curb construction costs to deal with the prospective increase in construction work volume and rise in construction costs.

Election of candidate for Director Kei Takeuchi is proposed to enhance the management and supervisory structure of the Tenant Recruiting Division in order to continue maintaining the healthy occupancy rate to deal with the prospective continued increase in the number of units of leased buildings managed by the Daito Group.

The respective names, career summary, etc. of the candidates for Directors are as follows.

No.1	Kanitsu Uchida (Born May 2, 1965)	[Number of the Company shares held] 1,200 shares	New candidate
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- Career summary, position and responsibilities in the Company and significant concurrent positions held
 - August 1987 Joined the Company
 - April 2011 General Manager of Management Strategy Division and Administration Department
 - April 2012 Executive Officer and General Manager of Cost Management Department
 - April 2013 Executive Officer and General Manager of Design Management Department (current position)

<Candidate’s message to shareholders>
 Given that Daito Group’s construction work volume is expected to increase in the future, the pressing issues are to deal with the shortage of tradesmen and the increase in construction costs due to the impact of reconstruction activities following the Great East Japan Earthquake going into full swing and the Tokyo Olympics, among others. In order to tackle these issues, I will seek to strengthen the Technological Division and contribute to the Company’s business performance by such means as pursuing labor-saving with respect to tasks by developing and improving construction methods, reviewing materials procurement methods to curb construction costs and building a design organization in view of the expanding construction system. I will also strive to further enhance the Daito Group’s technological capabilities and enterprise value.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1989	Joined the Company
April 2007	General Manager of Metropolitan Area Construction Sales Department
April 2010	General Manager of Toukai Construction Sales Department
April 2012	Executive Officer and General Manager of Tenant Recruiting Management Department (current position)

<Candidate's message to shareholders>

In the medium run, the number of units managed by the Daito Group is expected to exceed one million units. To maintain both drivers of the Daito Group, namely, its construction business and real estate business, one of the major management challenges is to continually maintain the healthy occupancy rate into the future. Envisioning the prospective management system, I will focus my efforts on boosting marketing capabilities and sales efficiency with respect to tenant recruitment by reforming the organizational structure of the Tenant Recruiting Division into an adaptable one and enhancing human resources development, among others, and will endeavor to bring about sustained growth into the future from the Real Estate Business sector and further boost enterprise value.

(Note) There is no special interest between any of the candidates for Directors and the Company.

(Appendix)

Business Report

(From April 1, 2013 to March 31, 2014)

1. Current State of Enterprise Group

(1) Business Progress and Results

(i) Overview of Business Environment

In the fiscal year ended March 31, 2014, the domestic economy saw continued depreciation of the yen and rise in the stock market as well as the tendency for corporate earnings and the employment environment to improve, due to such factors as the economic stimulus measures taken by the government combined with the bold monetary easing policy taken by the Bank of Japan, and is expected to shrug off deflation pressure and realize a full-fledged recovery going forward.

In the housing industry, housing starts in the fiscal year ended March 31, 2014 increased by 10.6% year on year to 980,000. In the field of leased housing on which the Daito Group is focused, housing starts of rental residential properties in the fiscal year under review on a cumulative basis showed a year-on-year increase by 15.3% to 360,000 with 13 consecutive monthly year-on-year increases*. On the back of the inheritance tax reform in January 2015, land price appreciation in the three largest metropolitan areas, an increase in the consumption tax rate, the continuation of the low-interest environment, etc., landowners' needs for effective asset succession/asset utilization is still robust, and demand is becoming higher and higher for the construction of rental residential properties that can be used for tax saving purposes. Accordingly, companies that propose leased housing construction are required to give aging landowners comprehensive asset utilization/management support to "realize amicable and smooth asset succession," rather than a simple tax-saving proposal.

Meanwhile, the total number of households in Japan is forecasted to increase through 2020 due to the increase in the number of single-person households stemming from such factors as the nuclearization of families and the growing tendency for individuals to marry later in life; tenants' demand for leased housing is thus expected to remain brisk in the future. In recent years, tenants' needs have been diversifying, and companies engaging in tenant recruitment and building management have been required to provide value-added services related to residence and living, such as offering convenience to tenants and handling complaints during the tenancy, not merely improving building and residence facilities.

* Source: Policy Bureau of Ministry of Land, Infrastructure, Transport and Tourism, "Data of the Current Survey on Construction Statistics"

(ii) Overview of Daito Group

Under these circumstances, the Daito Group posted increased sales and profits (operating income and ordinary income) on a consolidated basis for the sixth consecutive year, having recorded net sales in the amount of 1,259,673 million yen (up 9.3% year-on-year), and on the profit front, posted an operating income of 89,780 million yen (up 8.9% year-on-year), ordinary income of 93,335 million yen (up 9.1% year-on-year), and net income of 55,277 million yen (up 7.0% year-on-year). These sales and income amounts are all historic highs for the Group.

(iii) Progress and Results by Segment

■ Construction Business

In the Company's mainstay construction business, net sales of completed construction contracts increased 11.4% year-on-year to 545,366 million yen, benefiting from the ample balance of construction orders and measures taken since the beginning of the fiscal year to expedite construction starts, etc. The gross profit margin for completed projects dropped 3.1 points from the previous fiscal year to 32.1% due mainly to the rise in material and labor costs.

As for orders, while orders received decreased 4.5% year-on-year to 625,860 million yen due mainly to the delay in securing sales staff and an increase in cancelled orders associated with the expedited orderly disposition of projects for which construction had not begun for a long period, the balance of construction orders increased 6.8% year-on-year to 780,692 million yen.

■ Real Estate Business

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System allowed our leasing company, Daito Building Management Co., Ltd., to increase its rental income, resulting in a 7.5% rise in net sales of the real estate business year-on-year to 677,696 million yen.

Promotion was carried out to improve the recognition of the "e-Heya Net" brand, and measures were taken to increase inquiries through the diversification of channels, including enhancing coordination with other companies' websites for searching residential units and collaboration with local real estate companies. Also, customers wishing to move into units were provided with services that improve convenience, such as the "Zero deposit & Fixed cleaning cost plan" which was launched ahead of other companies, and "Payment with credit cards for initial cost." As a result of such efforts, the number of tenancy agreements concluded rose 9.7% year-on-year to 241,326. Consequently, the occupancy rate of our leased residential properties as of March 31, 2014 increased 0.2 points year-on-year to 96.9%, while the occupancy rate of our leased properties rose 1.3 points to 96.8%.

■ Finance Business and Other Business

Total of net sales of the finance business and other business increased 12.9% year-on-year to 36,610 million yen.

Sales generated by the finance business increased 6.5% year-on-year to 4,425 million yen. This included interest income, etc. on bridge loans provided to the client to finance the construction to cover the period until the execution of long-term loans from financial institutions (from the contract execution to the completion of construction).

Sales generated by other business increased 13.8% year-on-year to 32,185 million yen. This was attributable to, among others, the increase in sales stemming from both the increase in the number of properties supplied with LP gas from Gaspal Co., Ltd. and the increase in the number of customers using daytime care service facilities targeted at the elderly provided by Care Partner Co., Ltd.

Segment Sales

Segment		Sales (million yen)	Percentage (%)	Year-on-year Change (%)
Construction business	Residential	540,207	42.9	11.5
	Commercial	971	0.1	35.0
	Other	4,186	0.3	(0.6)
	Total	545,366	43.3	11.4
Real estate business	Whole-building lease agreements (Note 1)	621,832	49.4	8.0
	Improvement/repair work	31,081	2.5	0.5
	Tenancy agreements	14,380	1.1	6.6
	Lease business	6,131	0.5	2.1
	Rent guarantee business	2,360	0.2	18.8
	Power generation business	555	0.0	-
	Subleases (Note 2)	312	0.0	(65.6)
	Other	1,041	0.1	(14.7)
Total	677,696	53.8	7.5	
Finance business	Total	4,425	0.4	6.5
Other business	Total	32,185	2.5	13.8
Sum total		1,259,673	100.0	9.3

- Notes
1. Sales generated by whole-building lease agreements in the real estate business consist of rental income, etc. under whole-building lease agreements of Daito Building Management Co., Ltd.
 2. Sales generated by subleases in the real estate business consist of rental income, etc. under sublease agreements of the Company.

(2) Business Strategies

With the enforcement of the inheritance tax reform in January 2015 just around the corner, the need for effective land utilization is ever-increasing among aging landowners, stemming from their requirements for asset succession and tax saving measures. On the other hand, although the population will continue to shrink due to the declining birthrate and aging population, households are expected to continue increasing in number until 2020 due to such factors as the nuclearization of families and the growing tendency of individuals to marry later in life, and then decline at a relatively moderate pace. The number of households living in rental residential properties has traditionally accounted for over one-third of the total number of households in Japan, and is expected to remain at this level in future.

In such a market environment, while upholding the mid-term business slogan “Further explore opportunities in rental apartments,” the Daito Group will provide “stable management of the residential property leasing business over a long-term period of 30 to 50 years” to landowners as an effective asset succession and asset utilization method, and “safe, convenient and comfortable living” to tenants of our leased properties. As a medium/long-term management target, the Daito Group aims to achieve a 22.6% share in construction starts of leased residential properties by the fiscal year ending March 2018 (which is roughly equivalent to orders received of 730 billion yen).

In the construction business, we will focus our efforts on consulting sales from the perspective of asset succession on an ongoing basis. Furthermore, we will seek to receive more orders by reinforcing the sales force to 3,500 sales staff, releasing urban-oriented products such as “housing with rentals” and “three-story wooden houses,” introducing tablets, 3D printers and other such devices to bolster presentation capabilities, and conducting proposal-based sales targeted at business corporations. We also expect further growth in domestic construction demand in the future due to the full realization of reconstruction demand following the Great East Japan Earthquake, last minute surge in construction orders before the rise in the consumption tax rate, and the hosting of the Olympics in Tokyo. Under these circumstances, the Daito Group is expected to face significant challenges in terms of restraining construction cost, securing labor force, and enhancing construction capability. To secure net sales of completed construction contracts and gross profit on completed construction contracts, we will make such efforts as enhancing collaboration with construction subcontractors and assisting collaborating manufacturers of panels for the 2x4 method in installing more production lines at their plants.

In the real estate business, we will make ongoing efforts to maintain a high occupancy rate, including the promotion of “e-Heya Net” brand, the coordination with other companies’ websites for searching residential units, and the reinforcement of collaboration with local real estate companies. Moreover, we will strive to expand the base of new fans by making greater use of SNS (Facebook, Twitter, LINE, etc.) as well as the coverage area of the “Live-UP Lifestyle Services,” which provides tenants with various means to improve the quality of their lives, to all 47 prefectures in Japan. In the photovoltaic power generation business, which utilizes the roofs of properties managed by the Daito Group, we will continue to install solar panels and expand the business with the aim to have them installed in 8,000 buildings (equivalent to more than 100 megawatts of power generated) by the fiscal year ending March 31, 2017.

In addition, we will expand businesses that are related to our core business, including further increasing the number of homes supplied with LP gas by Gaspal Co., Ltd. and expanding daycare service centers and the childcare business of Care Partner Co., Ltd.

We look forward to the continued support and guidance of all our shareholders.

(3) Capital Investment, etc.

In the fiscal year ended March 31, 2014, total capital investment amounted to 14,207 million yen, which primarily consisted of the installation of photovoltaic power generation facilities by Daito Building Management Co., Ltd. and the development of the backbone system in the Company.

(4) Financing

In the fiscal year ended March 31, 2014, the Daito Group borrowed 30 billion yen by way of a syndicated loan for use as working capital.

(5) Trends in Assets and Income

(i) Trends in Assets and Income of Enterprise Group

Category	37th fiscal term: Fiscal year ended March 31, 2011	38th fiscal term: Fiscal year ended March 31, 2012	39th fiscal term: Fiscal year ended March 31, 2013	40th fiscal term: Fiscal year ended March 31, 2014 (under review)
Net sales (million yen)	1,001,169	1,087,128	1,152,413	1,259,673
Ordinary income (million yen)	78,005	84,239	85,539	93,335
Net income (million yen)	43,151	47,103	51,674	55,277
Earnings per share (EPS)	384.28	594.53	648.57	693.90
Total assets (million yen)	532,957	569,079	617,738	684,422
Net assets (million yen)	132,252	152,009	186,592	222,005

(ii) Trends in Assets and Income of the Company

Category	37th fiscal term: Fiscal year ended March 31, 2011	38th fiscal term: Fiscal year ended March 31, 2012	39th fiscal term: Fiscal year ended March 31, 2013	40th fiscal term: Fiscal year ended March 31, 2014 (under review)
Net sales (million yen)	460,230	491,599	508,404	563,343
Ordinary income (million yen)	66,707	61,469	57,029	56,825
Net income (million yen)	37,815	34,119	34,556	33,542
Earnings per share (EPS)	336.77	430.64	433.72	421.07
Total assets (million yen)	424,531	444,116	475,024	474,237
Net assets (million yen)	103,121	110,267	125,236	134,969

2. The Company's Stock

- (1) **Number of shares authorized** 329,541,100 shares
 (2) **Number of shares issued** 79,660,055 shares (excluding treasury stock: 950,224 shares)
 (3) **Number of shareholders** 15,521 shareholders
 (4) **Principal shareholders**

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (held in trust)	3,520	4.42
Japan Trustee Services Bank, Ltd. (held in trust)	3,350	4.21
State Street Bank and Trust Company 505225	1,824	2.29
Co-op Suppliers' Stock Holding	1,640	2.06
Sumitomo Realty & Development Co., Ltd.	1,606	2.02
The Bank Of New York Non-Treaty JASDEC Account	1,483	1.86
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust & Banking Co., Ltd.)	1,474	1.85
Mellon Bank NA as Agent for Its Client Mellon Omnibus US Pension	1,394	1.75
Daito Trust Construction Co., Ltd. Employee stock ownership	1,211	1.52
JP Morgan Chase Bank 380072	1,057	1.33

- (Notes) 1. Shareholding ratio is calculated after deducting treasury stock (950,000 shares).
 2. The Company holds 950,000 shares of treasury stock, excluding 266,000 shares held by the ESOP Trust and 403,000 shares held by the J-ESOP.

(5) Other significant stock-related information

- (i) The Company, pursuant to the resolution of the Board of Directors' meeting held on June 17, 2011, introduced the "ESOP Trust" as an incentive plan for the Daito Group's employees for the purpose of improving the employee health and welfare benefit plans in order to raise the morale of the Daito Group's employees and enhance the enterprise value of the Daito Group by raising their awareness about the operating results and stock price of the Company.

Under this plan, the Company establishes a trust whose beneficiaries are employees participating in Daito Trust Construction Co., Ltd. Employee stock ownership who satisfy certain conditions. This trust has acquired, during a period specified in advance, a certain number of shares in the Company that are expected to be acquired by Daito Trust Construction Co., Ltd. Employee stock ownership over five (5) years after the establishment of the trust. This trust will sell these shares to Daito Trust Construction Co., Ltd. Employee stock ownership on a specified date each month.

- (ii) The Company, pursuant to the resolution of the Board of Directors' meeting held on July 4, 2011, introduced the "J-ESOP" as an incentive plan for the Company's employees for the purpose of raising their motivation and morale toward higher stock prices and operating results by clarifying the relationship between the operating results and the stock value of the Company and aligning the interests of the employees and shareholders.

Under this plan, points are granted to certain employees of the Company selected based on their performance and results in accordance with the Share-based Benefits Regulations established by the Company in advance. These employees are granted shares in the Company corresponding to the points granted to them subject to certain conditions

- (iii) The shares in the Company held by the ESOP Trust and the J-ESOP have the same shareholders' rights, such as voting rights and rights to dividends, as other ordinary shares in the company. In addition, they are not deducted in the calculation of the distributable amount prescribed in Article 461, Paragraph 2 of the Corporation Law.

The shares in the Company held by the ESOP Trust and the J-ESOP that are presented under the line item "Treasury stock" are as follows:

	Number of shares	Amount (millions of yen)
ESOP Trust	266,900	1,909
J-ESOP	403,467	2,894
Total	670,367	4,803

3. Corporate Officers

(1) Names, etc. of Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities and Significant Concurrent Positions Held
Representative Director and President	Naomi Kumakiri	In charge of Construction Business Headquarters and Corporate Management Headquarters
Representative Director and Executive Vice President	Hitoshi Kadouchi	In charge of Real Estate Business Headquarters and Subsidiaries Business Headquarters, In charge of Management Strategy Division, Representative Director and President of Daito Building Management Co., Ltd.
Senior Managing Director	Akio Inada	General Manager of East Japan Construction Sales Headquarters, Officer in charge of Post-Quake Restoration Company
Senior Managing Director	Shuji Nakada	General Manager of Corporate Management Headquarters, In charge of Total Quality Control Division
Senior Managing Director	Katsuma Kobayashi	General Manager of Sales Management Department
Director and Executive Officer	Shuji Kawai	General Manager of Subsidiaries Business Headquarters, General Manager of Corporate Planning Division
Director	Yujiro Sasamoto	Director of Makoru Co., Ltd. Director of Japan CSR Promotion Association Part-time lecturer at Jissen Women's University Part-time lecturer at the Graduate School of Aoyama Gakuin University
Director	Marcus Merner	Partner of GreenOak Real Estate Advisors LP Director of GreenOak Investment Management Co., Ltd.
Director	Toshiaki Yamaguchi	Representative Attorney, Yamaguchi-law-office Member of Attorney Work Reform Committee, Osaka Bar Association Leader of Corporate Compliance Project Team, Work Reform Committee, Japan Federation of Bar Associations Director, Japan Internal Control Association Director, Association of Certified Fraud Examiners Leader of Outside Director Guidelines Study Team, Judicial System Research Board, Japan Federation of Bar Associations Outside Director, Nissen Holdings Co., Ltd.
Standing Audit & Supervisory Board Member	Masayasu Uno	
Audit & Supervisory Board Member	Hideo Hachiya	Representative Attorney, Hachiya Law Firm
Audit & Supervisory Board Member	Kazumitsu Futami	Representative Director and President of Jei Kei Kikaku Co., Ltd.
Audit & Supervisory Board Member	Kazuo Fujimaki	Representative, Fujimaki Sogo Consulting

- Notes
1. Mr. Toshiaki Yamaguchi was newly appointed as Director and assumed office as resolved at the 39th Ordinary General Meeting of Shareholders held on June 26, 2013.
 2. Mr. Kazuo Fujimaki was newly appointed as Audit & Supervisory Board Member and assumed office as resolved at the 39th Ordinary General Meeting of Shareholders held on June 26, 2013.
 3. Mr. Isao Minabe, Mr. Hideki Asano, Mr. Hideyuki Nakaita, Mr. Hiroshi Kawaguchi and Mr. Tomoyuki Nishimura resigned as Directors upon expiration of their term of office at the close of the 39th Ordinary General Meeting of Shareholders held on June 26, 2013.
 4. Mr. Sakumichi Yamada resigned as Audit & Supervisory Board Member upon expiration of his term of office at the close of the 39th Ordinary General Meeting of Shareholders held on June 26, 2013.
 5. Directors Mr. Yujiro Sasamoto, Mr. Marcus Merner and Mr. Toshiaki Yamaguchi are Outside Directors.
 6. All Audit & Supervisory Board Members of the Company are Outside Audit & Supervisory Board Members.
 7. Audit & Supervisory Board Member Mr. Masayasu Uno is qualified as a Certified Public Accountant, and has considerable financial and accounting knowledge.
 8. Audit & Supervisory Board Member Mr. Kazuo Fujimaki is qualified as a U.S. Certified Public Accountant, and has considerable international financial and accounting knowledge.
 9. The Company has designated Director Mr. Toshiaki Yamaguchi and Audit & Supervisory Board

Members Mr. Masayasu Uno, Mr. Hideo Hachiya, Mr. Kazumitsu Futami and Mr. Kazuo Fujimaki as independent officers under the provisions set forth by the Tokyo Stock Exchange and Nagoya Stock Exchange and has notified said Exchanges accordingly.

(Reference) Names, responsibilities and significant concurrent positions held by Directors and Audit & Supervisory Board Member as of April 1, 2014 are as follows.

Position	Name	Responsibilities and Significant Concurrent Positions Held
Representative Director and President	Naomi Kumakiri	In charge of Construction Business Headquarters and Corporate Management Headquarters
Representative Director and Senior Vice President	Hitoshi Kadouchi	In charge of Real Estate Business Headquarters and Related Business Headquarters, In charge of Management Strategy Division, Representative Director and President of Daito Building Management Co., Ltd.
Senior Managing Director	Akio Inada	General Manager of East Japan Construction Sales Headquarters, Officer in charge of Post-Quake Restoration Company
Senior Managing Director	Katsuma Kobayashi	General Manager of Sales Management Department
Senior Managing Director	Shuji Kawai	General Manager of Corporate Management Headquarters, In charge of Management Planning Division, In charge of New System Development Division, In charge of Total Quality Control Division, In charge of CSR Promotion Department, In charge of Lease Business Network Department
Director	Shuji Nakada	
Director	Yujiro Sasamoto	Director of Makoru Co., Ltd. Director of Japan CSR Promotion Association Part-time lecturer at Jissen Women's University Part-time lecturer at the Graduate School of Aoyama Gakuin University
Director	Marcus Merner	Partner of GreenOak Real Estate Advisors LP Director of GreenOak Investment Management Co., Ltd.
Director	Toshiaki Yamaguchi	Representative Attorney, Yamaguchi-law-office Member of Attorney Work Reform Committee, Osaka Bar Association Leader of Corporate Compliance Project Team, Work Reform Committee, Japan Federation of Bar Associations Director, Japan Internal Control Association Director, Association of Certified Fraud Examiners Leader of Outside Director Guidelines Study Team, Judicial System Research Board, Japan Federation of Bar Associations Outside Director, Nissen Holdings Co., Ltd.
Standing Audit & Supervisory Board Member	Masayasu Uno	
Audit & Supervisory Board Member	Hideo Hachiya	Representative Attorney, Hachiya Law Firm
Audit & Supervisory Board Member	Kazumitsu Futami	Representative Director and President of Jei Kei Kikaku Co., Ltd.
Audit & Supervisory Board Member	Kazuo Fujimaki	Representative, Fujimaki Sogo Consulting

(Reference) Names and responsibilities of Executive Officers other than those who concurrently serve as Directors as of April 1, 2014 are as follows.

Position	Name	Responsibilities
Senior Managing Executive Officer	Koichi Ebihara	General Manager of Higashi-Kanto Construction Business Department
Managing Executive Officer	Hirosuke Tanimichi	General Manager of West Japan Construction Business Headquarters
Managing Executive Officer	Takeshi Nakagawa	Representative Director and President of Gaspal Co., Ltd., General Manager of Related Business Headquarters
Managing Executive Officer	Takuya Ishii	General Manager of Metropolitan Construction Business Headquarters
Executive Officer	Kanitsu Uchida	General Manager of Design Management Department
Executive Officer	Kei Takeuchi	General Manager of Tenant Recruiting Management Department
Executive Officer	Hideyuki Nakaita	General Manager of Legal Service Department
Executive Officer	Hiroshi Sugiyama	General Manager of Kita-Kanto Construction Business Department
Executive Officer	Masayoshi Tanaka	General Manager of Information Technology Department
Executive Officer	Yukio Daimon	General Manager of Construction Management Department
Executive Officer	Shoji Yamada	General Manager of Chukyo Construction Business Department
Executive Officer	Hikomichi Ono	General Manager of Lease Business Network Department
Executive Officer	Sachio Washi	General Manager of Human Resources and General Affairs Department
Executive Officer	Kazuhiko Saito	General Manager of Tohoku Construction Business Department, Officer Responsible for Local Post-Quake Restoration
Executive Officer	Takashi Suzuki	General Manager of West Tokyo Metropolitan Area Construction Business Department
Executive Officer	Eiji Okamoto	General Manager of Minami-Kyushu Construction Business Department
Executive Officer	Yoshito Ikemoto	General Manager of Technological Development Department
Executive Officer	Kazunori Fukuda	General Manager of General Accounting Department, General Manager of Related Business Headquarters
Executive Officer	Shuichi Ogawa	General Manager of Kitakushu-Okinawa Construction Business Department
Executive Officer	Shinichi Maruyama	General Manager of Tenant Recruiting Planning and Management Department

(2) Amount of Remuneration, etc. of Directors and Audit & Supervisory Board Members

Category	Number of persons paid	Amount paid
Director	14 persons	836 million yen
Audit & Supervisory Board Member	4 persons	83 million yen
Total (Outside Directors/Audit & Supervisory Board Members)	18 persons (7 persons)	920 million yen (110 million yen)

- Notes
- The amount paid to Directors indicated in the above table does not include the employee salary portion of Directors concurrently serving as employees.
 - The amount paid to Directors indicated in the above table includes an expense of 167 million yen recognized for the fiscal year ended March 31, 2014 in relation to the subscription rights to shares granted as stock options.
 - The number of persons paid indicated in the above table includes the five (5) person who resigned as Directors upon expiration of the term of office at the close of the 39th Ordinary General Meeting of Shareholders held on June 26, 2013. As of March 31, 2014, the numbers of Directors and Audit & Supervisory Board Members are nine (9) and four (4), respectively.
 - Directors' remuneration is the sum of the fixed portion which is capped at 1 billion yen per year (including the Outside Directors' remuneration capped at 50 million yen) and the variable portion which is capped at 1.5% of consolidated net income for the fiscal year under review (not exceeding 1 billion yen, and not payable if consolidated net income for the fiscal year under review falls short of 20 billion yen), not including the employee salary portion of Directors concurrently serving as an employee, as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007.
In addition to the aforementioned amount of remuneration, etc., the amount of remuneration relating to stock options as stock-linked compensation for Directors (excluding Outside Directors) is capped at 530 million yen per year, as resolved at the 37th Ordinary General Meeting of Shareholders of the Company held on June 28, 2011.
 - Audit & Supervisory Board Members' remuneration is capped at 100 million yen per year as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007.
 - In addition to the above, the total amount of remuneration, etc. received by outside officers from subsidiaries of the Company in the capacity of officers is 1 million yen.
 - In addition to the above, the Company paid retirement benefits of 149 million yen in total to four (4) Directors whose retirement benefits will be terminated pursuant to the resolution passed at the 37th Ordinary General Meeting of Shareholders held on June 28, 2011 concerning the abolition of retirement benefits system. This amount includes the amount of provision for Directors' retirement benefits (67 million yen) that was included in the amount of remuneration, etc. of Directors as stated in the business report for the previous fiscal year.
 - In addition to the above, the Company intends to pay retirement benefits of 49 million yen in total to four (4) incumbent Directors at the time of their resignation as Director pursuant to the resolution passed at the 37th Ordinary General Meeting of Shareholders held on June 28, 2011 concerning the payment of retirement benefits for termination resulting from the abolition of retirement benefits system.

(3) Outside Officers

(i) Director Yujiro Sasamoto

Mr. Sasamoto is a Director of Makoru Co., Ltd. and Director of Japan CSR Promotion Association, neither of which has any business relationship with the Company.

Main activities: Mr. Sasamoto attended all thirteen (13) meetings held during the fiscal year (100% attendance ratio) and expressed his opinions as a professional by making the most of his extensive experience and insight of corporate legal affairs, compliance, internal control and CSR. He also made useful recommendations regarding the Company's compliance system and compliance training and attended the Compliance Promotion Meeting to provide advice, as appropriate.

(ii) Director Marcus Merner

Mr. Merner is a Partner of GreenOak Real Estate Advisors LP, which has no business relationship with the Company.

Mr. Merner also is a Director of GreenOak Investment Management Co., Ltd. There is an advisory contract concerning the provision of advice on real estate transactions between

GreenOak Investment Management Co., Ltd. and the Company. However, the amount of the fees paid to him under this contract was less than 5 million yen in the current fiscal year. These arrangements did not cause Mr. Merner to violate the independence criteria for outside officers of the Company as a provider of expert services and were not significant enough to give rise to a special interest between the Company and Mr. Merner.

Main activities: Mr. Merner attended twelve (12) meetings of the Board of Directors out of thirteen (13) meetings held during the fiscal year (92% attendance ratio) and expressed his opinions by making the most of his extensive management experience and insight as a professional who has been involved in real estate investment advisory business and asset management business, from the global perspective. He also attended internal meetings on the Company's real estate business development in overseas markets and provided useful advice.

(iii) Director Toshiaki Yamaguchi

Mr. Yamaguchi holds the following positions concurrently: Representative Attorney, Yamaguchi-law-office; Member of Attorney Work Reform Committee, Osaka Bar Association; Leader of Corporate Compliance Project Team, Work Reform Committee, Japan Federation of Bar Associations; Director, Japan Internal Control Association; Director, Association of Certified Fraud Examiners; Leader of Outside Director Guidelines Study Team, Judicial System Research Board, Japan Federation of Bar Associations; and Outside Director, Nissen Holdings Co., Ltd. None of these companies and organizations has any business relationship with the Company

Main activities: Mr. Yamaguchi attended nine (9) meetings of the Board of Directors out of ten (10) meetings held during the fiscal year after his assumption of office as Director as of June 26, 2013 (90% attendance ratio), and expressed his opinions by making the most of his extensive experience and insight as a lawyer with thorough knowledge of corporate legal affairs, compliance and internal control.

(iv) Standing Audit & Supervisory Board Member Masayasu Uno

Main activities: Mr. Uno attended all thirteen (13) meetings of the Board of Directors held during the fiscal year (100% attendance ratio) and expressed his opinions on business execution by making the most of his strong specialized knowledge of financial and accounting as a certified public accountant and his extensive experience and insight as a business entrepreneur.

He also attended all twelve (12) meetings of the Audit & Supervisory Board held during the fiscal year (100% attendance ratio), reported the progress of execution of audits based on the audit plan and exchanged opinions on audit policies, etc. In addition, he attended important meetings on business execution and compliance promotion meetings and conducted audits targeted at major business establishments, etc.

(v) Audit & Supervisory Board Member Hideo Hachiya

Mr. Hachiya is a Representative Attorney of Hachiya Law firm, which has no business relationship with the Company.

Main activities: Mr. Hachiya attended all thirteen (13) meetings of the Board of Directors held during the fiscal year (100% attendance ratio), and expressed his opinions on business execution by making the most of his extensive experience and strong expertise as a lawyer. He also attended all twelve (12) meetings of the Audit & Supervisory Board held during the fiscal year (100% attendance ratio), received reports on the progress of audits and exchanged opinions on audit policies, etc.

(vi) Audit & Supervisory Board Member Kazumitsu Futami

Mr. Futami is a Representative Director and President of Jei Kei Kikaku Co., Ltd., which has no business relationship with the Company.

Main activities: Mr. Futami attended all thirteen (13) meetings of the Board of Directors held during the fiscal year (100% attendance ratio) and expressed his opinions on business execution by making the most of his extensive experience and insight of housing administration and loan guarantee business for construction loans for rental residential property development. He also attended all twelve (12) meetings of the Audit & Supervisory Board held during the fiscal year (100% attendance ratio), received reports on the progress of audits and exchanged opinions on audit policies, etc.

(vii) Audit & Supervisory Board Member Kazuo Fujimaki

Mr. Fujimaki is a Representative of Fujimaki Sogo Consulting, which has no business relationship with the Company.

Main activities: Mr. Fujimaki attended all ten (10) meetings of the Board of Directors held during the fiscal year after his assumption of office as Audit & Supervisory Board Member as of June 26, 2013 (100% attendance ratio) and expressed his opinions on business execution by making the most of his experience in serving as an Outside Audit & Supervisory Board Member at a business corporation, specialized knowledge as a U.S. certified public accountant, and his extensive experience and insight gained through his involvement in management. He also attended all eight (8) meetings of the Audit & Supervisory Board held during the fiscal year after his assumption of office as Audit & Supervisory Board Member as of June 26, 2013 (100% attendance ratio) and received reports on the progress of audits and exchanged opinions on audit policies.

(Summary of Limited Liability Agreements)

The Company has entered into a Limited Liability Agreement with all three (3) Outside Directors and all four (4) Outside Audit & Supervisory Board Members, the outline of which is as described below:

A. Limited Liability Agreements with Outside Directors

- In the event that the Company bears liability for damages caused by neglect of the Outside Director's duty, the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Corporation Law.
- The limited liability stated above shall be applicable only when the Outside Director performs his duty in good faith and without material negligence.

B. Limited Liability Agreements with Outside Audit & Supervisory Board Members

- In the event that the Company bears liability for damages caused by neglect of the Outside Audit & Supervisory Board Member's duty, the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Corporation Law.
- The limited liability stated above shall be applicable only when the Outside Audit & Supervisory Board Member performs his duty in good faith and without material negligence.

[Reference] Guidelines for Selecting Outside Officers (Directors and Audit & Supervisory Board Members)

Outside Officers and Candidates as Outside Officers of the Company shall be selected from those who satisfy the following guidelines established by the Company.

1. Can directly supervise the discussions and decisions by the Board of Directors on, among others, management, corporate legal, and governance issues;
2. Can reflect their own knowledge and insights in the development of a growth strategy, the establishment of a management strategy, the achievement of a mid-term business plan, etc.; and
3. Can provide advice and guidance to other corporate management issues based on their own knowledge, expertise and experience.

[Reference] Independence Criteria for Outside Officers (Directors and Audit & Supervisory Board Members)

Outside Officers and Candidates as Outside Officers of the Company shall be selected from those who satisfy the following independence criteria established by the Company.

The following 1. applies to the present and for an indefinite past period and 2. through 5. apply to the present and for the period of past 10 years.

1. Persons related to the Daito Group

Not a director (excluding outside directors), audit & supervisory board member (excluding outside audit & supervisory board member), accounting advisor, executive officer, or employee (hereinafter “director, etc.”) of any subsidiary (Note 1) or affiliate (Note 2) of the Company (hereinafter the “the Company Group”).

2. Persons with voting rights

- (1) Not a shareholder holding 10% or more of the voting rights in the Company or a director, etc. of such a shareholder; and
- (2) Not a director, etc. of a company in which the Company Group holds 10% or more of the voting rights.

3. Persons with a trade relationship

- (1) Not a director, etc. of a company with which the Company Group has carried out transactions in the total amount that is equivalent to 2% or more of the consolidated net sales of either party;
- (2) Not a director, etc. of a financial institution that is a major lender (with a lending balance equivalent to 2% or more of the consolidated total assets of the Company) to the Company Group; and
- (3) Not a director, etc. of a lead underwriter of the Company Group.

4. Providers of expert services (lawyers, certified public accountants, consultants, etc.)

- (1) Not a certified public accountant who is an accounting auditor of the Company Group, or partner or employee of an audit firm; and
- (2) Not a person who receives a total annual fee of 10 million yen or more from the Company Group as a lawyer, certified public accountant, tax accountant or any other consultant in addition to the remuneration he/she receives from the Company Group as a Director or Audit & Supervisory Board Member.

5. Others

- (1) Not a relative within the second degree of kinship of any of the persons listed in 1 through 4 above (excluding those who are not significant);
- (2) Not a director, etc. of a company with which the Company Group has a relationship in which officers are exchanged between the parties; and
- (3) Not a director, etc. of a company with which the Company Group has a cross-holding of shares.

- (Notes)
1. A “subsidiary” is a subsidiary prescribed in Article 8, Paragraph 3 of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements.
 2. An “affiliate” is an affiliate prescribed in Article 8, Paragraph 5 of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements.

Consolidated Balance Sheet
(As of March 31, 2014)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets:	482,959	Current liabilities:	255,465
Cash and deposits	253,236	Accounts payable for construction contracts	43,996
Money held in trust	41,006	Short-term loans payable	300
Notes receivable, accounts receivable from completed construction contracts and other	34,477	Current portion of long-term loans payable	16,690
Short-term investment securities	10,509	Lease obligations	273
Costs on uncompleted construction contracts	11,599	Income taxes payable	26,931
Other inventories	5,348	Advances received on uncompleted construction contracts	44,205
Prepaid expenses	53,840	Advances received	57,170
Deferred tax assets	17,422	Provision for bonuses	20,220
Operating loans	45,161	Provision for warranties for completed construction	1,064
Other	10,673	Deposits received	7,022
Allowance for doubtful accounts	(318)	Other	37,589
Noncurrent assets:	201,463	Noncurrent liabilities:	206,951
Property, plant and equipment	91,081	Long-term loans payable	79,969
Buildings and structures	34,697	Lease liabilities	1,047
Machinery and equipment	10,849	Net defined benefit liability	9,954
Tools, furniture and fixtures	1,486	Provision for repairs on whole building lease	49,705
Land	42,340	Long-term guarantee deposits	59,652
Lease assets	1,236	Other	6,621
Other	471		
Intangible assets	2,992	Total liabilities	462,416
Investments and other assets	107,388	Net Assets	
Investment securities	26,471	Shareholders' equity:	222,779
Subordinated bonds and subordinated trust beneficiary rights	12,873	Capital stock	29,060
Deferred tax assets	21,283	Capital surplus	34,549
Deferred tax assets for land revaluation	2,703	Retained earnings	169,293
Other	46,819	Treasury stock	(10,124)
Allowance for doubtful accounts	(2,762)	Accumulated other comprehensive income	(2,685)
		Valuation difference on available-for-sale securities	4,688
		Deferred gains or losses on hedges	49
		Revaluation reserve for land	(4,881)
		Foreign currency translation adjustment	(1,965)
		Remeasurements of defined benefit plans	(577)
		Subscription rights to shares	186
		Minority interests	1,724
		Total net assets	222,005
Total assets	684,422	Total liabilities and net assets	684,422

Consolidated Statement of Income
(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Account item	Amount	
Net sales		
Net sales of completed construction contracts	545,366	
Sales on real estate business	677,696	
Other business revenue	36,610	1,259,673
Cost of sales		
Cost of sales of completed construction contracts	370,101	
Cost of sales on real estate business	632,342	
Cost of sales on other business	24,131	1,026,575
Gross profit		
Gross profit on completed construction contracts	175,265	
Gross profit-real estate business	45,353	
Gross profit-other business	12,479	233,098
Selling, general and administrative expenses		143,317
Operating income		89,780
Non-operating income		
Interest income	725	
Dividends income	147	
Commission fee	3,257	
Miscellaneous income	1,263	5,394
Non-operating expenses		
Interest expenses	915	
Provision of allowance for doubtful accounts	56	
Commission fee	230	
Miscellaneous expenses	637	1,839
Ordinary income		93,335
Extraordinary income		
Gain on sales of noncurrent assets	52	52
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	136	
Impairment loss	19	156
Income before income taxes and minority interests		93,231
Income taxes – current	42,349	
Income taxes – deferred	(4,588)	37,761
Income before minority interests		55,470
Minority interests in income		192
Net income		55,277

Consolidated Statement of Changes in Net Assets
(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 as of April 1, 2013	29,060	34,540	140,702	(11,559)	192,744
Changes of items during the period					
Dividends from surplus			(26,686)		(26,686)
Net income			55,277		55,277
Purchase of treasury stock				(61)	(61)
Disposal of treasury stock		8		1,496	1,505
Net changes of items other than shareholders' equity during the period					
Total changes of items during the period	-	8	28,590	1,435	30,035
Balance as of March 31, 2014	29,060	34,549	169,293	(10,124)	222,779

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2013	3,419	-	(4,881)	(6,314)	-	(7,775)	73	1,550	186,592
Changes of items during the period									
Dividends from surplus									(26,686)
Net income									55,277
Purchase of treasury stock									(61)
Disposal of treasury stock									1,505
Net changes of items other than shareholders' equity during the period	1,268	49	-	4,348	(577)	5,090	113	173	5,377
Total changes of items during the period	1,268	49	-	4,348	(577)	5,090	113	173	35,412
Balance as of March 31, 2014	4,688	49	(4,881)	(1,965)	(577)	(2,685)	186	1,724	222,005

Non-consolidated Balance Sheet
(As of March 31, 2014)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets:	331,370	Current liabilities:	245,225
Cash and deposits	220,632	Accounts payable for construction contracts	40,437
Notes receivable-trade	19		
Accounts receivable from completed construction contracts	26,941	Current portion of long-term loans payable	16,690
Short-term investment securities	10,479	Lease liabilities	86
Costs on uncompleted construction contracts	11,784	Accounts payable - other	18,674
Raw materials and supplies	4,750	Income taxes payable	15,407
Short-term loans receivable from subsidiaries and affiliates	39,440	Accrued consumption taxes	2,011
Prepaid expenses	834	Advances received on uncompleted construction contracts	44,161
Deferred tax assets	10,590	Advances received	114
Accounts receivable - other	1,644	Deposits received	89,657
Advances paid	4,037	Provision for bonuses	16,289
Other	492	Provision for warranties for completed construction	1,054
Allowance for doubtful accounts	(276)	Other	640
Noncurrent assets:	142,866	Noncurrent liabilities:	94,042
Property, plant and equipment	58,770	Long-term loans payable	79,969
Buildings	17,653	Lease liabilities	122
Structures	590	Provision for retirement benefits	6,223
Vehicles	0	Long-term guarantee deposits	3,617
Tools, furniture and fixtures	946	Other	4,110
Land	39,381		
Lease assets	198	Total liabilities	339,268
Intangible assets	2,516	Net Assets	
Software	1,857	Shareholders' equity:	134,925
Software in progress	487	Capital stock	29,060
Other	171	Capital surplus	34,549
Investments and other assets	81,579	Legal capital surplus	34,540
Investment securities	26,128	Other capital surplus	8
Subordinated bonds and subordinated trust beneficiary rights	12,873	Retained earnings	81,439
Stocks of subsidiaries and affiliates	29,103	Legal retained earnings	7,265
Long-term loans receivable from subsidiaries and affiliates	787	Other retained earnings	74,173
Deferred tax assets	3,441	Retained earnings brought forward	74,173
Deferred tax assets for land revaluation	2,703	Treasury stock	(10,124)
Guarantee deposits	5,267	Valuation and translation adjustments:	(142)
Long-term time deposits	1,300	Valuation difference on available-for-sale securities	4,688
Other	1,797	Deferred gains or losses on hedges	49
Allowance for doubtful accounts	(1,822)	Revaluation reserve for land	(4,881)
		Subscription rights to shares	186
		Total net assets	134,969
Total assets	474,237	Total liabilities and net assets	474,237

Non-consolidated Statement of Income
(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Account item	Amount	
Net sales		
Net sales of completed construction contracts	545,774	
Sales on real estate business, etc.	17,569	563,343
	<hr/>	
Cost of sales		
Cost of sales of completed construction contracts	371,367	
Cost of sales on real estate business, etc.	19,557	390,925
	<hr/>	<hr/>
Gross profit		
Gross profit on completed construction contracts	174,406	
Gross loss-real estate business, etc.	(1,988)	172,418
	<hr/>	
Selling, general and administrative expenses		120,368
		<hr/>
Operating income		52,049
Non-operating income		
Interest income	342	
Interest on securities	587	
Dividends income	1,465	
Commission fee	2,960	
Miscellaneous income	1,138	6,494
	<hr/>	
Non-operating expenses		
Interest expenses	888	
Provision of allowance for doubtful accounts	117	
Commission fee	230	
Miscellaneous expenses	482	1,718
	<hr/>	<hr/>
Ordinary income		56,825
Extraordinary income		
Gain on sales of noncurrent assets	48	48
	<hr/>	
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	47	47
	<hr/>	<hr/>
Income before income taxes		56,826
Income taxes – current	23,260	
Income taxes – deferred	23	23,283
	<hr/>	<hr/>
Net income		33,542
		<hr/> <hr/>

Non-consolidated Statement of Changes in Net Assets
(From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2013	29,060	34,540	-	34,540	7,265	67,317	74,582	(11,559)	126,624
Changes of items during the period									
Dividends from surplus						(26,686)	(26,686)		(26,686)
Net income						33,542	33,542		33,542
Purchase of treasury stock								(61)	(61)
Disposal of treasury stock			8	8				1,496	1,505
Net changes of items other than shareholders' equity during the period									
Total changes of items during the period	-	-	8	8	-	6,856	6,856	1,435	8,301
Balance as of March 31, 2014	29,060	34,540	8	34,549	7,265	74,173	81,439	(10,124)	134,925

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance as of April 1, 2013	3,419	-	(4,881)	(1,461)	73	125,236
Changes of items during the period						
Dividends from surplus						(26,686)
Net income						33,542
Purchase of treasury stock						(61)
Disposal of treasury stock						1,505
Net changes of items other than shareholders' equity during the period	1,268	49	-	1,318	113	1,432
Total changes of items during the period	1,268	49	-	1,318	113	9,733
Balance as of March 31, 2014	4,688	49	(4,881)	(142)	186	134,969