

Securities code: 1878

June 1, 2018

To Our Shareholders

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

Notice of Convocation of the 44th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 44th 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, 2018 (Monday).

1. **Date and Time:** June 26, 2018 (Tuesday) 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 the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 44th Fiscal Term (April 1, 2017 to March 31, 2018)
 2. The Non-consolidated Financial Statements for the 44th Fiscal Term (April 1, 2017 to March 31, 2018)**Matters to be resolved:**
 - Proposal No. 1:** Appropriation of Surplus for the 44th Fiscal Term
 - Proposal No. 2:** Partial Amendment to the Articles of Incorporation
 - Proposal No. 3:** Election of One (1) Director

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. 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 our website (<http://www.kentaku.co.jp/corporate/ir/kabunushi.html>).
4. As part of our efforts to be environmentally friendly, 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.
5. Disclosure on the Company's website of the documents to be included in this Notice of Convocation
The following items are not included in the Reference Documents attached to this notice but are posted in our 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 Reference Documents attached to this notice are part of the information audited by the Accounting Auditor and Audit & Supervisory Board Members as part of their preparation of Accounting Auditor's Report and Audit & Supervisory Board Report, respectively.

(1) Following matters in the Business Report:

- Main business
- Employees
- Main place of business
- Main creditors and borrowing amounts

- Other significant matters concerning shares
 - Matters concerning share options of the Company
- (2) Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements
- (3) Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

Reference Documents for the General Meeting of Shareholders

Proposals and references:

Proposal No. 1: Appropriation of Surplus for the 44th Fiscal Term

Appropriation of surplus for the 44th Fiscal Term is reported as follows:

Year-End Dividend

The Company recognizes adequate profit return to shareholders as one of the most important management matters 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 these standards, the Company will set a dividend of 304 yen per share for the year-end dividend of the 44th Fiscal Term.

The annual dividend to be paid would be 583 yen per share (up 47 yen per share from the previous fiscal year) including the interim dividend of 279 yen per share paid in November last year.

(1) Type of dividend property

Cash

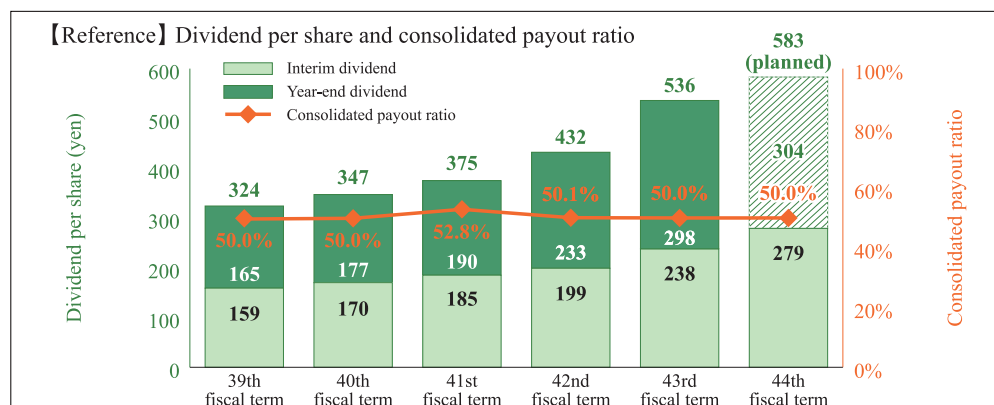
(2) Matters regarding dividend property's allocation to shareholders and total amount

Cash payment of dividend per share: 304 yen per common share of the Company

Total amount: 22,893,025,824 yen

(3) Effective date of dividend payment

June 27, 2018



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

1. Reasons for the Amendment

In order to enhance the added value of rental properties managed by the Daito Group and improve the convenience of tenants, a subsidiary of the Company that operates the LP gas supply business newly commenced the provision of city gas supply services to tenants. Accordingly, partial amendment and contents modification shall be made to the business purpose stipulated in Article 2 of the Articles of Incorporation.

2. Description of the Amendment

Description of amendment is as follows:

(Amended part is underlined.)

Existing Articles of Incorporation	Proposed Amendments	Reason for change
<p>(Purpose)</p> <p>Article 2. The purpose of the Company shall be to operate the following businesses and to control and manage the business activities of relevant companies by owning shares or equity interests in companies engaged in the following businesses:</p> <p>1-22. (Omitted)</p> <p>23. <u>Sales and purchases of petroleum, petroleum products, liquefied petroleum gas, and other high-pressure gases</u></p> <p>24-41. (Omitted)</p>	<p>(Purpose)</p> <p>Article 2. The purpose of the Company shall be to operate the following businesses and to control and manage the business activities of relevant companies by owning shares or equity interests in companies engaged in the following businesses:</p> <p>1-22. (Unchanged)</p> <p>23. <u>Businesses related to the supply and sales of gas</u></p> <p>24-41. (Unchanged)</p>	<p>A subsidiary of the Company, which operates the LP gas supply business, started the city gas supply business, because of which partial amendments and contents modification are made.</p>

Proposal No. 3: Election of One (1) Director

In order to achieve the sustainable growth of the Daito Group and improve corporate value in the medium- to long-term, in the construction business, which is the Company’s core business, the Company will need to strengthen its construction system and steadily secure net sales and profits of completed construction contracts with an eye to the future increase in the construction volume of the Daito Group, the increase in construction work related to the Tokyo Olympics and Paralympic Games and the manpower shortage in the construction industry. Therefore, the role of the construction divisions is important. Because a Director who was in charge of the construction divisions retired from the office of Director, due to the expiration of the term, at the close of the 43rd Ordinary General Meeting of Shareholders held on June 28, 2017, we need to appoint his successor to reinforce the management/supervision framework of the construction divisions. For this reason, the Company proposes that shareholders elect one (1) Director to be in charge of the construction business.

If the candidate of this proposal is elected as originally proposed, seven (7) of the sixteen (16) members of the Board of Directors will qualify as independent outside officers (three (3) Outside Directors and four (4) Outside Audit & Supervisory Board Members) who have satisfied the independence criteria established by the Company. Because independent outside officers account for 43.7% of the total attendees of the Board of Directors, it will enable discussions at the Board of Directors based on opinions expressed from an independent and neutral perspective.

The respective name, career summary, etc., of the candidate for Director is as follows.

Name	Position and responsibilities in the Company	
Fumiaki Nakagami	Executive Officer and General Manager of Construction Management Department	New appointment

(Note) 1. There is no special interest between the candidate for Director and the Company.

Candidate
for
Director

**Fumiaki
Nakagami**

(Born July 28, 1959)

[Number of the Company shares held]
1,324 shares

New
appointment



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

October 1988	Joined the Company
April 2012	General Manager of Technological Development Department (in charge of East Japan Region)
April 2014	General Manager of Technological Development Department In charge of East Japan Region
April 2015	Executive Officer and General Manager of Safety and Quality Control Department
April 2017	Executive Officer and General Manager of Construction Management Department (current position)

<Reason for nomination as candidate for Director>

Mr. Nakagami has long been involved in the construction divisions of the construction business, which is the core business of the Daito Group. While having engaged in efforts including the building of a construction system responding to the tight supply of construction workers and the increased work volume of the Daito Group, the reduction of work costs and ensuring safety at the construction sites and reforming of construction organizations and developing engineers to ensure technological capabilities and construction quality for the highest level in the industry, he has contributed to strengthening said divisions of the Group.

The construction divisions that Mr. Nakagami has long been involved with are central to the Daito Group's construction business, which is the core business of the Daito Group. He, therefore, has been nominated as a candidate for Director based on the judgment that he possesses extensive experience and knowledge on the construction divisions, and will be best suited to reinforce the management/supervision framework of the construction divisions of the Daito Group.

<Candidate's message to shareholders>

While the increasing demand for construction work related not only to disaster restoration from the Great East Japan Earthquake and the Kumamoto Earthquake, but also to the Tokyo Olympic Games and the decrease in the number of construction workers continues, in addition to intensifying competition in the rental housing market, it is an important issue for the Daito Group to enhance construction efficiency and quality through strengthening of the construction system and the reduction of work costs, as well as the development and promotion of new construction methods and technologies to ensure the future performance of the construction business.

Under such circumstances, we will establish a construction system with an eye to the future increase in the construction volume of the Daito Group and the industry's trend, with efforts to execute organizational reform and personnel development in the construction divisions in pursuit of construction efficiency and the highest level of technological capabilities in the industry. I will make efforts to contribute to the securement of corporate performance and sustainable growth and the enhancement of the corporate value of the Daito Group.

(Appendix) Business Report
(From April 1, 2017 to March 31, 2018)

1. Current State of Enterprise Group

(1) Business Progress and Results

(i) Overview of Business Environment

In the fiscal year ended March 31, 2018, improvement in corporate performance and employment situations continued and the Japanese economy recovered at a moderate pace. The outlook for the future, however, continued to be uncertain, given the increasing uncertainties of the overseas economy due to the policies of Europe and the United States and the rise of geopolitical risks.

In the housing industry, housing starts in the fiscal year ended March 31, 2018 decreased for the 9th consecutive month from the same month of the previous year since July 2017, and on a cumulative basis decreased from the previous fiscal year by 2.8% to 946,000. (*)

In the field of rental housing on which the Daito Group is focused, housing starts of rental residential properties in the fiscal year ended March 31, 2018 decreased for the 10th consecutive month from the same month of the previous year since June 2017, and on a cumulative basis decreased from the previous fiscal year by 4.0% to 410,000. (*) Going forward, the rental housing market is likely to change from the temporary upturn to steady growth for optimization.

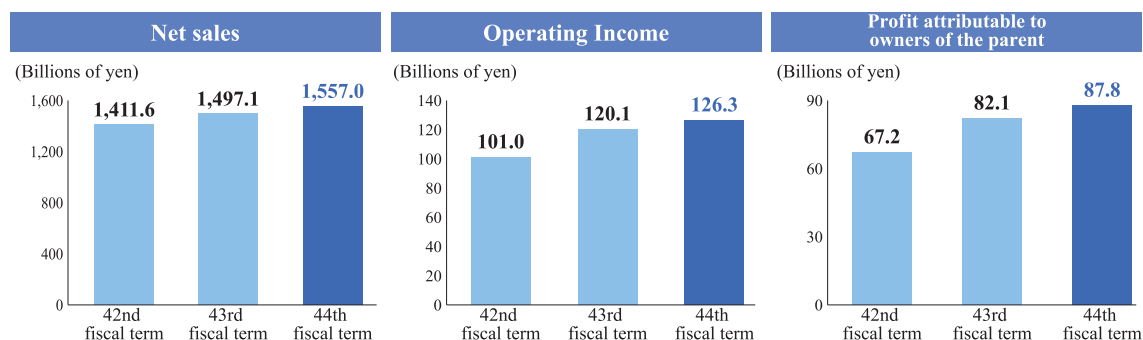
Meanwhile, demand for rental houses with high convenience, safety and comfort will continue to be steady. Companies offering rental houses are expected to acquire expertise about the management of sound rental buildings in accordance with tenants' demands and provide environmentally-friendly rental houses such as ZEH (Net-Zero Energy House) in response to the diversifying needs of tenants.

Under such circumstances, the Daito Group has positioned the Company, Daito Kentaku Partners Co., Ltd. and Daito Kentaku Leasing Co., Ltd. as the three core companies of the Group, and operates businesses under a new Group framework, starting from May 2017. Centering on these three core companies, the Daito Group intends to divide operations and increase their efficiency, as well as enhance the specialization of each business area to offer the greatest satisfaction to customers, with the aim to become a corporate group that is truly trusted by customers and other stakeholders.

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

(ii) Overview of Daito Group

During the fiscal year ended March 31, 2018, the Daito Group posted increased sales and profits on a consolidated basis for the tenth consecutive year, having recorded net sales in the amount of 1,557,017 million yen (up 4.0% year-on-year), and posted an operating income of 126,369 million yen (up 5.2% year-on-year), ordinary income of 131,533 million yen (up 5.6% year-on-year), and current term profit attributable to owners of the parent of 87,829 million yen (up 6.9% year-on-year). These sales and income amounts are all historic highs for the Daito Group.

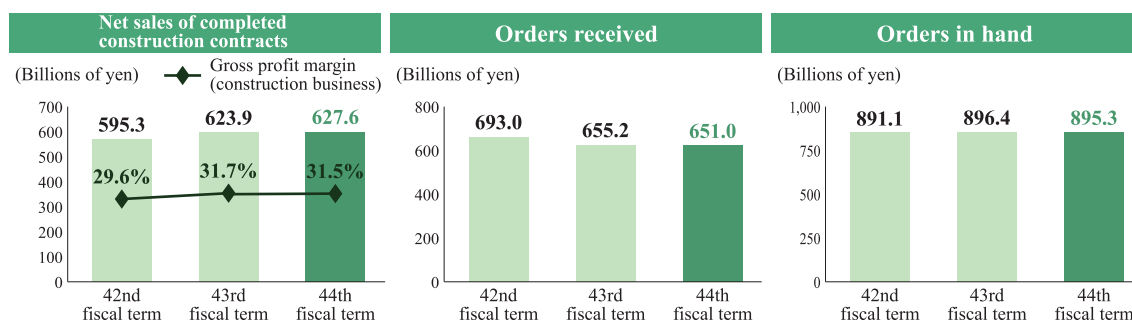


(iii) Progress and Results by Segment

■ Construction Business

In the construction business, net sales of completed construction contracts increased 0.6% year-on-year to 627,631 million yen, as a result of the successful development of the ample number of orders in hand. The gross profit margin for completed projects dropped 0.2 points from the previous fiscal year to 31.5% due to the rise of labor costs with the effects of construction work related to the Tokyo Olympic and Paralympic Games and the tight supply in the labor market, among others.

Orders received decreased 0.6% year-on-year to 651,077 million yen and construction orders in hand as of March 31, 2018 decreased 0.1% year-on-year to 895,343 million yen.

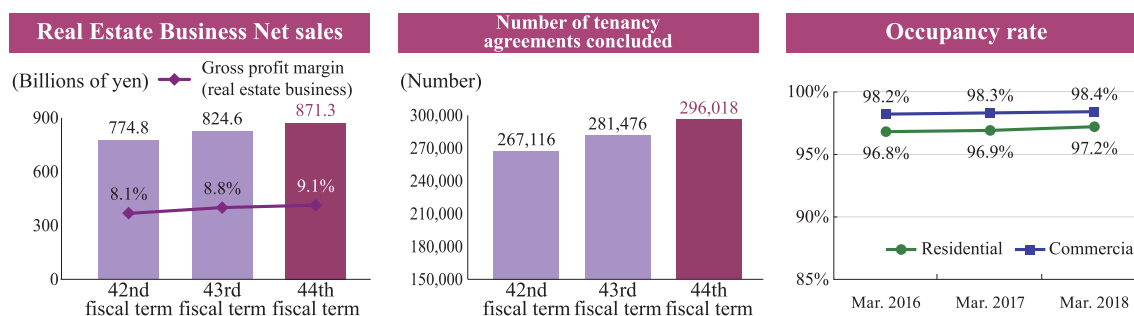


■ Real Estate Business

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System allowed our leasing company, Daito Kentaku Partners Co., Ltd. to increase its rental income, while House Leave Co., Ltd., which offers joint guarantor-free services, increased its revenues, resulting in a 5.7% rise in net sales of the real estate business year-on-year to 871,388 million yen.

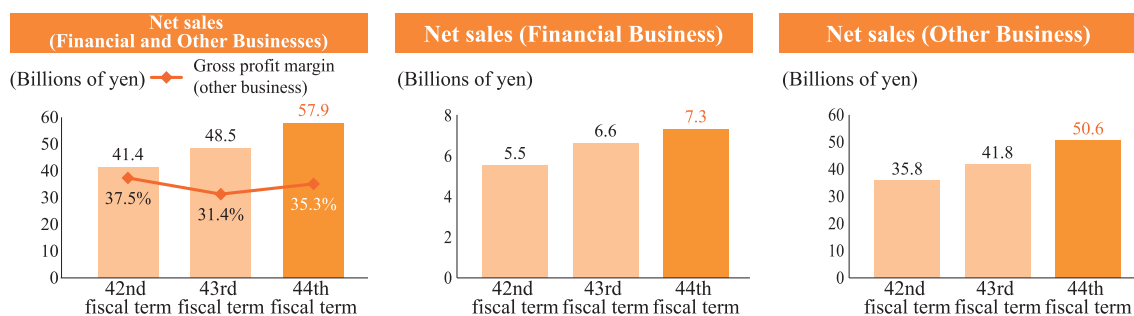
In terms of tenant recruiting activities, we attracted the attention of customers looking for apartments and raised the Company's profile by airing new TV commercials of the lease brokerage brand, "e-Heya Net" and by focusing on our annual promotions. As a result of such efforts, the number of tenancy agreements concluded of the three core companies of the Group (*), rose 5.2% year-on-year to 296,018. Consequently, the occupancy rate of our leased residential properties as of March 31, 2018 increased 0.3 points year-on-year to 97.2%, while the occupancy rate of our leased commercial properties rose 0.1 points year-on-year to 98.4%.

(※) Three core companies: the Company, Daito Kentaku Partners Co., Ltd. and Daito Kentaku Leasing Co., Ltd.

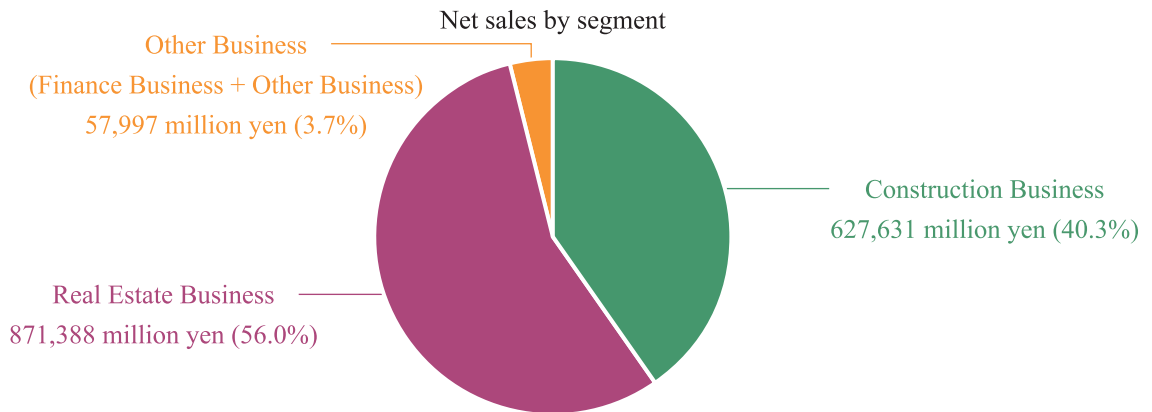


■ Other Business (Financial Business and Other Business)

Total of net sales of other business increased 19.5% year-on-year to 57,997 million yen. This was attributable to, among others, the increase in sales in other business stemming from the increase in the number of properties supplied with LP gas from the Gaspal Group, starting with Gaspal Co., Ltd., the increase in the number of customers using daytime care service facilities targeted at the elderly provided by Care Partner Co., Ltd. and the increase in the number of policy holders of HOUSEGUARD SSI, a small-amount, short-term insurance provider offering coverage of rent and household effects for tenants of leased building.



<Segment Sales>



Segment		(Reference) 43rd Fiscal Term Sales (million yen)	44th Fiscal Term Sales (million yen)	Year-on-year Change (%)
Construction business	Residential	618,217	620,307	0.3
	Commercial	2,656	3,597	35.4
	Other	3,036	3,725	22.7
	Total	623,910	627,631	0.6
Real estate business	Whole-building lease agreements	755,002	798,799	5.8
	Improvement/repair work	26,014	24,567	(5.6)
	Real estate brokerage	17,652	16,964	(3.9)
	Rent guarantee business	9,702	10,954	12.9
	Power generation business	6,119	7,311	19.5
	Lease business	6,266	6,071	(3.1)
	Other	3,884	6,719	73.0
Total	824,642	871,388	5.7	
Financial business	Total	6,695	7,309	9.2
Other business	Total	41,856	50,688	21.1
Sum total		1,497,104	1,557,017	4.0

(2) Business Strategies

The rental housing market is shifting from the temporary upturn owing to the inheritance tax reform in January, 2015 to steady growth for optimization. The need for effective land utilization remains high among aging landowners, stemming from their requirements for asset succession and tax saving measures, and is expected to remain steady. Consequently, the Daito Group will need to reinforce its one-stop services for asset succession, in order for landowners to realize “amicable and smooth asset succession to the next generation.”

Meanwhile, given the increasing number of single-person households as a result of the declining birthrate and aging population coupled with the increasing tendency to marry late, together with the change in attitudes toward homes reflecting the diversification of lifestyles. The tenants are thus expressing increasingly diverse needs, as they become more discerning in their choice of housing. The Daito Group will be required to improve and expand services that will provide safety, comfort and enrichment to the tenants’ lives, as well as offer them attractive buildings and residences.

Although the tight supply of construction workers, which was seen after the occurrence of the Great East Japan Earthquake, has become more stable, supply and demand for construction workers remain uncertain because of the increase in construction work related to the Tokyo Olympics and Paralympic Games and the decrease in the number of construction workers. The Daito Group will need to keep its focus on securing appropriate completed construction profits and ensuring the strengthening and quality of construction structures.

In such a market environment, the Daito Group has developed a 5-year medium-term business plan, which will conclude in the fiscal year ending March 31, 2021. We revised this plan to reflect the business results of the fiscal year ended March 31, 2018.

Outline of the medium-term business plan and measures for the achievement of the plan by segment are as follows:

(i) Outline of the medium-term business plan

Under the new brand message, “Life is Built on Trust” we have designated “the nursing care and childcare business,” “the energy business” and “the overseas business” as the “new core businesses” and intend to expand the Daito Group’s business domains, in addition to the construction business and the real estate business, which are our core businesses, focusing on the Lease Management Trust System, with the aim to become a company entrusted by its customers in various ways.

The Daito Group aims to achieve net sales of 1,791.0 billion yen, operating income of 138.0 billion yen, net income (*1) of 97.0 billion yen, and ROE (return on equity) of 30.0% and secure a 17.5% plus share in rental housing construction starts (assuming that the size of the rental housing market will be 390,000 units) in the fiscal year ending March 31, 2021 as medium-term business targets.

Mid-term business plan [Fiscal Year Ending March 31, 2021 (47th Fiscal Term) Plan]			
Net sales 1,791.0 billion yen (AAGR +4.9%)		Operating income 138.0 billion yen (AAGR +6.6%)	
Ordinary income 143.0 billion yen (AAGR +6.4%)		Net income (※1) 97.0 billion yen (AAGR +7.9%)	
Equity ratio	ROE (Return on equity)	Dividends per share	Payout ratio/ total return ratio (※2)
37.1%	30.0%	668 yen	50.0%/80.0%

(※1) Profit attributable to owners of the parent
(※2) Includes the acquisition and disposal of treasury shares

(※1) Profit attributable to owners of the parent

(※2) Includes the acquisition and disposal of treasury shares

(ii) Segment strategies

■ Construction Business

In the construction business, we will reinforce the sales force up to 3,500 sales staff (3,313 as of the end of the fiscal year ended March 31, 2018), and allocate management resources including the opening of stores by taking into account the market's potential for growth based on the market scale and long-term demand for rental housing that reflect market research using a nationwide segmentation into approximately 4,600 marketing areas. In addition, we will focus our efforts on consulting sales on an ongoing basis from the perspective of "effective asset utilization/asset succession," while strengthening product appeal to satisfy the needs of the Tokyo metropolitan area and other large cities, as well as tenants and female customers.

In anticipation of a future increase in domestic construction demand due to the Tokyo Olympics and Paralympic Games, among others, the Daito Group will strengthen the alliance with collaborating companies, in order to restrain construction cost, secure labor force, and enhance construction capability.

By implementing the measures mentioned above, the Daito Group aims to achieve orders received of 701.0 billion yen, net sales of completed construction contracts of 703.0 billion yen, and gross profit margin for completed projects of 30.4% for the fiscal year ending March 31, 2021.

■ Real Estate Business

In the real estate business, we will provide services in line with the diversifying needs of tenants, including the increasing population of senior citizens, foreign customers and those who wish to live with their pets.

We will also continue to promote initiatives to gain more widespread recognition of and expand our fan base of the lease brokerage brand, "e-Heya Net," by sponsoring the LPGA tour "Daito Kentaku e-Heya Net Ladies" (with official permission by the Ladies Professional Golfers' Association of Japan) and continuously carrying out sales promotion campaigns, among others.

By implementing the measures mentioned above, the Daito Group aims to achieve net sales on real estate business of 1,022.7 billion yen, the number of tenancy agreements concluded of 323,000, and the occupancy rate of leased residential units of 97.0% (March 2021) for the fiscal year ending March 31, 2021.

■ Other Business (Financial Business and Other Business)

In other businesses, we will expand businesses that are expected to have high synergistic effects with our core businesses, by such means as expanding the insurance business intended for landowners and tenants through HOUSEGUARD SSI, in addition to increasing the number of homes supplied by LP gas by the Gaspal Group, starting with Gaspal Co., Ltd., and expand daycare service centers and the childcare business of Care Partner Co., Ltd.

By implementing the measures mentioned above, the Daito Group aims to achieve net sales of 65.3 billion yen in the other business for the fiscal year ending March 31, 2021.

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

[Reference] Basic Capital Policy of the Company

As its key performance indicators, the Company aims for an operating income margin of 7% or higher and a return on equity (ROE) of 30% and seeks the optimal balance between financial soundness, capital efficiency and shareholder returns.

In addition, the Company has disclosed in its shareholder return policy that it targets a payout ratio of 50% of its consolidated net income (Profit attributable to owners of the parent), and unless there is major demand for funds, that it intends to spend 30% of its consolidated net income for the purchase and retirement of treasury stock to bring the total return ratio to 80%.

Key performance indicators	Targeted operating income margin: 7% or higher	Targeted return on equity (ROE): 30%
	44th Fiscal Term (Year ended March 31, 2018) 8.1%	44th Fiscal Term (Year ended March 31, 2018) 30.5%
Shareholder return policy	Total return ratio (Dividends + Purchase/retirement of treasury stock): 80%	Payout ratio: 50%
	44th Fiscal Term (Year ended March 31, 2018) 80%	Purchase / retirement of treasury stock: 30%
		44th Fiscal Term (Year ended March 31, 2018) Payout ratio: 50%
		Purchase / retirement of treasury stock: 30%

(3) Capital Investment, etc.

In the fiscal year ended March 31, 2018, total capital investment amounted to 18,535 million yen, which primarily consisted of the installation of photovoltaic power generation facilities by Daito Kentaku Partners Co., Ltd. and the development of the backbone system in the Company.

(4) Financing

In the fiscal year ended March 31, 2018, the Company raised a total of 90 billion yen as long-term loans payable from 22 partner financial institutions. The funds were allocated to working capital and investment in the expansion of future business domains, among others.

(5) Trends in Assets and Income

(i) Trends in Assets and Income of Enterprise Group

Category	41st fiscal term: Fiscal year ended March 31, 2015	42nd fiscal term: Fiscal year ended March 31, 2016	43rd fiscal term: Fiscal year ended March 31, 2017	44th fiscal term: Fiscal year ended March 31, 2018 (under review)
Net sales (million yen)	1,353,155	1,411,643	1,497,104	1,557,017
Operating income (million yen)	91,520	101,001	120,162	126,369
Ordinary income (million yen)	95,887	105,558	124,509	131,533
Profit attributable to owners of the parent (million yen)	56,109	67,279	82,168	87,829
Earnings per share <EPS> (yen)	710.19	863.11	1,072.64	1,165.29
Total assets (million yen)	701,119	728,548	781,431	842,978
Net assets (million yen)	236,794	248,522	275,485	297,039

Note: From the fiscal year ended March 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of September 13, 2013), and accordingly “Net income” has been changed to “Profit attributable to owners of the parent.”

(ii) Trends in Assets and Income of the Company

Category	41st fiscal term: Fiscal year ended March 31, 2015	42nd fiscal term: Fiscal year ended March 31, 2016	43rd fiscal term: Fiscal year ended March 31, 2017	44th fiscal term: Fiscal year ended March 31, 2018 (under review)
Net sales (million yen)	608,973	617,377	646,878	634,848
Operating income (million yen)	50,146	53,481	68,568	64,398
Ordinary income (million yen)	58,990	80,646	85,422	92,553
Net income (million yen)	34,471	59,811	59,926	69,020
Earnings per share <EPS> (yen)	436.32	767.30	782.29	915.73
Total assets (million yen)	479,698	500,357	535,839	577,128
Net assets (million yen)	124,448	130,992	136,759	146,945

2. The Company's Stock

(1) Number of shares authorized 329,541,100 shares

(2) Number of shares issued 75,306,006 shares (excluding treasury stock: 322,873 shares)

(Note) Pursuant to the provisions of Article 178 of the Companies Act, the Company retired 1,240,700 treasury stocks effective March 30, 2018.

As a result, the number of shares issued including treasury stock decreased by 1,240,700 from the end of the previous fiscal year (March 31, 2017).

(3) Number of shareholders 16,043 shareholders

(4) Principal shareholders

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
JP Morgan Chase Bank 380055	3,953	5.25
The Master Trust Bank of Japan, Ltd. (Trust account)	3,805	5.05
Japan Trustee Services Bank, Ltd. (Trust account)	3,313	4.40
State Street Bank West Client – Treaty 505234	1,621	2.15
Sumitomo Realty & Development Co., Ltd.	1,606	2.13
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,550	2.05
Co-op Suppliers' Stock Holding	1,505	1.99
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	1,474	1.95
ORBIS SICAV	1,374	1.82
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,256	1.66

(Notes) 1. Shareholding ratio is calculated after deducting treasury stock (322,000 shares).

2. The Company holds 322,000 shares of treasury stock, excluding 393,000 shares held by the ESOP Trust and 403,000 shares held by the J-ESOP.

3. Corporate Officers

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

Position	Name	Responsibilities and Significant Concurrent Positions Held
President and Representative Director (CEO)	Naomi Kumakiri	
Managing Director	Katsuma Kobayashi	General Manager of Construction Business Headquarters
Managing Director	Shuji Kawai	General Manager of Corporate Management Headquarters, General Manager of Subsidiary Business Headquarters, In charge of Legal Service Division, Total Quality Control Division and Corporate Planning Division
Director	Kanitsu Uchida	General Manager of Subsidiary Business Headquarters in charge of Nursing Care and Childcare Business and Overseas Business
Director	Kei Takeuchi	General Manager of Real Estate Business Headquarters
Director	Kazuhiko Saito	General Manager of East Japan Construction Business Headquarters, Officer in charge of Post-Disaster Restoration Business
Director	Takeshi Nakagawa	General Manager of Subsidiary Business Headquarters in charge of Energy Business, Representative Director and President of Gaspal Co., Ltd.
Director	Koji Sato	Representative Director and President of Daito Kentaku Partners Co., Ltd.
Director (Outside)	Toshiaki Yamaguchi	Chairman of Governance Committee Representative Attorney, Yamaguchi Toshiaki Law Firm 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 Director of Japan Corporate Governance Network Outside Audit & Supervisory Board Member of Osaka University Venture Capital Co., Ltd. Audit & Supervisory Board Member of Osaka Municipal Transportation Bureau (currently, Osaka Metro Co., Ltd.)
Director (Outside)	Mami Sasaki	Committee Member of Governance Committee
Director (Outside)	Takashi Shoda	Committee Member of Governance Committee Consultant of DAIICHI SANKYO COMPANY, LIMITED Outside Director, Ube Industries, Ltd.
Standing Audit & Supervisory Board Member (Outside)	Masayasu Uno	Committee Member of Governance Committee
Audit & Supervisory Board Member (Outside)	Hideo Hachiya	Committee Member of Governance Committee Representative Attorney, Hachiya Law Firm
Audit & Supervisory Board Member (Outside)	Kazumitsu Futami	Committee Member of Governance Committee Representative Director and President of Jei Kei Kikaku Co., Ltd.
Audit & Supervisory Board Member (Outside)	Kazuo Fujimaki	Committee Member of Governance Committee Representative, Fujimaki Sogo Consulting

- (Notes)
1. Mr. Koji Sato and Mr. Takashi Shoda were newly appointed as Directors and assumed office as resolved at the 43rd Ordinary General Meeting of Shareholders held on June 28, 2017.
 2. Mr. Hitoshi Kadouchi, Mr. Yukio Daimon, Mr. Shinichi Marukawa, and Mr. Yujiro Sasamoto retired from the office of Director due to the expiry of their terms at the close of the 43rd Ordinary General Meeting of Shareholders held on June 28, 2017.
 3. Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda are Outside Directors.
 4. All Audit & Supervisory Board Members of the Company are Outside Audit & Supervisory Board Members.
 5. Audit & Supervisory Board Member Mr. Masayasu Uno is qualified as a Certified Public Accountant and has considerable financial and accounting knowledge.
 6. Audit & Supervisory Board Member Mr. Kazuo Fujimaki is qualified as a U.S. Certified Public Accountant and has considerable international financial and accounting knowledge.
 7. The Company has designated Directors Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda, 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 the Nagoya Stock Exchange and has notified said Exchanges accordingly.
8. The names, responsibilities and significant concurrent positions held by Directors and Audit & Supervisory Board Member as of April 1, 2018 are as follows.

Position	Name	Responsibilities and Significant Concurrent Positions Held
Senior Managing Director	Katsuma Kobayashi	General Manager of Construction Business Headquarters
Managing Director	Shuji Kawai	General Manager of Corporate Management Headquarters and Subsidiary Business Headquarters in charge of Legal Division, Total Quality Control Division, Corporate Planning Division and Public Relations Department
Managing Director	Kei Takeuchi	General Manager of Real Estate Business Headquarters

(Reference) Names and responsibilities of Executive Officers as of April 1, 2018 are as follows.

Position	Name	Responsibilities
Senior Executive Officer	Shuichi Ogawa	General Manager of West Japan Construction Business Headquarters
Senior Executive Officer	Takashi Suzuki	General Manager of Central Japan Construction Business Headquarters
Executive Officer	Fumiaki Nakagami	General Manager of Construction Management Department
Executive Officer	Shoji Yamada	General Manager of Chu-Shikoku Construction Business Department
Executive Officer	Masayoshi Tanaka	Representative Director & President of Daito Finance Co., Ltd.
Executive Officer	Hikomichi Ono	Representative Director & President of Daito Mirai Trust Co., Ltd.
Executive Officer	Kazunori Fukuda	Representative Director & President of Daito Corporate Service Co., Ltd.
Executive Officer	Yoshihiro Mori	Representative Director and President, Daito Kentaku Leasing Co., Ltd.
Executive Officer	Eiji Kawahara	Senior Managing Director, Daito Kentaku Partners Co., Ltd.
Executive Officer	Masafumi Tate	General Manager of Design Management Department
Executive Officer	Masayuki Koishikawa	General Manager of North Metropolitan Area Construction Business Department
Executive Officer	Kouichi Nakamura	General Manager of Technological Development Department in charge of Central Japan Region
Executive Officer	Satoshi Miyake	General Manager of Keihanshin Area Construction Business Department
Executive Officer	Jun Matsufuji	General Manager of East Kanto Area Construction Business Department

(2) Outline 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 Companies Act.
- 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 Companies Act.
- 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.

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

Category	Number of persons paid	Amount paid
Director	15 persons	1,365 million yen
Audit & Supervisory Board Member	4 persons	99 million yen
Total (Outside Directors/Audit & Supervisory Board Members)	19 persons (8 persons)	1,465 million yen (135 million yen)

- (Notes)
1. The amount paid to Directors indicated in the above table does not include the employee salary portion of Directors concurrently serving as employees.
 2. The amount paid to Directors indicated in the above table includes an expense of 307 million yen recognized for the fiscal year ended March 31, 2017 in relation to the subscription rights to shares granted as stock options.
 3. The amount paid to Directors indicated in the above table includes those paid to four (4) Directors who retired from the office of Director at the close of the 43rd Ordinary General Meeting of Shareholders held on June 28, 2017. As of March 31, 2018, the numbers of Directors and Audit & Supervisory Board Members are eleven (11) and four (4), respectively.
 4. 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 (Profit attributable to owners of the parent) for the fiscal year under review (not exceeding 1 billion yen, and not payable if consolidated net income [Profit attributable to owners of the parent] 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 related 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.
 5. 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.
 6. In addition to the above, the Company paid retirement benefits of 3 million yen in total to one (1) Director subject 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 the retirement benefits system.
 7. In addition to the above, the Company intends to pay retirement benefits of 22 million yen in total to one (1) 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 the retirement benefits system.

(4) Policy for the determination of remuneration of Directors and Audit & Supervisory Board Members

(i) Details and determination method of remuneration of Directors

a. Details of remuneration of Directors

Remuneration of Directors comprises basic remuneration as fixed remuneration, and bonuses and stock options as stock-linked compensation which form the performance-linked remunerations. Both types of remunerations shall not be more than an amount, which has been approved by the General Meeting of Shareholders.

- **Basic remuneration (fixed remuneration)**

The basic remuneration of each Director shall be determined in consideration of quantitative factors such as corporate earnings, remuneration paid by other related companies, rate of increase in employees' salary, and years of employment as well as qualitative factors such as management capability, achievement, and contribution of each Director.

The total basic remuneration shall be no more than 1.0 billion yen per year (including the Outside Directors' remuneration which shall be no more than 50 million yen per year).

- **Bonuses (performance-linked remunerations)**

Bonuses shall be determined in consideration of the achievement, contribution, etc., of each Director during the fiscal year and be paid from the total amount of bonuses which is determined by multiplying consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review by a certain ratio determined by the Board of Directors (1.5%). However, Outside Directors are not entitled to receive any bonuses.

Bonuses shall not exceed 1.0 billion yen, and not payable if consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review falls short of 20.0 billion yen.

- **Stock options as stock-linked compensation**

The Company has introduced stock options as stock-linked compensation for Directors (excluding Outside Directors) since 2011 for the purpose of raising their willingness to contribute to the medium- to long-term improvement in the financial performance and enhancement of the enterprise value of the Company by clarifying the linkage between the financial performance and the value of shares of the Company and sharing a common value with shareholders. There are two types of stock options as stock-linked compensation, namely, A Plan, which aims to improve performance of the Company during the term of office of Director, and B Plan which aims to improve the medium-term performance of the Company. In terms of the B Plan, separate performance achievement criteria have been established.

The amount of remuneration related to stock options as stock-linked compensation granted to each Director shall be no more than 530 million yen per year, and the individual amounts shall be determined in consideration of the achievement and contribution of each Director during the fiscal year under review.

b. Determination method

The total amount of Directors' remuneration shall be no more than the aggregate amount of Directors' remuneration approved by the General Meeting of Shareholders and specific amounts of remuneration for each Director shall be determined by allocating the aggregate amount pursuant to the resolution of the Board of Directors.

In addition, the Company conducts mutual evaluations each year of the business execution and management supervision of its Directors mainly through the Governance Committee, which comprises the Representative Directors, all Outside Directors and all Audit & Supervisory Board Members. The results of these evaluations are reflected in the management structure for the following fiscal year and the basic remuneration, bonuses and stock options as stock-linked compensation of the Directors (excluding Outside Directors).

(ii) Details and determination method of remuneration of Audit & Supervisory Board Members

a. Details of remuneration of Audit & Supervisory Board Members

The total amount of Audit & Supervisory Board Members' remuneration shall be no more than 100 million yen, which was approved by the General Meeting of Shareholders.

b. Determination method

The total amount of remuneration of Audit & Supervisory Board Members shall be no more than the aggregate amount of remuneration of Audit & Supervisory Board Members approved by the General Meeting of Shareholders and specific amounts of remuneration of each Audit & Supervisory Board Member shall be determined by allocating the aggregate amount pursuant to the deliberation by the Audit & Supervisory Board Members.

(5) Outside Officers

(i) Important concurrent positions and relationship with the Company

a. Outside Directors

Name	Parties with which important concurrent positions are held and details of positions held concurrently	Relationship between such parties and the Company
Toshiaki Yamaguchi	Representative Attorney, Yamaguchi Toshiaki Law Firm	There is no business transactional relationship between these parties and the Company.
	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	
	Director of Japan Corporate Governance Network	
	Outside Audit & Supervisory Board Member of Osaka University Venture Capital Co., Ltd.	
	Audit & Supervisory Board Member of Osaka Municipal Transportation Bureau (currently, Osaka Metro Co., Ltd.)	
Mami Sasaki	Not applicable	-
Takashi Shoda	Consultant of DAIICHI SANKYO COMPANY, LIMITED	There is no business transactional relationship between these parties and the Company.
	Outside Director, Ube Industries, Ltd.	

b. Outside Audit & Supervisory Board Members

Name	Parties with which important concurrent positions are held and details of positions held concurrently	Relationship between such parties and the Company
Masayasu Uno	Not applicable.	-
Hideo Hachiya	Representative Attorney, Hachiya Law Firm	There is no business transactional relationship between this party and the Company.
Kazumitsu Futami	Representative Director and President of Jei Kei Kikaku Co., Ltd.	There is no business transactional relationship between this party and the Company.
Kazuo Fujimaki	Representative, Fujimaki Sogo Consulting	There is no business transactional relationship between this party and the Company.

(Note) In July 2011, Audit & Supervisory Board Member, Mr. Hideo Hachiya entered into a construction work contract with the Company for the contract amount of 23 million yen, and the construction work was completed in January 2012 and delivery of the construction was completed.

The contract amount was determined based on conditions identical to that of other customers.

(ii) Main activities during the fiscal year under review

a. Outside Directors

Name	Attendance at Board of Directors meetings (Attendance ratio)	Main activities
Toshiaki Yamaguchi	12 times out of 13 meetings (92.3%)	In the Board of Directors meetings, he expressed his opinions by making the most of his strong expertise and extensive experience as a lawyer with thorough knowledge of corporate legal affairs, risk management and corporate governance. In addition, as a Chairman of the Governance Committee, he compiled the evaluation results of the mutual evaluations of executive Directors and conducted individual interviews, playing a central role in the mutual evaluations, as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.
Mami Sasaki	13 times out of 13 meetings (100.0%)	In the Board of Directors meetings, she expressed her opinions by making the most of her extensive knowledge and experience of organizational management in the global financial business. In addition, as a Committee Member of the Governance Committee, she confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.
Takashi Shoda	10 times out of 10 meetings (100.0%)	In the Board of Directors meetings, he expressed his opinions by making the most of his extensive experience and knowledge acquired in the course of long-term involvement as a corporate manager in companies that operate global business, and his considerable insights on CSR activities acquired in the course of active engagement as a corporate manager. In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results, as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.

Note: The rate of attendance for Director Takashi Shoda is based on all Board meetings held after he assumed office as Director on June 28, 2017.

b. Outside Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings (Attendance ratio)	Attendance at Audit & Supervisory Board meetings (Attendance ratio)	Main activities
Masayasu Uno	13 times out of 13 meetings (100.0%)	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he 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.</p> <p>In the Audit & Supervisory Board meetings, he reported the progress of execution of audits based on the audit plan and exchanged opinions on audit policies, etc.</p> <p>In addition, he attended important meetings on business execution and compliance promotion meetings and conducted audits targeted at major business establishments, etc.</p> <p>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>
Hideo Hachiya	13 times out of 13 meetings (100.0%)	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his strong expertise and extensive experience as a lawyer.</p> <p>In the Audit & Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies, etc.</p> <p>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>
Kazumitsu Futami	13 times out of 13 meetings (100.0%)	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he 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.</p> <p>In the Audit & Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies, etc.</p> <p>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>

Name	Attendance at Board of Directors meetings (Attendance ratio)	Attendance at Audit & Supervisory Board meetings (Attendance ratio)	Main activities
Kazuo Fujimaki	13 times out of 13 meetings (100.0%)	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his experience in serving as an Outside Audit & Supervisory Board Member at a listed company, specialized knowledge as a U.S. certified public accountant, and his extensive experience and insight gained through his involvement in management as a consultant.</p> <p>In the Audit & Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies.</p> <p>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>

(iii) Family Relationships of Outside Directors and Outside Audit & Supervisory Board Members

None of the Outside Directors or Outside Audit & Supervisory Board Members is an executive person of a subsidiary, associate or major business partner of the Company, or a spouse, any family within the third degree of kinship of a Director or Audit & Supervisory Board Member of the Company or a similar person.

[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 affairs, 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 on 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 Daito 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 Daito 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 Daito 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 Daito Group; and
 - (3) Not a director, etc., of a lead underwriter of the Daito 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 Daito 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 Daito Group as a lawyer, certified public accountant, tax accountant or any other consultant in addition to the remuneration he/she receives from the Daito 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 Daito Group has a relationship in which officers are exchanged between the parties; and
 - (3) Not a director, etc., of a company with which the Daito 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 of Financial Statements, etc.
2. An “affiliate” is an affiliate prescribed in Article 8, Paragraph 5 of the Ordinance on Terminology, Forms and Preparation of Financial Statements, etc.

Consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 43rd Fiscal Term (As of March 31, 2017)	44th Fiscal Term (As of March 31, 2018)	Account item	(Reference) 43rd Fiscal Term (As of March 31, 2017)	44th Fiscal Term (As of March 31, 2018)
Current assets:	509,778	530,182	Current liabilities:	337,990	296,238
Cash and deposits	248,180	246,714	Accounts payable for construction contracts	43,677	42,739
Money held in trust	22,000	19,000	Current portion of long-term loans payable	44,074	30,589
Accounts receivable from completed construction contracts and other	38,297	51,908	Lease obligations	201	200
Short-term investment securities	18,509	22,885	Income taxes payable	30,751	28,460
Costs on uncompleted construction contracts	14,841	14,846	Advances received on uncompleted construction contracts	57,019	49,519
Other inventories	5,803	5,919	Advances received	75,543	60,340
Prepaid expenses	63,020	65,144	Provision for bonuses	21,523	23,179
Deferred tax assets	19,696	20,338	Provision for warranties for completed construction	1,091	1,121
Operating loans	62,736	64,262	Deposits received	7,595	7,577
Other	16,932	19,387	Other	56,511	52,510
Allowance for doubtful accounts	(241)	(224)	Noncurrent liabilities:	167,955	249,700
Noncurrent assets:	271,653	312,795	Long-term loans payable	10,368	75,016
Property, plant and equipment	126,014	147,884	Lease liabilities	786	802
Buildings and structures	37,236	49,882	Deferred tax liabilities	94	464
Machinery and equipment	37,315	36,267	Provision for repairs on whole building lease	97,405	115,503
Tools, furniture and fixtures	2,127	2,210	Net defined benefit liability	10,203	9,925
Land	47,596	57,571	Long-term guarantee deposits	39,868	36,777
Lease assets	1,621	1,478	Other	9,228	11,212
Other	117	475	Total liabilities	505,945	545,939
Intangible assets	17,635	23,663	Net Assets		
Investments and other assets	128,003	141,247	Shareholders' equity:	281,243	299,507
Investment securities	38,367	47,869	Capital stock	29,060	29,060
Subordinated bonds and subordinated trust beneficiary rights	12,857	12,270	Capital surplus	34,540	34,540
Deferred tax assets	34,296	41,026	Retained earnings	232,978	253,108
Other	45,851	44,020	Treasury stock	(15,337)	(17,203)
Allowance for doubtful accounts	(3,369)	(3,939)	Accumulated other comprehensive income	(8,479)	(5,479)
			Valuation difference on available-for-sale securities	2,526	5,882
			Deferred gains or losses on hedges	(286)	(294)
			Revaluation reserve for land	(7,584)	(7,584)
			Foreign currency translation adjustment	(1,705)	(2,219)
			Remeasurements of defined benefit plans	(1,429)	(1,264)
			Subscription rights to shares	398	415
			Non-controlling interests	2,322	2,596
			Total net assets	275,485	297,039
Total assets	781,431	842,978	Total liabilities and net assets	781,431	842,978

Consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 43rd Fiscal Term (From April 1, 2016 to March 31, 2017)		44th Fiscal Term (From April 1, 2017 to March 31, 2018)	
Net sales				
Net sales of completed construction contracts	623,910		627,631	
Sales on real estate business	824,642		871,388	
Other business revenue	48,551	1,497,104	57,997	1,557,017
Cost of sales				
Cost of sales of completed construction contracts	426,264		430,121	
Cost of sales on real estate business	751,940		792,311	
Cost of sales on other business	33,311	1,211,516	37,538	1,259,970
Gross profit				
Gross profit on completed construction contracts	197,645		197,510	
Gross profit-real estate business	72,701		79,077	
Gross profit-other business	15,240	285,588	20,458	297,046
Selling, general and administrative expenses		165,426		170,677
Operating income		120,162		126,369
Non-operating income				
Interest income	527		522	
Dividends income	212		236	
Commission fee	3,654		3,662	
Miscellaneous income	1,406	5,800	1,617	6,039
Non-operating expenses				
Interest expenses	401		322	
Provision of allowance for doubtful accounts	89		112	
Share of loss of entities accounted for using equity method	336		80	
Miscellaneous expenses	627	1,453	360	875
Ordinary income		124,509		131,533
Extraordinary income				
Gain on sales of noncurrent assets	3		45	
Gain on sales of investment securities	28	31	43	88
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	422		541	
Impairment loss	122	545	136	677
Income before income taxes and non-controlling interests		123,995		130,944
Income taxes – current	49,511		51,525	
Income taxes – deferred	(8,054)	41,457	(8,820)	42,705
Net income		82,538		88,239
Profit attributable to non-controlling interests		369		410
Profit attributable to owners of the parent		82,168		87,829

Non-consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 43rd Fiscal Term (As of March 31, 2017)	44th Fiscal Term (As of March 31, 2018)	Account item	(Reference) 43rd Fiscal Term (As of March 31, 2017)	44th Fiscal Term (As of March 31, 2018)
Current assets:	362,561	367,288	Current liabilities:	374,249	342,762
Cash and deposits	213,182	195,698	Accounts payable for construction contracts	41,055	40,619
Accounts receivable from completed construction contracts	30,282	41,399	Current portion of long-term loans payable	44,074	24,352
Short-term investment securities	18,464	22,880	Lease liabilities	27	34
Costs on uncompleted construction contracts	14,462	14,694	Accounts payable - other	26,488	27,296
Raw materials and supplies	5,314	5,221	Income taxes payable	17,238	12,929
Short-term loans receivable from subsidiaries and affiliates	62,390	63,920	Accrued consumption taxes	4,725	2,639
Prepaid expenses	1,321	893	Advances received on uncompleted construction contracts	56,888	49,296
Deferred tax assets	9,224	10,279	Advances received	242	287
Accounts receivable - other	2,678	4,562	Deposits received	164,347	164,654
Advances paid	3,925	4,538	Provision for bonuses	16,299	17,987
Other	1,549	3,421	Provision for warranties for completed construction	1,041	1,047
Allowance for doubtful accounts	(234)	(222)	Other	1,819	1,617
Noncurrent assets:	173,278	209,839	Noncurrent liabilities:	24,831	87,419
Property, plant and equipment	64,078	9,470	Long-term loans payable	10,368	75,016
Buildings	16,900	2,019	Lease liabilities	3	112
Structures	537	51	Provision for retirement benefits	6,539	6,299
Machinery and equipment	396	297	Long-term guarantee deposits	3,456	87
Tools, furniture and fixtures	1,098	831	Other	4,463	5,903
Land	45,115	6,135	Total liabilities	399,080	430,182
Lease assets	29	135	Net Assets		
Intangible assets	14,660	20,105	Shareholders' equity:	141,727	141,183
Software	7,020	13,745	Capital stock	29,060	29,060
Software in progress	7,472	6,204	Capital surplus	34,540	34,540
Other	167	156	Legal capital surplus	34,540	34,540
Investments and other assets	94,539	180,262	Retained earnings	93,462	94,785
Investment securities	17,258	27,119	Legal retained earnings	7,265	7,265
Subordinated bonds and subordinated trust beneficiary rights	12,857	12,270	Other retained earnings	86,197	87,519
Stocks of subsidiaries and affiliates	43,772	121,323	Retained earnings brought forward	86,197	87,519
Long-term loans receivable from subsidiaries and affiliates	1,657	3,107	Treasury stock	(15,337)	(17,203)
Deferred tax assets	3,371	2,353	Valuation and translation adjustments:	(5,344)	5,378
Guarantee deposits	10,743	10,845	Valuation difference on available-for-sale securities	2,526	5,882
Other	6,779	5,696	Deferred gains or losses on hedges	(286)	(294)
Allowance for doubtful accounts	(1,899)	(2,454)	Revaluation reserve for land	(7,584)	(209)
			Subscription rights to shares	376	383
			Total net assets	136,759	146,945
Total assets	535,839	577,128	Total liabilities and net assets	535,839	577,128

Non-consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 43rd Fiscal Term (From April 1, 2016 to March 31, 2017)		44th Fiscal Term (From April 1, 2017 to March 31, 2018)	
Net sales				
Net sales of completed construction contracts	623,952		627,627	
Sales on real estate business, etc.	22,926	646,878	7,220	634,848
Cost of sales				
Cost of sales of completed construction contracts	427,102		434,170	
Cost of sales on real estate business, etc.	19,225	446,328	4,247	438,417
Gross profit				
Gross profit on completed construction contracts	196,849		193,457	
Gross profit-real estate business, etc.	3,700	200,550	2,973	196,430
Selling, general and administrative expenses		131,981		132,032
Operating income		68,568		64,398
Non-operating income				
Interest income	364		346	
Interest on securities	316		300	
Dividends income	13,405		23,385	
Commission fee	3,299		3,322	
Miscellaneous income	1,023	18,410	2,101	29,457
Non-operating expenses				
Interest expenses	380		288	
Provision of allowance for doubtful accounts	817		743	
Loss on valuation of investment securities	2		0	
Miscellaneous expenses	356	1,556	269	1,302
Ordinary income		85,422		92,553
Extraordinary income				
Gain on sales of investment securities	28	28	43	43
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	139	139	117	117
Income before income taxes		85,311		92,480
Income taxes – current	25,711		24,977	
Income taxes – deferred	(326)	25,385	(1,517)	23,460
Net income		59,926		69,020