

To the Shareholders
of Heiwa Real Estate Co., Ltd.

**INFORMATION DISCLOSED ON THE INTERNET UPON ISSUING NOTICE
CONCERNING THE CONVOCAION OF THE 96th ORDINARY GENERAL
SHAREHOLDERS' MEETING**

THE 96th FISCAL YEAR (FROM APRIL 1, 2015 TO MARCH 31, 2016)	
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Heiwa Real Estate Co., Ltd.

Heiwa Real Estate Co., Ltd. (the “Company”) provides the above financial documents to Shareholders by posting them on the Company’s website (<http://www.heiwa-net.co.jp/>) pursuant to the provisions of laws, regulations and the Article 16 of the Articles of Incorporation.

STOCK ACQUISITION RIGHTS

- 1) Stock acquisition rights granted in consideration of the performance of duties and held by Directors and Statutory Auditors of the Company
Not applicable
- 2) Stock acquisition rights granted to employees in consideration of the performance of duties during the current consolidated fiscal year
Not applicable

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FROM: APRIL 1, 2015

TO: MARCH 31, 2016

(In millions of yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	21,492	19,720	23,168	(404)	63,976
Change during the period					
Distribution of surplus			(877)		(877)
Net income attributable to owners of parent			4,408		4,408
Acquisition of treasury stock				(7)	(7)
Disposal of treasury stock			(0)	0	0
Reversal of land revaluation surplus			(149)		(149)
Net changes of items other than shareholders' equity					
Total change during the period	—	—	3,380	(7)	3,373
Balance at the end of the current period	21,492	19,720	26,548	(411)	67,349

	Accumulated other comprehensive income			Total net assets
	Unrealized gain on securities	Land revaluation surplus	Total accumulated other comprehensive income	
Balance at the beginning of the current period	11,881	16,440	28,321	92,298
Change during the period				
Distribution of surplus				(877)
Net income attributable to owners of parent				4,408
Acquisition of treasury stock				(7)
Disposal of treasury stock				0
Reversal of land revaluation surplus				(149)
Net changes of items other than shareholders' equity	(1,425)	581	(844)	(844)
Total change during the period	(1,425)	581	(844)	2,529
Balance at the end of the current period	10,455	17,021	27,477	94,827

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Basis of presenting consolidated financial statements]

1. Basis of consolidation:

(1) Consolidated subsidiaries: 6

Names of the consolidated subsidiaries: Heiwa Service Co., Ltd., Heiwa Healthcare Co., Ltd., Housing Service Co., Ltd., HEIWA REAL ESTATE Asset Management CO., LTD., The Tokyo Shoken Building Incorporated, Charites Y.K.

(2) Names, etc. of major non-consolidated subsidiaries-

Major non-consolidated subsidiaries

Kabutocho Heiwa Bldg. No. 3 Co., Ltd.

(Reason for exclusion from the scope of consolidation)

All non-consolidated subsidiaries are small-scale businesses whose combined total assets, net sales, net income/loss (corresponding to the equity owned by the Company), and retained earnings (corresponding to the equity owned by the Company) have no significant effect on the overall results of the consolidated financial statements.

2. Basis of applying the equity method:

(1) Names of major non-consolidated subsidiaries or affiliates not accounted for using the equity method-

Kabutocho Heiwa Bldg. No. 3 Co., Ltd.

(2) Reason for exclusion from application of equity method accounting-

A non-consolidated subsidiary or affiliate not accounted for using the equity method is excluded from the scope of application of equity method accounting due to the minimal effect that the exclusion has on the consolidated financial statements, taking into account its relatively low net income/loss (corresponding to the equity owned by the Company), retained earnings (corresponding to the equity owned by the Company), etc., and its relative immateriality as a whole in the context of the consolidated financial statements.

3. Closing dates of consolidated subsidiaries:

Among the consolidated subsidiaries, Charites Y.K. has a closing date of December 31. When preparing consolidated financial statements, this subsidiary is consolidated using the financial statements based on the provisional settlement of accounts on the consolidated closing date.

4. Matters pertaining to accounting policies:

(1) Method and basis of valuation of assets:

1) Marketable securities and other investments-

Held-to-maturity bonds: Held-to-maturity bonds are valued at cost, with cost being determined using the amortized cost method (straight-line method).

Other marketable securities and investments:

a. Securities with market quotations:

Market value method based on the market price as of the settlement date of the consolidated fiscal term. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

b. Securities without market quotations:

Securities without market quotations are mainly valued at cost, determined using the aggregate average method.

2) Inventory -

Inventories are valued at cost, determined by the specific identification method. (The value on the consolidated balance sheet is appraised by the write-down of the book value of inventories based on the deterioration of profitability.)

(2) Depreciation method for fixed assets:

1) Tangible fixed assets (excluding lease assets) -

Depreciation of tangible fixed assets is computed using the declining balance method, except for the Tokyo Stock Exchange Building and two other buildings, and buildings (excluding attached facilities) acquired on or after April 1, 1998, all of which are computed using the straight-line method. Depreciation of consolidated subsidiary's tangible fixed assets is computed using the straight-line method. The principal useful lives of tangible fixed assets are as follows.

Buildings and structures	8-50 years
Machinery, equipment, and vehicles	6-10 years
Tools, furniture and fixtures	5-15 years

Depreciation of small-sum items (100 thousand yen and more/less than 200 thousand yen) is calculated using the straight-line method, assuming useful life to be three years.

2) Intangible fixed assets (excluding lease assets) -

Amortization of intangible fixed assets is computed using the straight-line method. The cost of software for internal use is amortized using the straight-line method based on the expected useful life of the software (five years).

3) Lease assets -

Lease assets are depreciated using the straight-line method over the lease period.

(3) Method of accounting of deferred assets:

Bond-issuing expenses are amortized using the straight-line method over the period until bond redemption.

(4) Principles for providing accruals and reserves:

1) Allowance for doubtful accounts -

An allowance for doubtful accounts is provided to cover losses on bad debt at an amount estimated based on historical write-off ratio plus any amounts deemed necessary to cover possible losses on an individual accounts basis.

2) Accrued bonuses for directors -

The accrual for bonuses to directors is calculated based on the estimated payment basis.

3) Accrued bonuses -

The accrual for bonuses to employees is calculated based on the estimated payment basis.

(5) Method of important hedge accounting:

1) Method of hedge accounting -

The special treatment applies to interest rate swaps because they meet the requirements.

2) Hedging instruments and hedged items -

Hedging instruments: interest rate swaps

Hedged items: interest rates of loans payable

3) Policy of hedging transactions -

Interest rate swap transactions are conducted to reduce the exposure to fluctuations in the interest rates of loans payable.

4) Method for assessing the hedge effectiveness -

The assessment of hedge effectiveness on the closing date is omitted because interest rate swaps meet the requirements for receiving special treatment.

(6) Method and period of amortization of goodwill:

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

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

1) Accounting for retirement benefit -

Net defined benefit liability is calculated at an amount equal to the projected benefit obligation as of the end of the current consolidated fiscal year minus the fair value of pension assets. Net defined benefit liability is not calculated at any consolidated subsidiary that has a defined contribution retirement plan.

2) Accounting for consumption taxes -

Profit and loss accounts are stated net of consumption tax. Where consumption taxes paid are not fully credited against consumption taxes received, the non-credited portion is charged as an expense in the consolidated period under review in which the consumption taxes are paid.

[Notes to changes in accounting policies]

(Application of the Accounting Standard for Business Combinations)

Starting the fiscal year under review, the Company is applying the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21; September 13, 2013), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; September 13, 2013), and the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7; September 13, 2013). Under these accounting standards, the Company recorded the difference caused by a change in equity to subsidiaries, in which it continuously has a full controlling interest, as additional paid-in capital, and changed the counting method to record the acquisition-related expenses as the expenses of the consolidated financial year in which such expenses are incurred. For the business combinations conducted after the beginning of the consolidated fiscal year under review, the review of the distribution of the acquisition cost through the tentative accounting settlement is reflected in the consolidated financial statements of the consolidated fiscal year in which the date of the business combination occurs. In addition, the Company has changed the presentation of the net income and the presentation from the minority interests to the non-controlling interests.

The Company follows the transitional treatment set forth in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting

Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and the accounting standards are applied from the beginning of the consolidated fiscal year under review.

The application of such accounting treatment has no impact on the consolidated financial statements.

[Notes to the consolidated balance sheet]

1. Accumulated depreciation of tangible fixed assets ¥80,919 million

2. Guarantees due from the Company

The Company-guaranteed loans owed by employees to financial institutions are as follows:

Housing loans for employees of Heiwa	¥392 million
Real Estate Co., Ltd.	

3. Revaluation of land

Pursuant to the Act on Revaluation of Land (Act No. 34 of March 31, 1998) and the Act for Partial Revision of the Act on Revaluation of Land (Act No. 19 of March 31, 2001), the Company revaluated its land held for business. Corporation taxes equivalent to net unrealized gains are reported as “deferred tax liabilities concerning revaluation” in liabilities, and the net unrealized gains, the net of deferred taxes, are reported as “land revaluation surplus” in net assets.

(Method of revaluation)

Fair values are determined by applying appropriate adjustments to values computed by the method published by the Commissioner of the National Tax Agency for the calculation of land values that serve as the basis for taxable amounts of land-holding tax set forth in Article 16 of the Land-holding Tax Act as set forth in Article 2, Item 4 of the Order for Enforcement of Act on Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).

(Date of the revaluation)	March 31, 2001
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(Difference between fair values at the fiscal year-end and book values after the revaluation of the land revaluated)	(¥7,343 million)
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(Difference related to lease properties, etc. out of the difference stated above)	(¥7,343 million)
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[Notes to the consolidated statements of changes in net assets]

1. Shares issued

Common shares	40,059,996 shares
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2. Treasury stock

Common shares	166,564 shares
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3. Distribution of surplus

(1) Payments of dividends

1) The following was resolved and approved at the Ordinary General Shareholders' Meeting held on June 25, 2015.

Distribution of common shares

• Total amount of distribution	¥438 million
• Distribution per share	¥11
• Record date	March 31, 2015
• Effective date	June 26, 2015

2) The following was resolved and approved at the Board of Directors' meeting held on October 30, 2015.

Distribution of common shares

• Total amount of distribution	¥438 million
• Distribution per share	¥11
• Record date	September 30, 2015
• Effective date	December 1, 2015

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

We will propose the following agenda for the Ordinary General Shareholders' Meeting to be held on June 24, 2016.

Distribution of common shares

• Total amount of distribution	¥598 million
• Source of distribution	Retained earnings
• Distribution per share	¥15
• Record date	March 31, 2016
• Effective date	June 27, 2016

[Notes to financial instruments]

1. Financial instruments

The Group limits fund management to short-term deposits, etc. and procures funds by borrowing money from banks and other financial institutions.

Loans payable are used for working capital (chiefly for short-term purposes) and funds for capital investments (for long-term purposes). The Company fixes interest expenses by applying interest rate swap transactions to a portion of the long-term loans payable with interest rate volatility risk.

2. Fair value, etc. of financial instruments

The balance sheet amount, the fair value, and the difference between the two were as follows as of March 31, 2016 (settlement date of the current consolidated fiscal year):

	(In millions of yen)		
	Consolidated balance sheet amount (*)	Market value (*)	Difference
(1) Cash and deposits	10,983	10,983	—
(2) Accounts receivable – trade	1,213	1,213	—
(3) Marketable securities	4,503	4,503	—
(4) Investment securities	25,728	25,737	9
(5) Notes payable and accounts payable – trade	(2,451)	(2,451)	—
(6) Bonds	(32,533)	(32,264)	268
(7) Short-term loans payable	(8,000)	(8,000)	—
(8) Long-term loans payable	(119,699)	(122,523)	(2,824)
(9) Derivative transactions	—	—	—
(*) Figures in parentheses are presented in Liabilities.			

(Notes)

1. Method for calculating the fair value of financial instruments, and matters related to marketable securities and derivative transactions

(1) Cash and deposits and (2) Accounts receivable – trade

Because their market value is almost equal to their book value due to settlement in short periods, they are posted at their book value.

(3) Marketable securities and (4) Investment securities

The market value of a share, etc. is based on a price on an exchange, while that of a bond is either based on a price on an exchange or a price quoted by a financial institution, etc.

(5) Notes payable and accounts payable – trade

Because their market value is almost equal to their book value due to settlement in short periods, they are posted at their book value.

(6) Bonds

The market value of bonds is posted at the present value of the bonds and is equal to the total of capital and interests discounted by the remaining terms and interest rates adjusted for credit risk.

(7) Short-term loans payable

Because their market value is almost equal to their book value due to settlement in short periods, they are posted at their book value.

(8) Long-term loans payable

The market value of long-term loans payable is calculated by discounting the total principal and interest by the assumed interest rate for a new borrowing under the same terms and conditions. Long-term loans payable with floating rates are subject to exceptional treatment for interest-rate swaps (Refer to (9) below). Accordingly, they are calculated by discounting the total of principal and interest accounted for as a unit with the interest-rate swap by an assumed interest rate reasonably estimated for a borrowing under the same terms and conditions.

(9) Derivative transactions

A derivative transaction subject to exceptional treatment for interest-rate swaps is accounted for as a unit together with long-term loans payable subject to hedge. For this reason, the market value of such a transaction is included in the fair value of the long-term loans payable (Refer to (8) above).

2. The market value of unlisted investment securities, etc. (amount on consolidated balance sheet: ¥5,132 million) is considered to be quite difficult to calculate, as there are no market prices and no valuations of future cash flows. For this reason, they are not included in (4) Investment securities.
3. The market value of operating investments (amount on consolidated balance sheet: ¥270 million) is considered to be quite difficult to calculate, as there are no market prices. For this reason, they are not subject to the disclosure of market value.
4. Long-term deposits received and landlord deposits (amount on consolidated balance sheet: ¥20,342 million) have no market prices, and their cash flows are considered quite difficult to reasonably estimate due to the difficulty in calculating substantial lease periods from the start of occupation by lessees to the dates of evacuation. For this reason, they are not subject to the disclosure of market value.

[Notes to lease properties, etc.]

1. Lease properties, etc.

The Company and some subsidiaries own lease office buildings, lease commercial facilities, and lease housing, etc. in Tokyo and other areas.

2. Market value of lease properties, etc.

• Amount on the consolidated balance sheet	¥224,428 million
• Market value	¥286,458 million

(Notes)

1. The consolidated balance sheet amount is equal to the acquisition cost minus the accumulated depreciation and accumulated impairment loss.
2. The market value of principal properties, at the end of current consolidated fiscal year are based on the standards of real property appraisal by independent real property appraisers, and those of other real estate units at the end of this term are calculated by the Company based on the Real Estate Appraisal Standard (including that adjusted using indexes, etc.)

[Per share data]

Net assets per share	¥2,377.02
Net income per share	¥110.50

[Subsequent events]

Not applicable

[Other notes]

(Revision of the amount of differed tax assets and differed tax liabilities due to changes in the rate of income tax)

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act on Partial Revision, etc. of the Local Tax Act, etc.” (Act No. 13 of 2016) was enacted in the Diet session on March 29, 2016 and the corporate income tax rate shall be reduced effective from the consolidated fiscal year beginning on and after April 1, 2016. In accordance with this change, the effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities has been revised from 32.3% (applied in the previous consolidated fiscal year) to 30.9% for temporary differences to be resolved in the consolidated fiscal year beginning on April 1, 2016 and in the consolidated fiscal year beginning on April 1, 2017, and to 30.6% for temporary differences to be resolved in or after the consolidated fiscal year beginning on April 1, 2018.

As a result of this change in the tax rate, deferred tax liabilities (net of deferred tax assets) decreased by 243 million yen and deferred income taxes and unrealized gain on securities

increased by 16 million yen and 259 million yen, respectively.

Also, deferred tax liabilities concerning revaluation decreased by 431 million yen and land revaluation surplus increased by the same amount.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FROM: APRIL 1, 2015

TO: MARCH 31, 2016

(In millions of yen)

	Shareholders' equity									
	Capital stock	Additional paid-in capital		Legal reserve	Retained earnings					Total retained earnings
		Capital reserve	Total additional paid-in capital		Other retained earnings				Retained earnings carried forward	
					Reserve for advanced depreciation of fixed assets	Special depreciation reserve	Reserve for research and development	General reserve		
Balance at the beginning of the current period	21,492	19,720	19,720	1,453	1,965	119	30	10,115	5,907	19,590
Change during the period										
Distribution of surplus									(877)	(877)
Provision of reserve for advanced depreciation of fixed assets					70				(70)	—
Reversal of reserve for advanced depreciation of fixed assets					(44)				44	—
Provision of special depreciation reserve						1			(1)	—
Reversal of special depreciation reserve						(59)			59	—
Net income									3,725	3,725
Acquisition of treasury stock										
Disposal of treasury stock									(0)	(0)
Reversal of land revaluation surplus									(149)	(149)
Net changes of items other than shareholders' equity										
Total change during the period	—	—	—	—	26	(57)	—	—	2,729	2,697
Balance at the end of the current period	21,492	19,720	19,720	1,453	1,991	61	30	10,115	8,637	22,288

■ Non-consolidated Financial Statements

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on securities	Land revaluation surplus	Total valuation and translation adjustments	
Balance at the beginning of the current period	(404)	60,399	11,682	16,440	28,122	88,521
Change during the period						
Distribution of surplus		(877)				(877)
Provision of reserve for advanced depreciation of fixed assets		—				—
Reversal of reserve for advanced depreciation of fixed assets		—				—
Provision of special depreciation reserve		—				—
Reversal of special depreciation reserve		—				—
Net income		3,725				3,725
Acquisition of treasury stock	(7)	(7)				(7)
Disposal of treasury stock	0	0				0
Reversal of land revaluation surplus		(149)				(149)
Net changes of items other than shareholders' equity			(1,404)	581	(823)	(823)
Total change during the period	(7)	2,690	(1,404)	581	(823)	1,867
Balance at the end of the current period	(411)	63,089	10,277	17,021	27,299	90,388

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

[Matters pertaining to significant accounting policies]

1. Method and basis of valuation of assets:

(1) Method and basis of valuation of marketable securities and other investments -

1) Held-to-maturity bonds: Held-to-maturity bonds are valued at cost, with cost being determined using the amortized cost method (straight-line method).

2) Stocks of subsidiaries and affiliates:

Securities without market quotations are valued at cost, determined using the aggregate average method.

3) Other marketable securities and investments:

a. Securities with market quotations:

Market value method based on the market price as of the settlement date of the consolidated fiscal term. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

b. Securities without market quotations:

Securities without market quotations are valued at cost, determined using the aggregate average method.

(2) Method and basis of valuation of inventory -

Inventories are valued at cost, determined using the specific identification method.

(The value on the non-consolidated balance sheet is appraised by the write-down of the book value of inventories based on the deterioration of profitability.)

2. Depreciation method for significant fixed assets:

(1) Tangible fixed assets (excluding lease assets) -

Depreciation of tangible fixed assets is computed using the declining balance method, except for the Tokyo Stock Exchange Building and two other buildings, and buildings (excluding attached facilities) acquired on or after April 1, 1998, all of which are computed using the straight-line method. Depreciation of subsidiary's tangible fixed assets is computed using the straight-line method. The principal useful lives of tangible fixed assets are as follows.

Buildings and structures	8-50 years
Machinery, equipment, and vehicles	6-10 years
Tools, furniture and fixtures	5-15 years

Depreciation of small-sum items (100 thousand yen and more/less than 200 thousand yen) is calculated using the straight-line method, assuming useful life to be three years.

(2) Intangible fixed assets (excluding lease assets) -

Amortization of intangible fixed assets is computed using the straight-line method. The cost of software for internal use is amortized using the straight-line method based on the expected useful life of the software (five years).

(3) Lease assets -

Lease assets are depreciated using the straight-line method over the lease period without residual value.

3. Method of accounting of deferred assets:

Bond-issuing expenses are amortized by the straight-line method over the period until bond redemption.

4. Principles for providing accruals and reserves:

(1) Allowance for doubtful accounts -

An allowance for doubtful accounts is provided to cover losses on bad debt at an amount estimated based on historical write-off ratio plus any amounts deemed necessary to cover possible losses on an individual accounts basis.

(2) Accrued bonuses for directors -

The accrual for bonuses to directors is calculated based on the estimated payment basis.

(3) Accrued bonuses -

The accrual for bonuses to employees is calculated based on the estimated payment basis.

(4) Accrued severance indemnities for employees -

Accrued severance indemnities for employees are calculated at an amount equal to the projected benefit obligation minus the fair value of pension assets.

5. Method of important hedge accounting:

(1) Method of hedge accounting -

The special treatment applies to interest rate swaps because they meet the requirements.

(2) Hedging instruments and hedged items -

Hedging instruments: interest rate swaps

Hedged items: interest rates of loans payable

(3) Policy of hedging transactions -

Interest rate swap transactions are conducted to reduce the exposure to fluctuations in the interest rates of loans payable.

(4) Method for assessing the hedge effectiveness -

The assessment of hedge effectiveness on the closing date is omitted because interest rate swaps meet the requirements for receiving special treatment.

6. Other basic matters for the preparation of non-consolidated financial statements:

Accounting for consumption taxes -

Profit and loss accounts are stated net of consumption tax. Where consumption taxes paid are not fully credited against consumption taxes received, the non-credited portion is charged as an expense in the period in which the consumption taxes are paid.

[Notes to the non-consolidated balance sheet]

1. Accumulated depreciation of tangible fixed assets ¥73,821 million

2. Guarantees due from the Company

The Company-guaranteed loans owed by employees to financial institutions are as follows:

Housing loans for employees of Heiwa Real Estate Co., Ltd.	¥392 million
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3. Assets or debts due from or to subsidiaries and affiliates

Assets	¥35 million
Debts	¥2,007 million

4. Revaluation of land

Pursuant to the Act on Revaluation of Land (Act No. 34 of March 31, 1998) and the Act for Partial Revision of the Act on Revaluation of Land (Act No. 19 of March 31, 2001), the Company revaluated its land held for business. Corporation taxes equivalent to net unrealized gains are reported as “deferred tax liabilities concerning revaluation” in liabilities, and the net unrealized gains, the net of deferred taxes, are reported as “land revaluation surplus” in net assets.

(Method of revaluation)

Fair values are determined by applying appropriate adjustments to values computed by the method published by the Commissioner of the National Tax Agency for the calculation of land values that serve as the basis for taxable amounts of land-holding tax set forth in Article 16 of the Land-holding Tax Act as set forth in Article 2, Item 4 of the Order for Enforcement of Act on Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).

(Date of the revaluation) March 31, 2001

(Difference between fair values at the fiscal year-end and book values after the revaluation of the land revaluated) (¥7,343 million)

(Difference related to lease properties, etc. out of the difference stated above) (¥7,343 million)

[Notes to the non-consolidated statement of profit and loss]

Transactions with subsidiaries and affiliates

Operating transactions ¥1,392 million

Non-operating transactions ¥420 million

[Notes to the non-consolidated statements of changes in net assets]

Treasury stock

Common stock 166,564 shares

[Income taxes]

Deferred tax assets (current)

Accrued bonuses ¥36 million

Accrued corporation tax ¥28 million

Loss on revaluation of inventories ¥120 million

Other ¥77 million

Total ¥262 million

Deferred tax liabilities (noncurrent)

Loss on disposal of fixed assets ¥344 million

Impairment loss ¥2,552 million

Accrued severance indemnities for employees ¥55 million

Reserve for advanced depreciation of fixed assets (¥879 million)

Special depreciation reserve (¥27 million)

Unrealized gain on securities (¥4,536 million)

Other ¥209 million

Sub-total (¥2,280 million)

Valuation allowance (¥732 million)

Total	(¥3,013 million)
[Transactions with affiliated parties]	
Not applicable	
[Per share data]	
Net assets per share	¥2,265.76
Net income per share	¥93.38
[Subsequent events]	
Not applicable	
[Adoption of dividend restrictions on a consolidated basis]	
The Company will be subject to dividend restrictions on a consolidated basis once the end of this fiscal year becomes the end of a fiscal year whose financial statements are approved.	
[Other notes]	
(Revision of the amount of differed tax assets and differed tax liabilities due to changes in the rate of corporate income tax)	
<p>The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act on Partial Revision, etc. of the Local Tax Act, etc.” (Act No. 13 of 2016) was enacted in the Diet session on March 29, 2016 and the corporate income tax rate shall be reduced effective from the fiscal year beginning on and after April 1, 2016. In accordance with this change, the effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities has been revised from 32.3% (applied in the previous fiscal year) to 30.9% for temporary differences to be resolved in the fiscal year beginning on April 1, 2016 and in the fiscal year beginning on April 1, 2017, and to 30.6% for temporary differences to be resolved in or after the fiscal year beginning on April 1, 2018.</p> <p>As a result of this change in the tax rate, deferred tax liabilities (net of deferred tax assets) decreased by 158 million yen and deferred income tax and unrealized gain on securities increased by 96 million yen and 254 million yen, respectively.</p> <p>Also, deferred tax liabilities concerning revaluation decreased by 431 million yen and land revaluation surplus increased by the same amount.</p>	