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

INFORMATION DISCLOSED ON THE INTERNET UPON ISSUING NOTICE CONCERNING THE CONVOCATION OF THE 95th ORDINARY GENERAL SHAREHOLDERS' MEETING

THE 95th FISCAL YEAR (FROM APRIL 1, 2014 TO MARCH 31, 2015)

■ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS..... 1

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Heiwa Real Estate Co., Ltd.

Heiwa Real Estate Co., Ltd. (the "Company") provides "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Going concern assumption

Not applicable

2. 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., HEIWA REAL ESTATE Asset Management CO., LTD., Housing Service Co., Ltd., Charites Y.K., The Tokyo Shoken Building Incorporated

Cassiopeia Investment, Y.K., STAR 1 REALTY Y.K., and STAR 2 REALTY Y.K., consolidated subsidiaries in the previous consolidated fiscal year, are excluded from the scope of consolidation from the current consolidated fiscal year due to a decrease in materiality.

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)

A non-consolidated subsidiary is a small-scale business 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 by 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 by the equity method is excluded from the scope of application of equity method accounting because it has a minimal effect on the consolidated financial statements when excluded from the equity method accounting by dint of 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 is relatively immaterial as a whole in the context of the consolidated financial statements.

(3) 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, cost being determined by 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, cost being determined by the aggregate average method.

2) Inventory -

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

(4) Depreciation method for fixed assets:

1) Tangible fixed assets (excluding lease assets) -

Depreciation of tangible assets is computed using the declining balance method, except for the Tokyo Stock Exchange Building and two other buildings, and buildings (excluding attached facilities) which were acquired on or after April 1, 1998, for which the straight-line method is used. Depreciation of consolidated subsidiary's tangible 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 by the straight-line method, assuming useful life to be three years.

2) Intangible fixed assets (excluding lease assets) -

Amortization of intangible assets is computed using the straight-line method. Software costs for internal use are amortized using the straight-line method based on the expected useful life of

the software (five years).

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

(5) Method of accounting of deferred assets:
Bond-issuing expenses are amortized by the straight-line method over the period until the bond redemption.

(6) Principles for providing accruals and reserves:
1) Allowance for doubtful accounts -
An allowance for doubtful accounts is provided to cover losses 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 and statutory auditors-
The accrual for bonuses to directors and statutory auditors 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.

(7) 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 its own 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 special treatment.

(8) Method and period of amortization of goodwill:

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

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

1) Accounting for net defined benefit liability -

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.

3. Notes to changes in presentation method

(Consolidated statements of profit and loss)

In the presentation method up to the previous fiscal year, operating revenue was broken down into "Leasing revenue," "Revenue from real estate development," "Revenue from housing development," and "Other operating revenue," while cost of sales was broken down into "Cost of leasing," "Cost of real estate development," "Cost of housing development," and "Other operating cost." From the current fiscal year, operating revenue and cost of sales are presented as total amounts in order to improve the clarity of the consolidated statements of profit and loss.

4. Notes to the consolidated balance sheet

(1) Pledged assets

1) Assets pledged as collateral

Buildings and structures	¥5,081 million
Land	¥16,196 million
Total	¥21,278 million

2) Secured liabilities

Current portion of long-term loans	¥3,520 million
Other current liabilities	¥340 million
Long-term deposits received and deposits of landlord	¥3,020 million
Total	¥6,881 million

(2) Accumulated depreciation of tangible fixed assets ¥78,501 million

(3) Guarantees due from the Company

The Company-guaranteed loans payable to financial institutions are as follows.

Housing loans for employees of Heiwa Real Estate Co., Ltd.	¥429 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 "revaluation surplus of land" 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) (¥8,914 million)

(Difference related to lease properties, etc. out of the difference stated above) (¥8,914 million)

5. Notes to the consolidated statement of changes in net assets

(1) Shares issued

Common stock	40,059,996 shares

(2) Treasury stock

Common stock	161,734 shares

(3) Distribution of surplus

1) Payments of dividends

a) The following was resolved and approved at the Ordinary General Shareholders' Meeting held on June 26, 2014.

Distribution of common stock

・Total amount of distribution	¥438 million
・Distribution per share	¥11
・Record date	March 31, 2014
・Effective date	June 27, 2014

b) The following was resolved and approved at the Board of Directors' meeting held on October 30, 2014.

Distribution of common stock

・Total amount of distribution	¥438 million
・Distribution per share	¥11
・Record date	September 30, 2014
・Effective date	December 1, 2014

2) Dividends with the effective distribution dates fall during the following consolidated fiscal year, among dividends with record dates falling in the current consolidated fiscal year

We will propose the following agenda for the Ordinary General Shareholders' Meeting to be held on June 25, 2015.

Distribution of common stock

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

6. 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, 2015 (settlement date of the current consolidated fiscal year):

(In millions of yen)

	Consolidated balance sheet amount (*)	Fair value (*)	Difference
(1) Cash and deposits	9,046	9,046	–
(2) Accounts receivable – trade	895	895	–
(3) Marketable securities	2,306	2,306	–
(4) Investment securities	28,217	28,225	8
(5) Notes payable and accounts payable – trade	(2,873)	(2,873)	–
(6) Bonds	(25,490)	(25,387)	102
(7) Short-term loans payable	(6,600)	(6,600)	–
(8) Long-term loans payable	(130,400)	(131,929)	(1,529)
(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 fair 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 fair 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 fair value is almost equal to their book value due to settlement in short periods, they are posted at their book value.

(6) Bonds

The fair 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 fair 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 fair 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 fair value of such a transaction is included in the fair value of the long-term loans payable (Refer to (8) above).

2. The fair value of unlisted investment securities, etc. (amount on consolidated balance sheet: ¥5,205 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. Long-term deposits received and deposits of landlord (amount on consolidated balance sheet: ¥22,417 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 fair value.

7. 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) Fair value of lease properties, etc.

- Consolidated balance sheet amount ¥227,032 million
- Fair value ¥268,794 million

(Notes)

1. The consolidated balance sheet amount is equal to the acquisition cost minus the accumulated depreciation and accumulated impairment cost.
2. With regard to principal properties, the fair value at the end of this consolidated fiscal year is an amount based on a certificate of real property appraisal by independent real property appraisers. With regard to other properties, the fair value at the end of this term is an amount calculated by the Company based on the Real Estate Appraisal Standard (including that adjusted using indexes, etc.)

8. Per share data

(1) Net assets per share ¥2,313.34

(2) Net income per share ¥62.53

9. Subsequent events

Not applicable

10. Other notes

(1) Impairment loss

The Group recorded impairment loss on the following asset groups in this consolidated fiscal year.

Location	Principal use	Category	Impairment loss
Abiko-city, Chiba	Parking lots, etc.	Land	¥48 million
Other	Buildings for lease	Land	¥14 million

The Group bundles assets based on the minimum unit generating cash flows in a manner largely independent of cash flows provided by other assets or asset groups.

The book values of real properties, etc. for lease with declines in profitability were written down to a recoverable amount. The Group recorded the amount written off as impairment loss in extraordinary loss (¥62 million).

The recoverable amounts of the above asset groups are determined by net sales values and are calculated by the Company mainly based on estimated sales prices and indicators, etc. deemed to appropriately reflect fair market value.

(2) Reduction entry

The amount of reduction of tangible fixed assets due to the receipt of state subsidy, etc. ¥47 million

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

Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act on Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) on March 31, 2015, the corporate income tax rate shall be reduced effective from the consolidated fiscal year beginning on and after April 1, 2015. 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 35.6% (applied in the previous fiscal years) to 33.1% for temporary differences to be resolved in the consolidated fiscal year beginning on April 1, 2015 and to 32.3% for temporary differences to be resolved in or after the consolidated fiscal year beginning on April 1, 2016.

As a result of this change in the tax rate, deferred tax liabilities (net of deferred tax assets) decreased by 265 million yen and deferred income taxes and unrealized gain on securities increased by 315 million yen and 580 million yen, respectively.

Also, deferred tax liabilities concerning revaluation decreased by 819 million yen and revaluation surplus of land increased by the same amount.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Going concern assumption

Not applicable

2. Matters pertaining to significant 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, cost being determined by the amortized cost method (straight-line method).

Stocks of subsidiaries and affiliates:

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

2) Inventory -

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

(2) Depreciation method for significant fixed assets:

1) Tangible fixed assets (excluding lease assets) -

Depreciation of tangible assets is computed using the declining balance method, except for the Tokyo Stock Exchange Building and two other buildings, and buildings (excluding attached facilities) which were acquired on or after April 1, 1998, for which the straight-line method is used. Depreciation of subsidiary's tangible 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 by the straight-line method, assuming useful life to be three years.

2) Intangible fixed assets (excluding lease assets) -
Amortization of intangible assets is computed using the straight-line method. Software costs for internal use are amortized using the straight-line method based on the expected useful life of the software (five years).

3) Lease assets -
Lease assets are depreciated by 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 the bond redemption.

(4) Principles for providing accruals and reserves:
1) Allowance for doubtful accounts -
An allowance for doubtful accounts is provided to cover losses 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 and statutory auditors -
The accrual for bonuses to directors and statutory auditors is calculated based on the estimated payment basis.

3) Accrued bonuses for employees -
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 its own 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 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.

3. Notes to changes in presentation method

(Non-consolidated statements of profit and loss)

(1) Operating revenue and cost of sales

In accordance with the reorganization effective on June 26, 2014, the items formally named "Revenue from real estate development" and "Cost of real estate development" were renamed to "Revenue from real estate solutions" and "Cost of real estate solutions," respectively, starting from the current fiscal year. Also, in accordance with the integration of the Housing Development Business into the Real Estate Solutions Business, "Revenue from housing development" and "Cost of housing development" are recorded in the "Revenue from real estate solutions" and "Cost of real estate solutions," respectively. In addition, operating revenue from the property management business, an item formerly included in the "Leasing income," is included in the "Revenue from real estate solutions business."

(2) Income for non-operating trustee services

With regard to the contributions for secondment received from subsidiaries, an item previously posted in "Income for non-operating trustee services" under non-operating income, the Company has determined, in view of the increase in monetary materiality of the contributions, that the actual status of operating activities can be fairly presented by

including the net amount of the contributions to be borne by the Company in selling, general and administrative expenses. Therefore, the method for accounting for the contributions has been changed to a method whereby such amounts are deducted from "Salaries and allowances" under selling, general and administrative expenses, effective from the current fiscal year.

4. Notes to the non-consolidated balance sheet

(1) Pledged assets

1) Assets pledged as collateral

Buildings	¥5,097 million
Land	¥16,196 million
Total	¥21,293 million

2) Secured liabilities

Current portion of long-term loans	¥3,520 million
Deposit received	¥340 million
Long-term deposits received and deposits of landlord	¥3,020 million
Total	¥6,881 million

(2) Accumulated depreciation of tangible fixed assets ¥71,646 million

(3) Guarantees due from the Company

The Company-guaranteed loans payable to financial institutions are as follows.

Heiwa Service Co., Ltd. (Subsidiary)	¥100 million
Housing loans for employees of Heiwa Real Estate Co., Ltd.	¥429 million
Total	¥529 million

(4) Assets or debts due from or to subsidiaries and affiliates

Assets	¥36 million
Debts	¥2,424 million

(5) 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 "revaluation surplus of land" 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) (¥8,914 million)

(Difference related to lease properties, etc. out of the difference stated above) (¥8,914 million)

5. Notes to the non-consolidated statement of profit and loss

Transactions with subsidiaries and affiliates

Operating transactions	¥1,662 million
Non-operating transactions	¥377 million

6. Notes to the non-consolidated statement of changes in net assets

Treasury stock

Common stock	161,734 shares

7. Income taxes

(1) Deferred tax assets (current)

Accrued corporation tax	¥50 million
Accrued bonuses	¥39 million
Loss on revaluation of inventories	¥1,488 million
Other	¥47 million
Total	¥1,626 million

(2) Deferred tax liabilities (noncurrent)

Loss on disposal of fixed assets	¥339 million
Impairment loss	¥2,825 million
Accrued severance indemnities for employees	¥53 million
Reserve for advanced depreciation of fixed assets	(¥940 million)
Special depreciation reserve	(¥57 million)
Unrealized gain on securities	(¥5,583 million)
Other	¥222 million
Sub-total	(¥3,140 million)
Valuation allowance	(¥901 million)
Total	(¥4,042 million)

8. Transactions with affiliated parties

Not applicable

9. Per share data

(1) Net assets per share	¥2,218.69
(2) Net income per share	¥55.06

10. Subsequent events

Not applicable

11. 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.

12. Other notes

(1) Impairment loss

The Company recorded impairment loss on the following asset groups in this fiscal year.

Location	Principal use	Category	Impairment loss
Abiko-city, Chiba	Parking lots, etc.	Land	¥48 million
Other	Buildings for lease	Land	¥14 million

The Company bundles assets based on the minimum unit generating cash flows in a manner largely independent of cash flows provided by other assets or asset groups.

The book values of real properties for lease, etc. with declines in profitability were written down to a recoverable amount. The Company recorded the amount written off as impairment loss in extraordinary loss (¥62 million).

The recoverable amounts of the above asset groups are determined by net sales values and are calculated by the Company mainly based on estimated sales prices and indicators, etc. deemed to appropriately reflect fair market value.

(2) Reduction entry

The amount of reduction of tangible fixed assets due to the receipt of state subsidy, etc.	¥47 million

(3) Revision of the amount of differed tax assets and differed tax liabilities due to changes in the rate of corporate income tax, etc.

Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act on Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) on March 31, 2015, the corporate income tax rate shall be reduced effective from the fiscal year beginning on and after April 1, 2015. 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 35.6% (applied in the previous fiscal years) to 33.1% for temporary differences to be resolved in the fiscal year beginning on April 1, 2015 and to 32.3% for temporary differences to be resolved in or after the fiscal year beginning on April

1, 2016.

As a result of this change in the tax rate, deferred tax liabilities (net of deferred tax assets) decreased by 264 million yen and deferred income tax and unrealized gain on securities increased by 305 million yen and 569 million yen, respectively.

Also, deferred tax liabilities concerning revaluation decreased by 819 million yen and revaluation surplus of land increased by the same amount.