



**Summary of Financial Results (Unaudited)**  
**for the First Nine Months of the Fiscal Year Ending March 31, 2016 [Consolidated]**  
**(From April 1, 2015 to December 31, 2015)**  
**[Japanese GAAP]**

February 5, 2016

Name of Listed Company: Daiwa House Industry Co., Ltd.  
 Code No.: 1925  
 URL: <http://www.daiwahouse.com/English/>  
 Listed Exchanges: First section of the Tokyo Stock Exchange  
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Scheduled Date of Filing Quarterly Securities Report: February 9, 2016  
 Scheduled Date of Commencement of Dividend Payment: -  
 Supplemental documents for the financial results provided: Yes  
 Results briefing for the period under review provided: Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

**1. Consolidated Results of Operation for the First Nine Months Ended December 31, 2015 (From April 1, 2015 to December 31, 2015)**

**(1) Consolidated Business Results**

(% figures represent year-on-year change)

|                    | Net sales       |      | Operating income |      | Ordinary income |      | Net income attributable to owners of the parent |      |
|--------------------|-----------------|------|------------------|------|-----------------|------|-------------------------------------------------|------|
|                    | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                                 | %    |
| Nine months ended: |                 |      |                  |      |                 |      |                                                 |      |
| December 31, 2015  | 2,242,336       | 13.5 | 170,062          | 46.5 | 170,826         | 43.0 | 119,575                                         | 40.2 |
| December 31, 2014  | 1,976,032       | 4.2  | 116,101          | 11.2 | 119,423         | 11.1 | 85,281                                          | 38.6 |

Note: Comprehensive income: Nine months ended December 31, 2015: 118,856 million yen (4.9%)  
 Nine months ended December 31, 2014: 113,251 million yen (42.9%)

|                    | Basic net income per share | Diluted net income per share |
|--------------------|----------------------------|------------------------------|
|                    | Yen                        | Yen                          |
| Nine months ended: |                            |                              |
| December 31, 2015  | 180.71                     | 180.05                       |
| December 31, 2014  | 129.39                     | —                            |

**(2) Consolidated Financial Conditions**

|                   | Total assets    | Net assets      | Net assets ratio |
|-------------------|-----------------|-----------------|------------------|
|                   | Millions of yen | Millions of yen | %                |
| As of             |                 |                 |                  |
| December 31, 2015 | 3,215,982       | 1,204,641       | 37.2             |
| March 31, 2015    | 3,021,007       | 1,112,817       | 36.6             |

(Reference) Net assets ratio = (Net assets – Minority interests)/Total assets × 100  
 (Net assets – Minority interests) is as follows. December 31, 2015: 1,194,920 million yen; March 31, 2015: 1,105,628 million yen

**2. Dividends**

|                                               | Dividend per share                       |                                           |                                          |                            |        |
|-----------------------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------|----------------------------|--------|
|                                               | End of 1 <sup>st</sup> quarter (June 30) | End of 2 <sup>nd</sup> quarter (Sept. 30) | End of 3 <sup>rd</sup> quarter (Dec. 31) | Fiscal year-end (March 31) | Annual |
|                                               | Yen                                      | Yen                                       | Yen                                      | Yen                        | Yen    |
| Fiscal year ended March 31, 2015              | —                                        | 25.00                                     | —                                        | 35.00                      | 60.00  |
| Fiscal year ending March 31, 2016             | —                                        | 35.00                                     | —                                        |                            |        |
| Fiscal year ending March 31, 2016 (forecasts) |                                          |                                           |                                          | 45.00                      | 80.00  |

Note: Revision made to the dividend forecast announcement on November 6, 2015: None  
 Cash dividends (forecasts) for the fiscal year ending March 31, 2016 is comprised of ¥35.00 per share as an ordinary dividend and ¥10.00 per share as the 60<sup>th</sup> anniversary commemorative dividend.

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

(% figures represent year-on-year change)

|                                   | Net sales       |      | Operating income |      | Ordinary income |      | Net income attributable to owners of the parent |      | Basic net income per share |
|-----------------------------------|-----------------|------|------------------|------|-----------------|------|-------------------------------------------------|------|----------------------------|
|                                   | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                                 | %    | Yen                        |
| Fiscal year ending March 31, 2016 | 3,180,000       | 13.1 | 240,000          | 33.1 | 228,000         | 12.5 | 154,000                                         | 31.5 | 232.50                     |

Note: Revision made to the business forecast announcement on November 6, 2015: None

#### Notes:

- (1) **Changes in Significant Subsidiaries during the Period under Review (This refers to changes in specified subsidiaries associated with changes in the scope of consolidation):** None
- (2) **Application of Accounting Methods Unique to the Preparation of the Quarterly Consolidated Financial Statements:** None
- (3) **Changes in Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement**
  - 1) **Changes in accounting policies applied due to amendment of accounting standards:** Yes
  - 2) **Changes in accounting policies due to reasons other than 1):** None
  - 3) **Changes in accounting estimates:** None
  - 4) **Retrospective restatement:** None
- (4) **Number of Issued and Outstanding Shares (Common Stock)**

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

|                         |                    |                      |                    |
|-------------------------|--------------------|----------------------|--------------------|
| As of December 31, 2015 | 666,238,205 shares | As of March 31, 2015 | 660,421,851 shares |
|-------------------------|--------------------|----------------------|--------------------|

#### 2) Number of treasury stock at the end of the period

|                         |                  |                      |                  |
|-------------------------|------------------|----------------------|------------------|
| As of December 31, 2015 | 1,627,835 shares | As of March 31, 2015 | 1,619,741 shares |
|-------------------------|------------------|----------------------|------------------|

#### 3) Average number of shares during the period

|                                     |                    |                                     |                    |
|-------------------------------------|--------------------|-------------------------------------|--------------------|
| Nine months ended December 31, 2015 | 661,706,731 shares | Nine months ended December 31, 2014 | 659,079,180 shares |
|-------------------------------------|--------------------|-------------------------------------|--------------------|

#### \* Presentation of implementing the quarterly review procedures

As of the time when the quarterly financial results are disclosed, the Group have not completed the reviewing (checking) procedures for quarterly consolidated financial statements as laid down by the Financial Instruments and Exchange Law.

#### \* Remarks on appropriate use of forecasted results of operation and other special matters

##### (Notes regarding forward-looking statements)

Consolidated earnings forecasts are based on assumptions in light of the information available as of the date of announcement of this material and the factors of uncertainty that may possibly impact the future results of operation. These statements do not mean that the Company pledges to realize such statements. Actual results may differ significantly from those presented herein as a consequence of numerous factors such as the financial market, economic conditions, competitor situations and fluctuations in land prices.

Please refer to the section of “1. Qualitative Information regarding Consolidated Results for the First Nine Months under Review (3) Earnings Forecasts” of “the Attached Material” on page 5 for the suppositions that form the assumptions for earnings forecasts.

##### (Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for institutional investors and securities analysts on February 5, 2016. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

## Contents of the Attached Material

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## **1. Qualitative Information regarding Consolidated Results for the First Nine Months under Review**

### **(1) Earnings Results**

The Japanese economy continued to experience a gradual recovery throughout the first nine months of the fiscal year ending March 2016. Government economic policies and lower oil prices have played a part in improved employment environment and higher payrolls. However, the deceleration of the Chinese economy has caused a downward swing in exports and certain production, indicating some weakness.

The housing industry has been experiencing inconsistent performance, repeating an alternating cycle of year-on-year growth and decline in new housing starts in the months since September 2015, despite continued signs of recovery from the lull following the surge in demand in advance of the April 2014 consumption tax rate increase. Although the general construction market has experienced 11 consecutive months of lower year-on-year results since February 2015 for public works construction orders, private construction orders have shown 15 straight months of higher year-on-year performance since October 2014, owing to increased corporate capital investments caused by a recovery in the domestic manufacturing industry.

In light of these circumstances, the Daiwa House Group expanded its investment plan from the original plan in our Fourth Medium-Term Management Plan (ending March 2016). The Group is actively engaged in real estate development investment and other projects to grow earnings in our core domestic and other businesses.

As another measure toward stronger competitive ability, Daiwa LifeNext Co., Ltd. and Daiwa Service Co., Ltd., both companies dealing mainly in the condominium management business, merged in April 2015. Further, Fujita Corporation and Daiwa Odakyu Construction Co., Ltd. merged in October 2015, serving as yet another measure toward building a strong foundation for growth.

As a result, net sales for the first nine months of the fiscal year ending March 2016 was 2,242,336 million yen (+13.5% year on year). Ordinary income was 170,826 million yen (+43.0% year on year), while net income attributable to owners of the parent amounted to 119,575 million yen (+40.2% year on year).

### **(2) Financial Conditions**

Total assets as of the end of the consolidated nine-month reporting period was 3,215,982 million yen, an increase of 194,975 million yen compared to the 3,021,007 million yen in total assets at the end of the prior consolidated fiscal year. This result was mainly due to an increase in property, plant, and equipment via acquisitions of investment properties, despite a decrease in cash and deposits.

Total liabilities as of the end of the consolidated nine-month reporting period amounted to 2,011,341 million yen, representing a 103,151 million yen increase compared to the 1,908,190 million yen in total liabilities at the end of the prior consolidated fiscal year. This result was mainly due to the issuance of commercial paper and an increase in advances received on uncompleted construction contracts.

Total net assets as of the end of the consolidated nine-month reporting period amounted to 1,204,641 million yen, representing a 91,824 million yen increase compared to 1,112,817 million yen in total net assets at the end of the prior consolidated fiscal year. This result was mainly due to recording of net income attributable to owners of the parent of 119,575 million yen, offset in part by payments of dividends related to the prior consolidated fiscal year.

### **(3) Earnings Forecasts**

The Company has not revised consolidated earnings forecasts for the fiscal year ending March 2016 subsequent to the forecasts in *Announcement of Dividend Payment (Interim Dividend) and Revision of Earnings and Dividend Forecast for the Fiscal Year Ending March 2016*, as published on November 6, 2015.

## **2. Summary Information (Notes)**

### **(1) Changes in Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement**

#### Change in Accounting Policies

##### (Application of Accounting Standard for Business Combinations)

Beginning with the first three months of the consolidated fiscal year under review, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). Under these changes, the Company now records differences due to equity changes in subsidiaries subject to ongoing control to capital surplus. In addition, the Company now records acquisition-related costs as costs in the consolidated fiscal year in which they occurred. With respect to business combinations occurring after the beginning of the first three months of the consolidated fiscal year under review, the Company now revises acquisition cost allocation based on provisional accounting estimates, reflecting these costs in the quarterly consolidated financial statements for the date on which the business combination occurred.

The Company has changed its presentation with respect to quarterly net income, as well as changing the presentation from “minority interests” to “non-controlling interests.” To reflect these changes in presentation, the Company has reclassified its financial statements for the first nine months of the prior consolidated fiscal year and its financial statements for the prior consolidated fiscal year.

In accordance with the transitional treatment based on the provisions of section 58-2 (4) of the Accounting Standard for Business Combinations, section 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and section 57-4 (4) of the Accounting Standard for Business Divestitures, the effects of the application of these changes have been applied as of the beginning of the first three months of the consolidated fiscal year under review and for periods thereafter.

As a result, the Company does not expect this transaction to have a material impact on operating income, ordinary income, or income before income taxes for the first nine months of the consolidated fiscal year under review.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

|                                                                               | As of March 31, 2015 | As of December 31, 2015 |
|-------------------------------------------------------------------------------|----------------------|-------------------------|
| <b>Assets</b>                                                                 |                      |                         |
| Current assets                                                                |                      |                         |
| Cash and deposits                                                             | 238,776              | 185,385                 |
| Notes and accounts receivable from completed construction contracts and other | 244,045              | 291,577                 |
| Short-term investment securities                                              | 16                   | 16                      |
| Costs on uncompleted construction contracts                                   | 31,778               | 39,565                  |
| Real estate for sale                                                          | 423,869              | 449,207                 |
| Real estate for sale in process                                               | 114,915              | 145,263                 |
| Land for development                                                          | 647                  | 647                     |
| Merchandise and finished goods                                                | 14,984               | 16,105                  |
| Work in process                                                               | 6,709                | 10,496                  |
| Raw materials and supplies                                                    | 5,785                | 6,874                   |
| Other                                                                         | 192,067              | 211,140                 |
| Allowance for doubtful accounts                                               | (3,347)              | (4,741)                 |
| Total current assets                                                          | 1,270,247            | 1,351,540               |
| Noncurrent assets                                                             |                      |                         |
| Property, plant and equipment                                                 |                      |                         |
| Buildings and structures                                                      | 782,817              | 821,346                 |
| Accumulated depreciation                                                      | (365,178)            | (386,425)               |
| Buildings and structures, net                                                 | 417,638              | 434,921                 |
| Land                                                                          | 566,139              | 622,004                 |
| Other                                                                         | 199,303              | 216,297                 |
| Accumulated depreciation                                                      | (112,960)            | (116,468)               |
| Other, net                                                                    | 86,342               | 99,829                  |
| Total property, plant and equipment                                           | 1,070,121            | 1,156,755               |
| Intangible assets                                                             |                      |                         |
| Goodwill                                                                      | 48,136               | 55,221                  |
| Other                                                                         | 32,441               | 32,112                  |
| Total intangible assets                                                       | 80,578               | 87,334                  |
| Investments and other assets                                                  |                      |                         |
| Investment securities                                                         | 252,982              | 274,055                 |
| Lease and guarantee deposits                                                  | 199,562              | 202,286                 |
| Other                                                                         | 150,944              | 147,726                 |
| Allowance for doubtful accounts                                               | (3,430)              | (3,715)                 |
| Total investments and other assets                                            | 600,059              | 620,353                 |
| Total noncurrent assets                                                       | 1,750,759            | 1,864,442               |
| <b>Total assets</b>                                                           | <b>3,021,007</b>     | <b>3,215,982</b>        |

(Millions of yen)

|                                                                 | As of March 31, 2015 | As of December 31, 2015 |
|-----------------------------------------------------------------|----------------------|-------------------------|
| <b>Liabilities</b>                                              |                      |                         |
| Current liabilities                                             |                      |                         |
| Notes and accounts payable for construction contracts and other | 309,261              | 303,520                 |
| Short-term loans payable                                        | 70,892               | 85,476                  |
| Current portion of bonds payable                                | 110                  | 10,083                  |
| Current portion of long-term loans payable                      | 34,803               | 38,237                  |
| Commercial papers                                               | 72,000               | 120,000                 |
| Income taxes payable                                            | 27,415               | 24,974                  |
| Advances received                                               | 39,732               | 50,133                  |
| Advances received on uncompleted construction contracts         | 90,487               | 114,574                 |
| Provision for bonuses                                           | 39,249               | 23,528                  |
| Provision for warranties for completed construction             | 6,819                | 6,820                   |
| Asset retirement obligations                                    | 1,617                | 1,640                   |
| Other                                                           | 223,713              | 231,962                 |
| <b>Total current liabilities</b>                                | <b>916,104</b>       | <b>1,010,953</b>        |
| Noncurrent liabilities                                          |                      |                         |
| Bonds payable                                                   | 110,595              | 100,054                 |
| Long-term loans payable                                         | 275,128              | 290,482                 |
| Long-term lease and guarantee deposited                         | 241,355              | 245,946                 |
| Net defined benefit liability                                   | 179,470              | 184,556                 |
| Asset retirement obligations                                    | 29,434               | 31,715                  |
| Other                                                           | 156,100              | 147,632                 |
| <b>Total noncurrent liabilities</b>                             | <b>992,085</b>       | <b>1,000,388</b>        |
| <b>Total liabilities</b>                                        | <b>1,908,190</b>     | <b>2,011,341</b>        |
| <b>Net assets</b>                                               |                      |                         |
| Shareholders' equity                                            |                      |                         |
| Capital stock                                                   | 161,699              | 161,699                 |
| Capital surplus                                                 | 294,632              | 311,226                 |
| Retained earnings                                               | 534,639              | 607,656                 |
| Treasury stock                                                  | (1,965)              | (1,991)                 |
| <b>Total shareholders' equity</b>                               | <b>989,005</b>       | <b>1,078,590</b>        |
| Accumulated other comprehensive income                          |                      |                         |
| Valuation difference on available-for-sale securities           | 84,678               | 89,385                  |
| Deferred gains or losses on hedges                              | 84                   | (9)                     |
| Revaluation reserve for land                                    | (457)                | (217)                   |
| Foreign currency translation adjustment                         | 32,318               | 27,170                  |
| <b>Total accumulated other comprehensive income</b>             | <b>116,623</b>       | <b>116,329</b>          |
| Subscription rights to shares                                   | 38                   | 38                      |
| Non-controlling interests                                       | 7,149                | 9,682                   |
| <b>Total net assets</b>                                         | <b>1,112,817</b>     | <b>1,204,641</b>        |
| <b>Total liabilities and net assets</b>                         | <b>3,021,007</b>     | <b>3,215,982</b>        |

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Consolidated Statements of Income)**

|                                                             | (Millions of yen)                                                                      |                                                                                        |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
|                                                             | Nine months ended<br>December 31, 2014<br>(From April 1, 2014<br>to December 31, 2014) | Nine months ended<br>December 31, 2015<br>(From April 1, 2015<br>to December 31, 2015) |
| Net sales                                                   | 1,976,032                                                                              | 2,242,336                                                                              |
| Cost of sales                                               | 1,595,613                                                                              | 1,786,899                                                                              |
| Gross profit                                                | 380,419                                                                                | 455,437                                                                                |
| Selling, general and administrative expenses                | 264,318                                                                                | 285,375                                                                                |
| Operating income                                            | 116,101                                                                                | 170,062                                                                                |
| Non-operating income                                        |                                                                                        |                                                                                        |
| Interest income                                             | 2,926                                                                                  | 2,719                                                                                  |
| Dividends income                                            | 2,498                                                                                  | 2,910                                                                                  |
| Equity in earnings of affiliates                            | 352                                                                                    | —                                                                                      |
| Miscellaneous income                                        | 5,862                                                                                  | 3,916                                                                                  |
| Total non-operating income                                  | 11,641                                                                                 | 9,546                                                                                  |
| Non-operating expenses                                      |                                                                                        |                                                                                        |
| Interest expenses                                           | 3,840                                                                                  | 3,714                                                                                  |
| Taxes and dues                                              | 808                                                                                    | 1,534                                                                                  |
| Equity in losses of affiliates                              | —                                                                                      | 415                                                                                    |
| Miscellaneous expenses                                      | 3,669                                                                                  | 3,117                                                                                  |
| Total non-operating expenses                                | 8,318                                                                                  | 8,781                                                                                  |
| Ordinary income                                             | 119,423                                                                                | 170,826                                                                                |
| Extraordinary income                                        |                                                                                        |                                                                                        |
| Gain on sales of noncurrent assets                          | 1,222                                                                                  | 545                                                                                    |
| Gain on sales of investment securities                      | 3,362                                                                                  | 4,363                                                                                  |
| Gain on revision of retirement benefit plan                 | 9,394                                                                                  | —                                                                                      |
| Gain on step acquisitions                                   | 5                                                                                      | 4,147                                                                                  |
| Other                                                       | 8                                                                                      | —                                                                                      |
| Total extraordinary income                                  | 13,993                                                                                 | 9,056                                                                                  |
| Extraordinary losses                                        |                                                                                        |                                                                                        |
| Loss on sales of noncurrent assets                          | 57                                                                                     | 41                                                                                     |
| Loss on retirement of noncurrent assets                     | 1,538                                                                                  | 620                                                                                    |
| Impairment loss                                             | 210                                                                                    | 346                                                                                    |
| Loss on sales of investment securities                      | —                                                                                      | 116                                                                                    |
| Loss on valuation of investment securities                  | 69                                                                                     | 187                                                                                    |
| Merger expenses                                             | —                                                                                      | 826                                                                                    |
| Other                                                       | 64                                                                                     | 23                                                                                     |
| Total extraordinary losses                                  | 1,940                                                                                  | 2,162                                                                                  |
| Income before income taxes                                  | 131,477                                                                                | 177,720                                                                                |
| Income taxes-current                                        | 30,998                                                                                 | 53,656                                                                                 |
| Income taxes-deferred                                       | 15,688                                                                                 | 4,401                                                                                  |
| Total income taxes                                          | 46,686                                                                                 | 58,057                                                                                 |
| Net income                                                  | 84,790                                                                                 | 119,662                                                                                |
| Net income (loss) attributable to non-controlling interests | (490)                                                                                  | 87                                                                                     |
| Net income attributable to owners of the parent             | 85,281                                                                                 | 119,575                                                                                |



**(Consolidated Statements of Comprehensive Income)**

|                                                                                        | (Millions of yen)                                                                      |                                                                                        |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
|                                                                                        | Nine months ended<br>December 31, 2014<br>(From April 1, 2014<br>to December 31, 2014) | Nine months ended<br>December 31, 2015<br>(From April 1, 2015<br>to December 31, 2015) |
| Net income                                                                             | 84,790                                                                                 | 119,662                                                                                |
| Other comprehensive income                                                             |                                                                                        |                                                                                        |
| Valuation difference on available-for-sale securities                                  | 26,152                                                                                 | 5,042                                                                                  |
| Deferred gains or losses on hedges                                                     | 93                                                                                     | (93)                                                                                   |
| Foreign currency translation adjustment                                                | 598                                                                                    | (4,026)                                                                                |
| Share of other comprehensive income of associates<br>accounted for using equity method | 1,616                                                                                  | (1,728)                                                                                |
| Total other comprehensive income                                                       | 28,460                                                                                 | (806)                                                                                  |
| Comprehensive income                                                                   | 113,251                                                                                | 118,856                                                                                |
| (Comprehensive income attributable to)                                                 |                                                                                        |                                                                                        |
| Comprehensive income attributable to owners of the<br>parent                           | 113,731                                                                                | 119,042                                                                                |
| Comprehensive income attributable to non-controlling<br>interests                      | (480)                                                                                  | (185)                                                                                  |

**(3) Notes**

**Notes on Premise of Going Concern**

No items to report.

**Notes on Significant Changes in the Amount of Shareholders' Equity**

No items to report.

**Disclaimer:**

This English translation has been prepared for general reference purposes only. The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on February 5, 2016.