



maintenance. Ogawa Construction Co., Ltd. is an old-line general contractor founded in 1909, and over 100 years has built up a high reputation for technical capabilities and reliability.

Going forward, prospects are for a major contribution to our Group's business results from the general contractor business.

In the Group's investment condominium business, internal production of some project construction will enable cost competitiveness unmatched by competitors, and with utilization of Ogawa's business bases that cover all of the Kanto area will enable higher quality and more attractive proposals for investment-oriented leased housing.

As a result of the foregoing, the Group's business results for the period under review posted sales of ¥30,368 million (up by 51.6% from the same period of the previous fiscal year), operating income of ¥3,872 million (up by 67.3%), ordinary income of ¥3,683 million (up by 70.7%) and net income of ¥2,358 million (up by 64.1%).

In the Group's sales the normal business configuration shows a strong tendency for dealings with customers to be concentrated in the spring, and for seasonal variations by quarter.

The performance within each segment is as follows.

① Sales of apartment business

The Sales of apartment business has made proposals for apartment management mainly to salaried worker and civil servants. The Group worked for planned transfers of apartments and to secure land for new apartments.

Segment sales were ¥7,534 million (up by 23.7% from the same period of the previous fiscal year), with profit of ¥715 million (up by 39.1%).

② Sales of condominium business

Strong trends were seen in sales of properties obtained in the previous consolidated fiscal year.

Segment sales were ¥11,749 million (up by 18.9%), with profit of ¥2,768 million (up by 71.7%).

③ General contractor business

The General contractor business has made good progress in the period under review.

Segment sales were ¥6,074 million, with profit of ¥365 million.

④ Property management business

With a view to maintaining and improving managed property occupancy rates, the Group worked to promote occupancy by advertising and reinforcement of leasing capabilities. Segment sales were ¥3,987 million (up by 16.1%), with profit of ¥436 million (up by 6.7%).

⑤ Finance and guarantee business

With a view to increasing the number of home lease arrears guarantees, the Group worked to augment guarantee plans, acquire new customers and improve the collection rate.

Starting in 1Q, JICC Small-Amount Short-Term Insurance Co. was included in consolidation. Segment sales were ¥317 million (up by 100.5%), with profit of ¥115 million (up by 1.9%).

⑥ Long-term care business

Two serviced residential buildings for the elderly came on stream since the previous fiscal yearend, with one more in 2Q. Occupancy rates increased strongly.

Segment sales were ¥156 million (¥2 million in the same period of the previous fiscal year), but in profit/loss a deficit of ¥12 million (operating loss for the segment of ¥31 million in the same period of the previous fiscal year) was posted due to startup-related forward expenses.

⑦ Other businesses

At the end of the period under review, the number of households being supplied with LP gas was 12,514, and profit trended well.

Segment sales were ¥548 million (up by 17.2%), with profit of ¥81 million (up by 8.5%).

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the period rose by ¥11,535 million over the previous fiscal yearend level, to ¥33,738 million. The principal operative factor was new consolidation of 4 subsidiaries, including Ogawa Construction Co., Ltd. that increased cash and deposits by ¥2,587 million, notes receivable and completed construction accounts receivable by ¥1,737 million, for-sale real estate by ¥3,231 million, real estate expenditures by ¥2,296 million, intangible fixed assets by ¥830 million, and other assets by ¥136 million.

Over the same period, liabilities rose by ¥9,167 million to ¥26,310 million. The principal factor was consolidated subsidiary status for Ogawa Construction Co., Ltd., increasing long term borrowings by ¥5,079 million, short term borrowings by ¥2,072 million, and unpaid construction monies by ¥1,556 million.

Over the same period, net assets rose by ¥2,367 million to ¥7,428 million. The principal increase factor was posting of quarterly net income that boosted retained earnings by ¥230 million.

(3) Qualitative Information on Consolidated Earnings Forecasts

At the present time there are no great variances between target numbers and progress toward them, so there are no changes in the full term estimates promulgated on September 26, 2014.

**2. Summary information (notes)**

(1) Important Change of Scope of Consolidation During the Period

Starting in 1Q, acquisition of all stock in SKG NEXT Co., Ltd. (previous: Yoshimura Shokai Co., Ltd.) has occasioned consolidation of that company, its subsidiaries SKG INVEST Co., Ltd. (previous: Yoshimura • RE • Holdings Co., Ltd.), Ogawa Construction Co., Ltd. and Ogawa Building Co., Ltd.

JICC SSI Co., Ltd. was consolidated in 1Q in recognition of its increased importance

KS Fund Co., Ltd., because of termination of dealings pertinent to effective control, became no longer a subsidiary. As a result, it was removed from consolidation in the 2Q accounts.

Of these, Ogawa Construction qualifies as a designated subsidiary.

**Disclaimer:** This document was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. To the extent there is any discrepancy between this English translation and original Japanese version, please refer to the Japanese version.