

**Non-Consolidated Financial Report
for the Year ended December 31, 2014
[Japanese GAAP]**

February 13, 2015

Company name: Otsuka Kagu, Ltd.
 Ticker symbol number: 8186
 URL: <http://www.idc-otsuka.jp/company/>
 Representative: Kumiko Otsuka, Representative Director and President
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Date of commencement of dividend payment: March 30, 2015

Date of annual shareholders' meeting: March 27, 2015

Date of filing of Securities Report: March 27, 2015

Availability of supplementary briefing material on results: Available

Schedule of results briefing session: Planned

1. Non-Consolidated Financial Performance for the Year ended December 31, 2014 (From January 1, 2014 to December 31, 2014)

(1) Results of operations

(Any amount less than a million yen is discarded.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2014	55,501	(1.3)	(402)	—	(242)	—
Year ended December 31, 2013	56,230	3.1	843	(28.7)	1,004	(23.8)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Millions of yen	%	Yen	Yen
Year ended December 31, 2014	473	(44.7)	25.53	—
Year ended December 31, 2013	856	33.7	46.19	—

	Return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Year ended December 31, 2014	1.3	(0.5)	(0.7)
Year ended December 31, 2013	2.5	2.2	1.5

Note: The percentages represent changes from the previous fiscal year.

Reference: Earnings or loss on investments in equity-method affiliates (millions of yen)

Year ended December 31, 2014: —

Year ended December 31, 2013: —

(2) Financial position

(Any amount of less than a million yen is discarded.)

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2014	46,710	34,665	74.2	1,870.19
As of December 31, 2013	47,657	36,250	76.1	1,955.71

Reference: Equity = Net assets - Subscription rights to shares

Year ended December 31, 2014: 34,665 million yen

Year ended December 31, 2013: 36,250 million yen

(3) Cash flow position

(Any amount of less than a million yen is discarded.)

	Net cash provided by operating activities	Net cash provided by investing activities	Net cash used in financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2014	763	4,066	(742)	11,519
Year ended December 31, 2013	528	324	(741)	7,431

2. Dividends

	Cash dividends per share (yen)				
	End of first quarter	End of second quarter	End of third quarter	Year-end	For the year
Year ended December 31, 2013	—	0.00	—	40.00	40.00
Year ended December 31, 2014	—	0.00	—	40.00	40.00
Year ending December 31, 2015 (forecast)	—	0.00	—	40.00	40.00

	Total cash dividends paid for the year	Payout ratio	Dividend to net assets
	Millions of yen	%	%
Year ended December 31, 2013	741	86.6	2.1
Year ended December 31, 2014	741	156.7	2.1
Year ending December 31, 2015 (forecast)		—	

3. Forecast of Non-Consolidated Financial Performance for Fiscal 2015 (From January 1, 2015 to December 31, 2015)

The Company is currently reviewing its management policy for April 2015 onwards. Forecast of non-consolidated financial performance for fiscal 2015 will be immediately announced upon completion of examination for such forecast based on the new management policy.

*Notes

(1) Changes in accounting policies, changes in accounting estimates and errors

- Changes in accounting policies resulted from the amendment of accounting standards: None
- Changes other than the above changes: None
- Changes in accounting estimates: None
- Errors: None

(2) Number of shares issued (common stock)

a. Number of shares issued at the end of the year (including treasury shares)	As of December 31, 2014	19,400,000 shares	As of December 31, 2013	19,400,000 shares
b. Number of shares of treasury shares at the end of the year	As of December 31, 2014	864,434 shares	As of December 31, 2013	864,414 shares
c. Average number of shares during the period	Year ended December 31, 2014	18,535,567 shares	Year ended December 31, 2013	18,535,586 shares

*Presentation Regarding the Status of the Audit Procedures of Financial Results

The audit procedures of non-consolidated financial statements for the year ended December 31, 2014 required under the Financial Instruments and Exchange Act had not been completed at the time of the disclosure of this non-consolidated financial report for the year ended December 31, 2014.

*Explanation Regarding the Appropriate Use of Forecasts And Other Special Notes

Descriptions of future events such as forecasts of financial performance stated in this report are prepared based on the information available to the Company at the time of the preparation of this report. Accordingly, the actual results may differ from those descriptions, depending on various factors.

4. Financial Statements

(1) Non-Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2013		As of December 31, 2014	
Assets				
Current assets				
Cash and deposits		7,431,413		11,519,560
Notes receivable-trade	*3	165,032	*3	125,075
Accounts receivable-trade		3,077,020		2,360,518
Merchandise		14,801,988		15,009,581
Advance payments-trade		49,573		194,702
Prepaid expenses		867,099		891,494
Deferred tax assets		144,027		155,641
Other		60,940		57,267
Allowance for doubtful accounts		(2,020)		(1,560)
Total current assets		26,595,075		30,312,282
Non-current assets				
Property, plant and equipment				
Buildings, net	*2	1,012,365	*2	883,164
Structures, net		14,820		10,645
Machinery and equipment, net		3,081		2,195
Vehicles, net		2,811		2,149
Tools, furniture and fixtures, net		569,575		411,662
Land	*2	1,252,784	*2	1,108,327
Construction in progress		-		426,400
Total property, plant and equipment	*1	2,855,438	*1	2,844,545
Intangible assets				
Software		33,543		181,495
Other		86,999		12,843
Total intangible assets		120,543		194,338
Investments and other assets				
Investment securities		11,767,199		7,153,415
Shares of subsidiaries and associates		77,000		77,000
Long-term prepaid expenses		1,777		1,746
Guarantee deposits		6,127,334		6,019,727
Other		114,540		109,124
Allowance for doubtful accounts		(1,600)		(1,600)
Total investments and other assets		18,086,252		13,359,414
Total non-current assets		21,062,233		16,398,298
Total assets		47,657,309		46,710,580

(Thousands of yen)

	As of December 31, 2013	As of December 31, 2014
Liabilities		
Current liabilities		
Notes payable-trade	1,429,141	1,816,634
Accounts payable-trade	2,158,799	2,106,621
Accounts payable-other	155,373	411,316
Accrued expenses	1,648,565	1,756,132
Income taxes payable	202,812	674,522
Advances received	2,222,846	2,168,070
Deposits received	337,436	318,564
Provision for bonuses	88,058	84,849
Provision for sales promotion expenses	33,909	32,311
Other	156,571	149,078
Total current liabilities	8,433,515	9,518,102
Non-current liabilities		
Guarantee deposits received	*2 174,434	*2 139,991
Provision for directors' retirement benefits	481,434	480,879
Reserve for loss on dissolution of employees' pension fund	-	507,106
Asset retirement obligations	348,099	340,854
Deferred tax liabilities	1,969,526	1,058,636
Total non-current liabilities	2,973,494	2,527,468
Total liabilities	11,407,010	12,045,570
Net assets		
Shareholders' equity		
Capital stock	1,080,000	1,080,000
Capital surplus		
Legal capital surplus	3,690,470	3,690,470
Total capital surpluses	3,690,470	3,690,470
Retained earnings		
Legal retained earnings	270,000	270,000
Other retained earnings		
General reserve	27,120,000	27,220,000
Retained earnings brought forward	869,122	501,004
Total retained earnings	28,259,122	27,991,004
Treasury shares	(800,855)	(800,876)
Total shareholders' equity	32,228,737	31,960,597
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,021,562	2,704,412
Total valuation and translation adjustments	4,021,562	2,704,412
Total net assets	36,250,299	34,665,010
Total liabilities and net assets	47,657,309	46,710,580

(2) Non-Consolidated Statements of Operations

(Thousands of yen)

	For the year ended December 31, 2013	For the year ended December 31, 2014
Net sales		
Net sales of goods	56,171,493	55,442,557
Rent income of real estate	59,025	59,025
Total net sales	56,230,518	55,501,583
Cost of sales		
Cost of goods sold		
Beginning goods	13,570,778	14,801,988
Cost of purchased goods	26,467,737	25,158,282
Total	40,038,516	39,960,271
Transfer to other account	*2 99,873	*2 66,797
Ending goods	14,801,988	15,009,581
Cost of goods sold	*1 25,136,654	*1 24,883,892
Cost of real estate rent	24,233	19,245
Total cost of sales	25,160,887	24,903,138
Gross profit	31,069,630	30,598,444
Selling, general and administrative expenses	*3 30,226,009	*3 31,000,819
Operating income (loss)	843,621	(402,375)
Non-operating income		
Interest income	3	8
Dividend income	100,118	97,912
Dividend income of insurance	45,545	49,608
Other	26,937	30,531
Total non-operating income	172,604	178,061
Non-operating expenses		
Interest expenses on guarantee deposits	2,380	1,691
Loss on retirement of non-current assets	1,532	770
Commission fee	384	4,959
Foreign exchange losses	6,686	8,155
Other	1,175	2,243
Total non-operating expenses	12,159	17,821
Ordinary income (loss)	1,004,067	(242,135)
Extraordinary income		
Gain on sales of investment securities	206,564	2,149,704
Settlement received	310,500	-
Total extraordinary income	517,064	2,149,704
Extraordinary losses		
Loss on cancellation of rental contracts	-	7,602
Impairment loss	*4 49,128	*4 440,002
Provision of reserve for loss on dissolution of employees' pension fund	-	507,106
Total extraordinary losses	49,128	954,711
Income before income taxes	1,472,003	952,858
Income taxes-current	157,878	706,717
Income taxes-deferred	457,882	(227,164)
Total income taxes	615,761	479,553
Net income	856,242	473,304

(3) Non-Consolidated Statements of Changes in Net Assets

For the year ended December 31, 2013

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings		
				General reserve	Retained earnings brought forward		
Balance at beginning of current period	1,080,000	3,690,470	3,690,470	270,000	27,220,000	654,304	28,144,304
Changes of items during period							
Reversal of general reserve					(100,000)	100,000	-
Dividends of surplus						(741,423)	(741,423)
Net income						856,242	856,242
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	(100,000)	214,818	114,818
Balance at end of current period	1,080,000	3,690,470	3,690,470	270,000	27,120,000	869,122	28,259,122

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(800,855)	32,113,918	685,187	685,187	32,799,105
Changes of items during period					
Reversal of general reserve		-			-
Dividends of surplus		(741,423)			(741,423)
Net income		856,242			856,242
Net changes of items other than shareholders' equity			3,336,374	3,336,374	3,336,374
Total changes of items during period	-	114,818	3,336,374	3,336,374	3,451,193
Balance at end of current period	(800,855)	32,228,737	4,021,562	4,021,562	36,250,299

For the year ended December 31, 2014

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings		
				General reserve	Retained earnings brought forward		
Balance at beginning of current period	1,080,000	3,690,470	3,690,470	270,000	27,120,000	869,122	28,259,122
Changes of items during period							
Provision of general reserve					100,000	(100,000)	-
Dividends of surplus						(741,423)	(741,423)
Net income						473,304	473,304
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	100,000	(368,118)	(268,118)
Balance at end of current period	1,080,000	3,690,470	3,690,470	270,000	27,220,000	501,004	27,991,004

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(800,855)	32,228,737	4,021,562	4,021,562	36,250,299
Changes of items during period					
Provision of general reserve		-			-
Dividends of surplus		(741,423)			(741,423)
Net income		473,304			473,304
Purchase of treasury shares	(20)	(20)			(20)
Net changes of items other than shareholders' equity			(1,317,149)	(1,317,149)	(1,317,149)
Total changes of items during period	(20)	(268,139)	(1,317,149)	(1,317,149)	(1,585,288)
Balance at end of current period	(800,876)	31,960,597	2,704,412	2,704,412	34,665,010

(4) Non-Consolidated Statements of Cash Flows

(Thousands of yen)

	For the year ended December 31, 2013	For the year ended December 31, 2014
Cash flows from operating activities		
Income before income taxes	1,472,003	952,858
Depreciation	226,568	204,051
Amortization of guarantee deposits	14,649	14,771
Increase (decrease) in allowance for doubtful accounts	(6,351)	(460)
Increase (decrease) in provision for bonuses	(11,555)	(3,209)
Increase (decrease) in provision for directors' retirement benefits	14,632	(555)
Increase (decrease) in provision for sales promotion expenses	(3,644)	(1,597)
Impairment loss	49,128	440,002
Increase(decrease)in provision of reserve for loss on dissolution of employees' pension fund	-	507,106
Loss (gain) on sales of investment securities	(206,564)	(2,149,704)
Loss on retirement of non-current assets	1,532	770
Interest and dividend income	(100,121)	(97,921)
Decrease (increase) in notes and accounts receivable-trade	(285,674)	756,458
Decrease (increase) in inventories	(1,260,076)	(214,134)
Decrease (increase) in advance payments	37,695	(145,129)
Decrease (increase) in other current assets	(26,038)	(14,171)
Increase (decrease) in notes and accounts payable-trade	69,492	335,315
Increase (decrease) in advances received	431,131	(54,776)
Increase (decrease) in accrued expenses	13,471	104,872
Increase (decrease) in other current liabilities	44,791	(18,524)
Increase (decrease) in accrued consumption taxes	(43,226)	269,826
Increase (decrease) in income taxes payable-factor based tax	1,375	1,816
Other, net	26,188	14,628
Subtotal	459,407	902,291
Interest and dividend income received	100,121	97,921
Income taxes paid	(38,290)	(236,824)
Income taxes refund	6,824	-
Net cash provided by (used in) operating activities	528,062	763,388
Cash flows from investing activities		
Purchase of property, plant and equipment	(140,744)	(501,019)
Purchase of intangible assets	(63,794)	(179,590)
Proceeds from sales of investment securities	602,706	4,750,998
Payments for guarantee deposits	(35,854)	(354,674)
Proceeds from collection of guarantee deposits	1,892	377,816
Repayments of lease deposits	(34,442)	(34,442)
Proceeds from cancellation of insurance funds	-	12,335
Other, net	(5,364)	(4,653)
Net cash provided by (used in) investing activities	324,397	4,066,769

	For the year ended December 31, 2013	For the year ended December 31, 2014
Cash flows from financing activities		
Cash dividends paid	(741,918)	(741,991)
Purchase of treasury shares	-	(20)
Net cash provided by (used in) financing activities	(741,918)	(742,011)
Net increase (decrease) in cash and cash equivalents	110,541	4,088,146
Cash and cash equivalents at beginning of period	7,320,872	7,431,413
Cash and cash equivalents at end of period	* 7,431,413	* 11,519,560

(5) Significant Accounting Policies

1. Securities

(1) Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are stated at cost determined by the moving-average method.

(2) Other securities

a. Other securities for which market quotations are available:

These are stated at fair value as of the balance sheet date. Net unrealized holding gains or losses on these securities are presented as a separate component of net assets. Realized gains or losses on sales of these securities are determined by the moving-average method.

b. Other securities for which market quotations are unavailable:

These are stated at cost determined by the moving-average method.

2. Inventories

Inventories are stated at cost determined by the moving-average method.

(The balance sheet amounts are stated at cost using the method of devaluing book value to reflect declines in profitability.)

3. Depreciation and amortization of non-current assets

(1) Property, plant and equipment

Depreciation of property, plant and equipment is computed by the declining-balance method over the estimated useful lives of the respective assets.

However, buildings, excluding improvements, acquired on or after April 1, 1998 are depreciated by the straight-line method.

Major useful lives are as follows:

Buildings:	2–50 years
Tools, furniture and fixtures:	2–17 years

(2) Intangible assets

Intangible assets are amortized by the straight-line method.

Amortization of software for internal use is determined using the straight-line method over the estimated useful lives (five years).

(3) Long-term prepaid expenses

Long-term prepaid expenses are amortized equally over the relevant period.

4. Allowances

(1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on collections. It consists of the estimated uncollectible amount with respect to identified doubtful receivables and an amount based on past experience of bad debt losses for the remaining receivables.

(2) Provision for bonuses

A provision for bonuses to employees is provided in the estimated amounts of future payments attributable to the current fiscal year.

(3) Provision for directors' retirement benefits

A provision for directors' retirement benefits is provided in the amount required as stipulated in the Company's internal regulations.

(4) Provision for sales promotion expenses

A provision for sales promotion expenses is provided for expenses resulting from the use of gift coupons issued to customers for the purchase of furniture in the amount expected to be used.

(5) Reserve for loss on dissolution of employees' pension fund

A reserve for loss on dissolution of employees' pension fund is provided for losses expected to arise from the dissolution of employees' pension fund in a reasonably estimated amount of loss on the dissolution and others for the current fiscal year.

5. Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are charged or credited to income.

6. Cash and cash equivalents

Cash and cash equivalents included in the Statements of Cash Flows consist of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted into cash and are subject to little risk of change in value.

7. Other significant basis of preparation of the financial statements

Consumption taxes

Consumption taxes are separately recorded from the related items in the financial statements.

(6) Changes in Presentation

(Statements of Operations)

“Commission fee” was included in “Other” under “Non-operating expenses” in the previous fiscal year. As it accounts for more than 10% of total non-operating expenses, it has been separately listed from the current fiscal year. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified.

As a result, 1,559 thousand yen stated as “Other” under “Non-operating expenses” in the statements of operations for the previous fiscal year has been reclassified into “Commission fee” (384 thousand yen) and “Other” (1,175 thousand yen).

(7) Notes to Non-Consolidated Financial Statements

(Balance Sheets)

1. Accumulated depreciation of property, plant and equipment	(Thousands of yen)	
	As of December 31, 2013	As of December 31, 2014
	446,335	4,519,027

2. Assets pledged as collateral and liabilities secured by such collateral are as follows:

Assets pledged as collateral	(Thousands of yen)	
	As of December 31, 2013	As of December 31, 2014
Buildings	90,953	85,769
Land	10,023	10,023
Total	100,977	95,793

Liabilities secured by such collateral	(Thousands of yen)	
	As of December 31, 2013	As of December 31, 2014
Guarantee deposits received	137,434	102,991

3. The Company assumes that notes maturing on bank holidays are settled on their dates of maturity. The following notes reached maturity on bank holidays:

	(Thousands of yen)	
	As of December 31, 2013	As of December 31, 2014
Notes receivable-trade	7,822	8,150

(Statements of Operations)

1. Selling, general and administrative expenses principally consisted of the following:

	(Thousands of yen)	
	For the year ended December 31, 2013	For the year ended December 31, 2014
Freight	1,521,171	1,550,077
Advertising	3,391,198	3,833,524
Provision for sales promotion expenses	26,770	26,715
Allowance for doubtful accounts	180	—
Provision for bonuses	87,858	84,704
Provision for directors' retirement benefits	14,632	16,126
Salaries, allowances and bonuses	8,924,437	9,221,098
Legal welfare expenses	1,659,538	1,687,447
Depreciation	206,268	187,324
Rent	8,451,321	8,446,275
Administrative expenses	1,896,425	1,880,162

2. For the year ended December 31, 2013 (From January 1, 2013 to December 31, 2013)

The Company recorded an impairment loss on the following asset groups.

Location	Use	Classification	Others	Impairment loss (Thousands of yen)
Chita-gun, Aichi and others	Idle assets	Land	—	10,375
Kasukabe Showroom and others	Retail stores	Buildings, fixtures and others	—	38,752

Retail stores are primarily classified into groups based on the management accounting units on which revenue and expenditure are continuously recorded. Idle assets are individually classified.

The book values of asset groups whose retail stores incurred operating losses continuously were reduced to the recoverable amount. The book values of idle assets were written down to their respective recoverable amounts due to a significant decline in the market value of land. The resulting impairment loss amounted to 49,128 thousand yen and is recorded as extraordinary losses.

The impairment loss consists of 10,375 thousand yen for land, 21,124 thousand yen for buildings and 17,628 thousand yen for fixtures.

The recoverable amounts from these asset groups were calculated based on the net selling prices. The recoverable amounts from asset groups that have a significant impact on the balance sheets were calculated based on assessments from real estate appraisers in accordance with established standards.

For the year ended December 31, 2014 (From January 1, 2014 to December 31, 2014)

The Company recorded an impairment loss on the following asset groups.

Location	Use	Classification	Others	Impairment loss (Thousands of yen)
Chita-gun, Aichi and others	Idle assets	Land	—	144,456
Kasukabe Showroom and others	Retail stores	Buildings, fixtures and others	—	295,546

Retail stores are primarily classified into groups based on the management accounting units on which revenue and expenditure are continuously recorded. Idle assets are individually classified.

The book values of asset groups whose retail stores incurred operating losses continuously were reduced to the recoverable amount. The book values of idle assets were written down to their respective recoverable amounts due to a significant decline in the market value of land. The resulting impairment loss amounted to 440,002 thousand yen and is recorded as extraordinary losses.

The impairment loss consists of 144,456 thousand yen for land, 169,685 thousand yen for buildings and 125,860 thousand yen for fixtures.

The recoverable amounts from these asset groups were calculated based on the net selling prices. The recoverable amounts from asset groups that have a significant impact on the balance sheets were calculated based on assessments from real estate appraisers in accordance with established standards.

(Statements of Changes in Net Assets)

For the year ended December 31, 2013 (From January 1, 2013 to December 31, 2013)

1. The classification and aggregate number of shares issued and the classification and number of treasury shares

	As of January 1, 2013 (Thousands of shares)	Increase during the year ended December 31, 2013 (Thousands of shares)	Decrease during the year ended December 31, 2013 (Thousands of shares)	As of December 31, 2013 (Thousands of shares)
Number of shares issued:				
Common stock	19,400	—	—	19,400
Total	19,400	—	—	19,400
Treasury shares:				
Common stock	864	—	—	864
Total	864	—	—	864

2. Subscription rights to shares

None applicable

3. Dividends

(1) Dividends paid during the year under review

Resolution	Class of shares	Total dividends (Thousands of yen)	Amount of dividends per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on March 27, 2013	Common stock	741,423	40.00	December 31, 2012	March 28, 2013

(2) Dividends to be paid after the closing date of the year under review

Resolution	Class of shares	Source for payment of dividends	Total dividends (Thousands of yen)	Amount of dividends per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on March 28, 2014	Common stock	Retained earnings	741,423	40.00	December 31, 2013	March 31, 2014

For the year ended December 31, 2014 (From January 1, 2014 to December 31, 2014)

1. The classification and aggregate number of shares issued and the classification and number of treasury shares

	As of January 1, 2014 (Thousands of shares)	Increase during the year ended December 31, 2014 (Thousands of shares)	Decrease during the year ended December 31, 2014 (Thousands of shares)	As of December 31, 2014 (Thousands of shares)
Number of shares issued:				
Common stock	19,400	—	—	19,400
Total	19,400	—	—	19,400
Treasury shares:				
Common stock (Note)	864	0	—	864
Total	864	0	—	864

Note: The increase of shares in treasury shares is due to the acquisition of treasury shares pursuant to Article 155, Paragraph 7, of the Companies Act.

2. Subscription rights to shares
None applicable

3. Dividends

(1) Dividends paid during the year under review

Resolution	Class of shares	Total dividends (Thousands of yen)	Amount of dividends per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on March 28, 2014	Common stock	741,423	40.00	December 31, 2013	March 31, 2014

(2) Dividends to be paid after the closing date of the year under review

Resolution	Class of shares	Source for payment of dividends	Total dividends (Thousands of yen)	Amount of dividends per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on March 27, 2015	Common stock	Retained earnings	741,422	40.00	December 31, 2014	March 30, 2015

(Statements of Cash Flows)

Reconciliation of “Cash and deposits” in the Balance Sheets and “Cash and cash equivalents” in the Statements of Cash Flows

	(Thousands of yen)	
	For the year ended December 31, 2013	For the year ended December 31, 2014
Cash and deposits	7,431,413	11,519,560
Cash and cash equivalents	7,431,413	11,519,560

5. Net Sales by Segment and Merchandise

(Thousands of yen)

	For the year ended December 31, 2013		For the year ended December 31, 2014	
	Amount	%	Amount	%
Furniture				
Storage Furniture	1,237,177	2.2	1,142,768	2.1
Japanese-Style Furniture	236,526	0.4	224,305	0.4
Furniture for Living Rooms	12,994,186	23.1	12,804,948	23.1
Living Room Boards	2,990,023	5.3	2,877,190	5.2
School and Office Furniture	2,734,875	4.9	2,760,496	5.0
Dining Furniture	10,925,670	19.4	10,994,259	19.8
Carpets and Curtains	4,874,415	8.7	4,532,144	8.2
Bedding	15,014,487	26.7	14,620,081	26.3
Lighting and Household Fixtures	1,948,321	3.5	1,983,505	3.6
Unit Furniture	1,593,699	2.8	1,620,528	2.9
Lithography and Paintings	28,943	0.1	23,841	0.0
Others	1,593,165	2.8	1,858,487	3.3
Total sales	56,171,493	99.9	55,442,557	99.9
Real estate rental	59,025	0.1	59,025	0.1
Total revenue	56,230,518	100.0	55,501,583	100.0

Any fractional amount of less than a thousand yen is discarded.