

Consolidated Financial Flash Report

1. Consolidated performance for the Year Ended March 31, 2012

(from April 1, 2011 to March 31, 2012)

(1) Consolidated operating results

(Millions of yen, except per share amounts)

	Year ended March 31		
	2011	2012	Change
Net sales	54,571	64,307	17.8%
Operating income	2,519	3,474	37.9%
Ordinary income	2,518	3,454	37.2%
Net income	2,021	1,700	-15.9%
Net income per share	¥249.87	¥216.09	
Return on equity	22.7%	16.2%	
Ordinary income to total assets	13.1%	15.0%	
Operating income to sales	4.6%	5.4%	

(2) Consolidated financial position

	March 31		
	2011	2012	Change
Total assets	20,259	25,817	27.4%
Net assets	9,548	11,489	20.3%
Equity ratio	47.1%	44.5%	
Net assets per share	¥1,224.40	¥1,398.45	

(3) Consolidated cash flows

	Year ended March 31	
	2011	2012
Cash flows from operating income	1,823	5,261
Cash flows from investing activities	(1,354)	(1,455)
Cash flows from financing activities	(1,437)	(870)
Cash and cash equivalents	2,905	5,841

2. Cash Dividends

	Year ended March 31		
	2011	2012	2013
Interim	¥20.00	¥25.00	¥30.00
Year-end	¥25.00	¥27.00	¥30.00
Full year	¥45.00	¥52.00	¥60.00
Total Annual Cash Dividends	357	417	
Dividend Payout ratio	18.0%	24.1%	23.5%
Ratio of dividends to Net Assets	4.0%	4.0%	

3. Projected consolidated performance for the Year Ending March 31,2013

(from April 1, 2012 to March 31, 2013)

	Interim period ending September 30	
	2012	Change
Net sales	31,000	13.1%
Operating income	1,100	60.0%
Ordinary income	1,090	65.3%
Net income	320	11.4%
Net income per share	¥38.95	

	Year ending March 31	
	2013	Change
Net sales	73,000	13.5%
Operating income	4,400	26.6%
Ordinary income	4,350	25.9%
Net income	2,100	23.5%
Net income per share	¥255.61	

1. Operating Results

(1) Analysis regarding operating results

(Operating results for the fiscal year)

During the fiscal year under review, the Japanese economy suffered considerable damage and instability as a result of the impact of the unprecedented destruction of the Great East Japan Earthquake. The earthquake disaster turned nuclear power generation into a big issue, and the resulting instability in electricity supply still lingers on. Moreover, also affected by the European debt crisis, soaring energy prices and the yen that has strengthened to historic levels, the Japanese economy was in a critical situation. On the other hand, in the one year that has now passed, much progress was achieved towards reconstruction and recovery thanks to a strong solidarity among the people of Japan and the massive assistance that the disaster-stricken areas received from Japan and overseas.

Operating in such an environment, the Group received a significant boost from sales growth by the CreCla Sales Division as a result of the further popularization enjoyed by the bottled water market. Also benefiting from the Housing Sales Division taking a cost-efficient approach to opening new stores and developing high value-added products, it enjoyed a considerable growth in net sales and profits.

As a result, the Group recorded consolidated operating results for the fiscal year under review with net sales of 64,307 million yen, up 17.8% year on year, an operating income of 3,474 million yen, up 37.9% year on year, and an ordinary income of 3,454 million yen, up 37.2% year on year, all record highs for the Group. Net income was 1,700 million yen, down 15.9% year on year as a result of the increased tax burden of consolidated subsidiaries.

As for non-consolidated operating results, the Company recorded net sales of 27,207 million yen, up 17.1% year on year, an operating income of 1,594 million yen, up 22.2% year on year, an ordinary income of 1,610 million yen, up 18.5% year on year, and a net income of 651 million yen, up 1.8% year on year.

Operating results by business segment are as follows.

In addition to the operating income or loss of each segment, the Group also recorded 993 million yen as corporate expenses not attributable to any segment.

(CreCla Sales Division)

In the fiscal year under review, the recognition of the “CreCla” brand was further improved thanks to the increased popularity of bottled water. The number of member stores steadily increased, and the sales network spread significantly to a nationwide scale. As a result, customer numbers also grew tremendously and net sales rose 35.4% year on year to 13,059 million yen.

Recognizing the period as a growth period for both the business and the market, we proactively invested in sales promotion and marketing by conducting TV commercials and forming alliance schemes with other companies. After absorbing these costs, operating income was 529 million yen, up 187.8% year on year.

During the fiscal year under review, aiming to strengthen our production system, we newly established a production plant in Utsunomiya. This allowed us to increase our production volume of bottled water to a new record high of 15,060,000 bottles, up 41.2% year on year.

(Rental Division)

Regarding sales of mainstay dust control products, although the relocation of two bases in central Tokyo and Ibaraki made a contribution for the full-year’s results in the household market, this was not enough to cover a decline in the commercial market, which particularly occurred in central Tokyo, as a result of companies continuing to cut costs due to the effect of natural disasters and the sharp strengthening of the yen.

Net sales of pest control devices rose year on year as a result of strong sales at existing stores.

As a result, the Rental Division posted a 2.1% year-on-year decrease in net sales to 10,865 million yen and a 14.9% year-on-year decrease in operating income to 1,535 million yen.

On March 1, 2012, we made Earnest Corporation a consolidated subsidiary. Earnest Corporation, which operates a building maintenance business in Tokyo and adjacent prefectures, is included in this segment.

(Construction Consulting Division)

Sales of mainstay know-how system products grew. This was due to the contribution to sales by new store openings in Sendai and Nagoya and the achievement of initial sales targets by all bases.

Administrative agent services for “flat 35” loans, which started the fiscal year under review for member building firms, has now become firmly established. In addition, sales of residential construction materials by cooperative buying progressed firmly. In particular, sales of solar energy systems grew considerably due to strong market demand for decentralized power systems amid nationwide uncertainty with respect to electricity supply.

As a result, the Construction Consulting Division posted a 34.3% year-on-year increase in net sales to 3,336 million yen and a 27.9% year-on-year increase in operating income to 543 million yen.

(Housing Sales Division)

The fiscal year under review started with an uncertain outlook for the Housing Sales Division, which was feeling the effect of delays in construction starts and hand-overs caused by the Great East Japan Earthquake. However, sales grew considerably, thanks partly to the continuation from the previous fiscal year of proactive store openings. As a result, the Housing Sales Division posted an 18.2% year-on-year increase in net sales to 37,046 million yen. The division posted a 53.8% year-on-year increase in operating income to 1,858 million yen, despite an increase in costs, including costs for the placement of employees to strengthen the support system in the Eastern Japan area, as well as the cost of opening new stores and the accompanying increase in personnel.

In terms of sales activities, we fully established the sales system whereby the office managers play a greater management role and held training seminars at each office to improve our interior coordination capabilities. As a result, we received orders for 2,545 buildings compared with 2,140 buildings in the previous year. As of the end of the fiscal year under review, order backlog stood at 1,187 buildings.

With respect to new store openings, we opened 14 new branches and model display sites, bringing the total number of stores to 40 branches and 15 model display sites. In addition, we developed a new three-story house product aimed at areas where space is limited, which will help our plans to open stores in urban areas. We plan to expand to the Tokyo metropolitan region, the Tokai district and the Kinki region.