

May 9, 2014

To: All concerned parties

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Name of Representative: Shuji Fukuda
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Notice of Corrections on (Unconsolidated) Financial Statements of Past Financial Years

We provide you with this notice as described below due to the fact that we found errors in our unconsolidated financial statements released in the past and therefore it became necessary to make corrections in our financial statements from the past financial years.

These corrections are made only for unconsolidated financial statements and do not affect the figures in the consolidated financial statements.

1. How the Errors Were Found

In 1998, we came to a decision to make a complete transfer of our golf business to our subsidiary, Kabushiki Kaisha Kiyosumi Golf Club (“Kiyosumi”), deposited the membership deposits to Kiyosumi, and transferred our golf course assets to Kiyosumi. We reported the deposits which were deposited to Kiyosumi in the amount of approximately JPY13.3 billion as security deposit and guaranty money in our balance sheet (“Deposit”).

Thereafter, due to the significant fall in the land price and downturn in golf business, Kiyosumi’s fixed assets, such as its lands and buildings, were reported as assets, whose value had been impaired by JPY10.3 billion, after the compulsory application of impairment accounting in the financial year ending March 31, 2006, and thereby the book value of such fixed assets became approximately JPY3 billion.

Although the amount of Kiyosumi’s liabilities exceeding its assets increased due to the fact mentioned above, our understanding was that the refund claim cannot be made to Kiyosumi unless we refund the membership deposits to the golf course members and we make a claim against Kiyosumi for such refunded amount. We also did not report the allowance for doubtful accounts relating to the Deposit until now because we believed that it was not necessary to report the allowance for doubtful accounts relating to the Deposit regardless of Kiyosumi’s business condition. With respect to the said account processing, we explained to our accounting auditor, Ernst & Young ShinNihon LLC (“Accountant”), in each financial year, and the Accountant did not make any notable objections to our explanations. We have also

been receiving the audit report from our Accountant that our accounting is proper at the time of each account settlement.

The membership deposit period (10 years) was about to expire in FY2013 under the circumstances described above and we considered making a claim against Kiyosumi for the amount of membership deposits reduced due to refund of membership deposits made upon members' withdrawal of their membership, but we determined that collection of Deposit in the amount equal to the amount of said claim would be very difficult and therefore consulted with our Accountant with a plan to report the allowance for doubtful accounts relating to the portion of Deposit which is equal to the amount of refund of membership deposits. Our Accountant, however, advised us in March 2014, when the accounting audit for 2013 was conducted, that rather than handling the Deposit in a way described above, the allowance for doubtful accounts relating to the Deposit in the amount of approximately JPY10.3 billion should have been reported starting from the financial year ending March 31, 2006.

After reviewing the reasonableness and other factors of our Accountant's advice with outside experts, we came to a conclusion that it would be necessary to make corrections on financial statements of past financial years and decided to correct them by our board of directors meeting held as of the date of this notice.

We have also conducted an internal investigation together with 12 experts in total comprised of attorneys of City-Yuwa Partners and certified public accountant of Sekiguchi Certified Public Accountant Office, in order to analyze the causes which led to the errors and to establish preventive measures. The scope of investigation was the circumstances and causes which led to the errors as pointed out by our Accountant and the methods used for investigation were interviews with concerned parties within and outside the company and review of relevant documents. As a result of such investigation, we did not find that we intentionally made any improper account processing.

2. Affected Amounts

Our net loss for financial year ending March 31, 2006 (unconsolidated account settlement) will increase from JPY22.722 billion to JPY33.065 billion by reporting the allowance for doubtful accounts against Kiyosumi in the amount of JPY10.343 billion in our unconsolidated profit and loss statement for the financial year ending March 31, 2006. We are also expecting to make minor adjustment to the amount of allowance for doubtful accounts in accordance with any subsequent change in the amount of Kiyosumi's net assets.

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With respect to the effect on our business performance for the financial year ending March 31, 2014 (unconsolidated account settlement), we were originally planning to report the allowance for doubtful accounts relating to the Deposit for the financial year, which was equal to the amount of refund of membership deposits made upon members' withdrawal of their membership, as explained in "1. How the Errors Were Found", but due to the fact that such reporting of allowance for doubtful accounts becomes unnecessary by the corrections to be made on the financial statements of past financial years, we have released as of the date of this notice a revised annual (unconsolidated) earnings forecast which incorporates such corrections.

3. Outlook

Due to the corrections to be made on the financial statements of past financial years, by setting May 13, 2014 as its target date, we are planning on filing the corrected securities reports and to disclose the corrections made in the summaries of financial statements starting from the financial year ending March 31, 2009.

4. Preventive Measures

We will implement the following measures as preventive measures by taking into account the circumstances leading up to the errors in question and the reasons why it occurred:

- (1) Enhancing the Knowledge and Strengthening the Handling System relating to Account Settlement, etc.

One of the reasons for the occurrence of errors in the course of account processing was the fact that our knowledge and experience in account processing of atypical transaction were not sufficient. In order to respond to the accounting standards which are becoming more and more advanced and complicated year by year, we will make efforts to enhance our knowledge by ways, such as taking planned training sessions outside the company, and to strengthen our handling system.

- (2) Exchanging Comments between Our Accounting Department and Accounting Auditor

With respect to new accounting-related events or unusual accounting-related events which rarely occur, we will make sure that we do not conduct erroneous account processing by exchanging comments with accounting auditor as necessary. In case of enactment or amendment of accounting standards or practice guidelines, we will share them with accounting auditor and conduct account processing after gaining sufficient understanding.

- (3) Use of Experts

With respect to handling of unusual accounting-related events and important matters relating to account settlement, we will make efforts to perform strict account processing by not only seeking advice of accounting auditor but also seeking advice of other outside experts and analysis of relevant departments of our company other than accounting department such as legal department.

We would like to offer our deepest apologies to our shareholders, customers and other relevant parties for any troubles and concerns which we may have caused.

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