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Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP]

May 12, 2017

Company name: Raysum Co., Ltd. Stock exchange listing: Tokyo Securities Exchange
Code number: 8890 URL: http://www.raysum.co.jp/
Representative: Takeshi Tanaka, President and Representative Director
Contact: Yasuhiro Katayama, Operating Officer, General Manager of Administration Division
Phone: +81-3-5157-8881
Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2017
Scheduled date of commencing dividend payments: June 26, 2017
Scheduled date for filing of annual securities report: June 26, 2017
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Available (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2017	33,774	21.3	6,963	24.2	6,715	26.9	6,523	31.1
Fiscal year ended March 31, 2016	27,846	(9.9)	5,606	(6.0)	5,291	(12.0)	4,975	(15.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥6,491 million (31.1%)
Fiscal year ended March 31, 2016: ¥4,950 million (18.0%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2017	141.56	―	17.1	11.3	20.6
Fiscal year ended March 31, 2016	107.97	107.88	14.9	10.1	20.1

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2017: ¥- million
Fiscal year ended March 31, 2016: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2017	65,267	40,903	62.7	887.62
As of March 31, 2016	54,005	35,548	65.6	768.79

(Reference) Equity: As of March 31, 2017: ¥40,902 million
As of March 31, 2016: ¥35,426 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2017	2,106	(700)	3,745	17,125
Fiscal year ended March 31, 2016	3,807	(1,185)	(2,044)	11,972

2. Dividends

	Annual Dividends					Total dividends paid (annual)	Payout ratio dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2016	–	0.00	–	22.00	22.00	1,013	20.4	3.0
Fiscal year ending March 31, 2017	–	0.00	–	29.00	29.00	1,336	20.5	3.5
Fiscal year ending March 31, 2018 (Forecast)	–	0.00	–	31.00	31.00		20.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 **(April 1, 2017 to March 31, 2018)**

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	46,050	36.3	8,200	17.8	7,950	18.4	7,100	8.8	154.08

***Notes**

(1) Significant changes of subsidiaries during the year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards: Applicable
2) Any changes in accounting policies other than 1) above: No applicable
3) Changes in accounting estimates: Not applicable
4) Restatements: Not applicable

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

Fiscal year ended March 31, 2017	46,081,400 shares
Fiscal year ended March 31, 2016	46,081,400 shares

2) Total number of treasury stock at the end of the period:

Fiscal year ended March 31, 2017	33 shares
Fiscal year ended March 31, 2016	33 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2017	46,081,367 shares
Fiscal year ended March 31, 2016	46,081,382 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 **(April 1, 2016 to March 31, 2017)**

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	yen	%
Fiscal year ended March 31, 2017	30,795	18.5	6,435	23.1	6,378	25.6	6,223	28.2
Fiscal year ended March 31, 2016	25,981	(8.8)	5,225	0.6	5,079	(5.5)	4,852	(10.0)

	Profit per share	Diluted profit per share
	yen	yen
Fiscal year ended March 31, 2017	135.05	－
Fiscal year ended March 31, 2016	105.31	105.23

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended March 31, 2017	55,195	35,329	64.0	766.68
Fiscal year ended March 31, 2016	43,423	30,142	69.4	653.62

(Reference) Equity: As of March 31, 2017: ¥35,329 million
As of March 31, 2016: ¥30,119 million

* The financial report is excluded from the target of audit.

* Explanation of the proper use of performance forecast and other note

(Note on forward-looking statements, etc.)

Performance forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable, and are not to be read as guarantees of future performance by the Company. In addition, actual performance may differ substantially due to various factors. For the assumptions and other matters constituting the preconditions for the performance forecast, please refer to“1. Overview of Results of Operations (4) Future Outlook” on page 5 of the Appendix.

(How to access financial results briefing session materials)

The Company is planning to hold a financial results briefing session for institutional investors and analysts on May 18, 2017 (Thursday). Materials provided shall be posted on the Company’s website immediately after the session.

○ Contents of Appendix

1. Overview of Results of Operations

(1) Overview of Results of Operations for the Fiscal Year under Review

The consolidated financial results for the fiscal year under review recorded net sales of 33,774 million yen (year-on-year increase of 21.3%), operating income of 6,963 million yen (year-on-year increase of 24.2%), ordinary income of 6,715 million yen (year-on-year increase of 26.9%) and profit attributable to owners of parent of 6,523 million yen (year-on-year increase of 31.3%).

Business results by segment are as follows.

(Wealth Management Business)

In this business, we not only consider the appropriate structure and methods of property management based on details of the assets of each high-net-worth individual, but also aim to commercialize properties with future potential. The products cover a wide range of properties from commercial/office buildings, residential and hotels to medical facilities among others, with also a diversified price range from some hundred million yen to some ten billion yen.

We believe that, in order to manage medium-to long-term risks in Japanese society which is facing a low birth rate and an aging population as well as a falling population while seeing a rapid rise in redundant buildings, an ability to create tenants who can respond to social changes is required in addition to an ability to attract tenants who bring out the potential of properties, and thus we are focusing on new businesses.

As for sales in the fiscal year under review, both income and profits increased year-on-year with the addition of the community hostel and advanced medical clinic project of new businesses, centering on the provision of several projects including large projects at a scale of 3 billion yen or more and securing of inventory also progressed steadily centering on large properties.

In the fiscal year under review, the Wealth Management Business posted 28,670 million yen (year-on-year increase of 18.5%) in net sales and 6,121 million yen (year-on-year increase of 24.9%) in segment income.

(Property Management Business)

In order to achieve the property-owning objectives of clients who own income properties purchased from our company, this business seeks to attract optimal tenants and make various arrangements in order to make the most efficient use of properties in various usage categories and provides detailed building leasing and management services.

In the fiscal year under review, the Property Management Business posted 2,110 million yen (year-on-year increase of 10.8%) in net sales and 679 million yen (year-on-year decrease of 9.4%) in segment income.

(Servicing Business)

In this business, principally Global Asset Management Co., Ltd. a consolidated subsidiary of the Company purchases receivables from financial institutions mainly on its own account and engages in collection and management of these receivables.

In the fiscal year under review, the Servicing Business posted 2,176 million yen (year-on-year increase of 118.4%) in net sales and 620 million yen (year-on-year increase of 77.4%) in segment income.

Steady progress was made in the careful collection of receivables that had already been purchased and owned and in new acquisition of receivables. Furthermore, going forward, we intend to devote efforts to hiring staff and also in enhancing our capacity to increase the value of real estate securities.

(Other Business)

This segment runs Raysum Golf & Spa Resort, a golf course owned by Asset Holdings, Ltd., a consolidated subsidiary of the Company, and WeBase Co., Ltd., a consolidated subsidiary of the Company, started operating WeBase Kamakura, a community hostel, from the fiscal year under review.

With regard to operation of Raysum Golf & Spa Resort, we are devoting effort to attentive management of the course condition in order to maintain the course in the best of conditions at all times, and also maintain a high level in areas such as hospitality, cleaning, and food and beverage services. The resort has been steadily building up an excellent reputation among customers, being selected as one of the top three companies in Japan for two consecutive years in the staff hospitality category by the booking site Rakuten GORA.

Community hostel WeBase Kamakura is developing demand for long-term stay by approximately 20 million tourists who visit Kamakura every year and expanding the fan base of the hostel while enhancing its operation capabilities and promoting exchange between guests and local people by continuously holding events where people can enjoy the culture of Kamakura and experience of nature since its opening in September 2016.

Sales for this business in the fiscal year under review was 817 million yen (year-on-year increase of 9.0%) due to the addition of sales gained through operation of WeBase Kamakura to the sales gained through operation of Raysum Golf & Spa Resort. On the other hand, segment income was 30 million yen (year-on-year decrease of 76.0%) due to start-up expenses associated with the start of operation of WeBase Kamakura.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets increased 9,649 million yen compared to the end of the previous fiscal year to 59,275 million yen.

This was primary attributable to cash and deposits increasing 4,927 million yen to 17,225 million yen, real estate for sale increasing 970 million yen to 21,163 million yen, real estate for sale in process increasing 3,433 million yen to 13,031 million yen and purchased receivables increasing 1,023 million yen to 4,711 million yen.

The change in cash and deposits was mainly due to the increase of 29,027 million yen in sales of real estate for sale, a decrease of 19,778 million yen in purchases of real estate for sale, the decrease of 4,471 million yen due to payment for construction in line with the progressing development of real estate for sale in process and payment for repair works on real estate for sale, the decrease of 4,857 million yen due to the difference between new fundraising and repayment of loans payable, the increase of 1,684 million yen through collection activities and the decrease of 2,375 million yen due to new acquisition of receivables in the Servicing Business and the decrease of 1,013 million yen through payment of dividends.

Noncurrent assets increased 1,613 million yen from the end of the previous fiscal year to 5,992 million yen.

As a result, total assets as at the end of the fiscal year under review increased 11,262 million yen compared to the end of the previous fiscal year to 65,267 million yen.

(Liabilities)

Liabilities increased 5,907 million yen compared to the end of the previous fiscal year to 24,364 million yen. This was primary attributed to loans payable increasing 4,857 million yen due to the difference between new fundraising and repayment of loans payable.

(Net Assets)

Total net assets increased 5,355 million yen compared to the end of the previous fiscal year to 40,903 million yen. This was due primarily to increase in retained earnings of 6,523 million yen while conducting payment of dividends of 1,013 million yen following the recording profit attributable to owners of parent.

Furthermore, equity ratio as of the end of the fiscal year under review has become 62.7%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter, “funds”) at the end of the fiscal year under review increased 5,152 million yen to 17,125 million yen.

Cash flows in the fiscal year under review and the major contributing factors are as follows.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities increased 2,106 million yen. The main factors for increase were increased funds related to 28,670 million yen in net sales in the Wealth Management Business and 2,176 million yen in collection of receivables in the Servicing Business. The main factors for decrease were the decrease in funds related to 19,778 million yen of payment for purchases of real estate for sale and 4,471 million yen due to payment in line with the progressing development of real estate for sale in process and payment for repair works on real estate for sale in the Wealth Management Business, the expenditure of 2,375 million yen related to new acquisition of receivables in the Servicing Business, and the expenditure of selling, general and administrative expenses.

(Net cash provided by (used in) investing activities)

Net cash provided by investing activities decreased 700 million yen. The main factors for decrease include the expenditure of 236 million yen related to purchase of property, plant and equipment, purchase of intangible assets and expenditure of 667 million yen from acquisition of shares of affiliated companies.

(Net cash provided by (used in) financing activities)

Net cash provided by financing activities increased 3,745 million yen. This was a result of an increase of 14,059 million yen from new loans payable aside from changes due to refinancing long-term loans payable of 3,100 million yen and bonds payable of 800 million yen with the same amount each, a decrease of 9,201 million yen from repayment of interest-bearing liabilities, a decrease of 1,011 million yen from the payment of dividends and such.

(Reference) Indicators relative to cash flows

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Equity ratio (%)	73.8	61.9	65.6	62.7
Equity ratio on a market value basis (%)	140.9	112.7	88.5	72.7
Interest-bearing liabilities/Cash flow ratio (%)	—	—	3.8	9.3
Interest coverage ratio (multiple)	—	—	32.7	20.9

Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/Total assets

Interest-bearing liabilities/Cash flow ratio: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest expenses paid

(Note 1) All indicators are calculated using consolidated financial results.

(Note 2) Cash flows used as basis of the above calculation are net cash provided by operating activities, and Interest-bearing liabilities/cash flow ratio as well as interest coverage ratio is not provided in the case of negative cash flows.

(4) Future Outlook

The new U.S. administration's capability to implement policies is still uncertain while the U.S. economy remains weak and geopolitical risks are growing in Asia and the Middle East. Amid such circumstances, the outlook for the Japanese economy is unpredictable. We will continue to create value by securing financial soundness and enhancing equity to respond flexibly to various market fluctuation risks.

The forecast for the consolidated financial results for the fiscal year ending March 2018 is: net sales of ¥46,050 million (year-on-year increase of 36.3%), operating income of ¥8,200 million (year-on-year increase of 17.8%), ordinary income of ¥7,950 million (year-on-year increase of 18.4%), and profit attributable to owners of parent of ¥7,100 million (year-on-year increase of 8.8%).

On the basis of the aforementioned assumptions, the breakdown of the forecasted net sales and income by segment for the fiscal year ending March 31, 2018 is as follows.

(million yen)

	Wealth Management Business	Property Management Business	Servicing Business	Other Business	Total	Adjustment	Amount on Statements of Income
Net sales	40,000	2,850	2,000	1,200	46,050	(—)	46,050
Segment income	7,700	740	250	50	8,740	(540)	8,200

(Wealth Management Business)

At the end of the fiscal period ended March 2017, the product inventory level reached a selling price base of around ¥50,000 million and secured the level necessary to achieve the full-period forecast. We will focus on securing product inventory in and after the fiscal period ending March 2019 and enhancing value creation capacity in the fiscal period ending March 2018 as an important preparation period for the acceleration of medium-to long-term growth.

For example, we will progress preparation for multiple projects in our community hostel business WeBase series in Kyoto, etc. following Kamakura and Hakata and conduct nationwide product development that attracted advanced medical clinics whose demand is increasing due to aging of population. We are also progressing efforts for large projects that further extract potential value without being bound by time constraints and will promote urban development linking to the next generation by considering the characteristics of the target areas and social influences in Japan and ASEAN regions.

(Property Management Business)

In the property management business, our aim is enhance our capacity to develop tenants who will increase the value of the relevant properties as well as providing a full range of services that respond to clients' property-owning objectives, while identifying changes in the socio-economic environment and creating a virtuous circle that improves client satisfaction and grows our customer base.

Moreover, in order to further enhance our management capabilities with respect to properties in the several billion yen class, which has become our primary selling price range, we will hire more personnel in this business division while moving forward with preparing to introduce a business management system to support it.

(Servicing Business)

In the servicing business, we will ensure stable revenue and profits from collection of receivables by focusing on efforts for the careful collection of existing purchased receivables as well as acquisition of new receivables. Furthermore, going forward, we intend to devote efforts to hiring staff as well as enhancing our capacity to increase the value of real estate securities.

(Other Business)

With regard to Raysum Golf & Spa Resort, we will continue devoting efforts to attentive management of the course and grounds in order to maintain the course in the best of conditions at all times while seeking to further improve the level of service and striving to enhance performance.

With regard to operation of community hostels, we will open WeBase Hakata, the second community hostel project, in July 2017 in addition to WeBase Kamakura which is already being operated. We will continue to progress the expansion of fan base of WeBase series by enhancing our operational capabilities in line with regional characteristics and through mutual collaboration with asset management business.

(5) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next Fiscal Year

(Principles of appropriation of profits and dividend payment)

We have set a basic policy to pay dividends by also considering future business development, etc. based on the performance-based approach with a consolidated dividend payout ratio of 20% or more while maintaining steady dividend payments as the basis. Our basic is to pay dividends once a year as year-end dividend.

(Dividend payment for the current fiscal year)

The dividend to be paid at the end of the current fiscal year is expected to be ¥29 per share.

(Dividend payment for the next fiscal year)

The dividend to be paid at the end of the next fiscal year is expected to be ¥31 per share based on the abovementioned principles of appropriation of profits and dividend payment unless there are special circumstances.

(6) Risks Related to Business

Principal matters with potential impact on results of operations, financial position, share price, etc. of the Group are as follows. Forward looking statements in this section are based on the judgment of the Group as at the end of the fiscal year under review.

(Economic trend)

As the Group engages primarily in arranging and selling investment products not least those involving real estate for investment, along with physical management of such real estate, severe deterioration of the funding environment, increase in vacancy rate, or decline in rents resulting from an economic downturn, may have an adverse impact on the Group's business results and financial position.

(Interest rate risk)

Increase in short-term interest rate may cause increase in funding cost, while increase in medium-to-long-term interest rate may cause increase in expected return in real estate investment and decline in real estate price. All of these may have an adverse impact on the Group's business results and financial position.

(Risks associated with changes in various regulations)

The Group engages in business in compliance with the current regulations, and thus exposed to associated regulatory risks (including impact from the changes in laws, taxation, regulations, government policies, business practices, interpretations, and finance). In the future, changes in laws, taxation, regulations, government policies, business practices, interpretations, and finance or other policies, and associated developments may have an adverse impact on the Group's business performance, results and financial position.

(Risks associated with human resources)

Each business within the Group is run on the basis of human capital. In each aspect of the Group's business including sales, procurement, construction and pricing of receivables, due diligence, collection, it makes a huge difference to the outcome whether there is a commitment backed up by profound knowledge and experience, along with accumulation of effort in detail, and thus it is critical that each staff member maintains basic discipline to accomplish his/her job responsibly and keeps up such accomplishment. As such, securing excellent staff capable to catch up with the Group's rapid growth is believed to be a critical challenge. However, if we cannot secure sufficient staff up to the standard required within the Group, or if there is a significant increase in resignation of such qualified staff, that may have an adverse impact on the Group's business promotion as well as results.

(Risks associated with natural and man-made disasters)

In the event of storm, flood, earthquake and other natural disasters, or accident, fire, riot, terrorism, war and other man-made disasters, value of the Group's assets may decline, which may have an adverse impact on the promotion of the Group's business and its business results as well as financial position.

2. Management Policy

(1) Basic Policy of Raysum Management

The real estate market in Japan, where population decline is imminent, is facing pressing societal issues such as surplus real estate stock and rising infrastructure maintenance costs. The Group will progress qualitative conversion of real estate stock, further evolve its utilization method, and create new services beyond the existing real estate business and businesses contributing to social issues.

(2) The Management Indicators that are our Targets

While responding flexibly to the external environment and continuing to accept risks that will lead to value creation even if market conditions change, we aim for an ROE of 10% to 20%, based on a capital-to-assets ratio of 60% to 80%.

(3) The Company's Mid-to-long-term Management Strategy and Issues to be Addressed of the Company

It is considered that investment products that are arranged and easy to forecast with abundant track records will not be able to respond to the change of times and medium-to long-term risks will increase. On the other hand, product development that anticipates changes may be viewed as having a high risk but is considered to be able to manage risks in the future.

Specifically, these products include operation of community hostels that connect local communities by attracting young people from all over the world to Japan where the number of young people is decreasing, product development that attracted advanced medical clinics that can respond to health issues increasing due to aging of population, and businesses to rebuild old buildings with historical values as tourism resources.

We believe that accumulation of facts, provision of information in line with the interest of each area such as customers, clients and recruitment field, and clear notification of what kind of value we can provide to each area will lead to medium-to long-term growth of the Company.

3. Reasoning behind Selection of Accounting Standards

We have chosen to conduct financial reporting under Japanese accounting standards (Japanese GAAP) after taking into account financial reporting period comparability and inter-enterprise comparability.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended Mar. 31, 2016	Fiscal year ended Mar. 31, 2017
Assets		
Current assets		
Cash and deposits	*3, *4 12,298	17,225
Operating accounts receivable	220	181
Operational investment securities	236	168
Real estate for sale	*3 20,192	*3 21,163
Real estate for sale in process	*3, *4 9,597	*3 13,031
Purchased receivables	3,688	4,711
Advance payments - trade	698	750
Deferred tax assets	2,785	2,475
Income taxes receivable	24	13
Other	*3, *4 550	256
Allowance for doubtful accounts	(666)	(701)
Total current assets	49,626	59,275
Non-current assets		
Property, plant and equipment		
Buildings, net	615	653
Land	656	1,058
Other, net	142	197
Total property, plant and equipment	*1 1,414	*1 1,909
Intangible assets		
Other	309	376
Total intangible assets	309	376
Investments and other assets		
Investment securities	*2 1,786	*2 2,984
Deferred tax assets	263	423
Investments in capital	10	10
Other	594	287
Total investments and other assets	2,654	3,706
Total non-current assets	4,379	5,992
Total assets	54,005	65,267

(Millions of yen)

	Fiscal year ended Mar. 31, 2016	Fiscal year ended Mar. 31, 2017
Liabilities		
Current liabilities		
Short-term loans payable	300	300
Current portion of long-term loans payable	*3, *5 592	*3 514
Income taxes payable	5	49
Advances received	143	280
Provision for bonuses	11	12
Other	1,147	1,369
Total current liabilities	2,200	2,527
Non-current liabilities		
Bonds payable	*3, *4 800	*3 800
Long-term loans payable	*3, *4, *5 12,961	*3 17,896
Provision for adjustment of securitization	14	1
Asset retirement obligations	4	4
Deposits received from tenants	2,476	3,134
Total non-current liabilities	16,256	21,837
Total liabilities	18,457	24,364
Net assets		
Shareholders' equity		
Capital stock	100	100
Capital surplus	12,253	12,253
Retained earnings	22,867	28,376
Treasury shares	(0)	(0)
Total shareholders' equity	35,220	40,729
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	155	111
Foreign currency translation adjustment	51	61
Total accumulated other comprehensive income	206	173
Subscription rights to shares	22	—
Non-controlling interests	99	0
Total net assets	35,548	40,903
Total liabilities and net assets	54,005	65,267

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

(Consolidated Statements of Income – Consolidated Fiscal Year)

(Millions of yen)

	Fiscal year ended Mar. 31, 2016	Fiscal year ended Mar. 31, 2017
Net sales	27,846	33,774
Cost of sales	19,251	23,480
Gross profit	8,595	10,294
Selling, general and administrative expenses	*1 2,988	*1 3,330
Operating income	5,606	6,963
Non-operating income		
Interest income	15	14
Other	3	5
Total non-operating income	18	19
Non-operating expenses		
Interest expenses	117	97
Commission for a financial loan	13	88
Foreign exchange losses	201	78
Other	0	3
Total non-operating expenses	333	268
Ordinary income	5,291	6,715
Extraordinary income		
Gain on reversal of subscription rights to shares	—	22
Gain on sales of investment securities	15	—
Total extraordinary income	15	22
Extraordinary losses		
Loss on sales and retirement of non-current assets	*2 26	*2 1
Total extraordinary losses	26	1
Profit before income taxes	5,280	6,736
Income taxes - current	23	44
Income taxes - deferred	282	167
Total income taxes	305	211
Profit	4,974	6,524
Profit (loss) attributable to non-controlling interests	(0)	1
Profit attributable to owners of parent	4,975	6,523

(Consolidated Statements of Comprehensive Income – Consolidated Fiscal Year)

(Millions of yen)

	Fiscal year ended Mar. 31, 2016	Fiscal year ended Mar. 31, 2017
Profit	4,974	6,524
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	(43)
Foreign currency translation adjustment	(5)	10
Total other comprehensive income	(24)	(33)
Comprehensive income	4,950	6,491
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,950	6,489
Comprehensive income attributable to non-controlling interests	(0)	1

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	100	12,253	18,721	―	31,074	174	56	231	22	99	31,427
Changes of items during period											
Dividends of surplus			(829)		(829)						(829)
Profit attributable to owners of parent			4,975		4,975						4,975
Purchase of treasury shares				(0)	(0)						(0)
Net changes of items other than shareholders' equity						(19)	(5)	(24)	―	(0)	(25)
Total changes of items during period	―	―	4,145	(0)	4,145	(19)	(5)	(24)	―	(0)	4,120
Balance at end of current period	100	12,253	22,867	(0)	35,220	155	51	206	22	99	35,548

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	100	12,253	22,867	(0)	35,220	155	51	206	22	99	35,548
Changes of items during period											
Dividends of surplus			(1,013)		(1,013)						(1,013)
Profit attributable to owners of parent			6,523		6,523						6,523
Purchase of treasury shares				―	―						―
Net changes of items other than shareholders' equity						(43)	10	(33)	(22)	(98)	(154)
Total changes of items during period	―	―	5,509	―	5,509	(43)	10	(33)	(22)	(98)	5,355
Balance at end of current period	100	12,253	28,376	(0)	40,729	111	61	173	―	0	40,903

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended Mar. 31, 2016	Fiscal year ended Mar. 31, 2017
Cash flows from operating activities		
Profit before income taxes	5,280	6,736
Depreciation	127	139
Increase (decrease) in provision for bonuses	0	0
Increase (decrease) in allowance for doubtful accounts	(47)	34
Increase (decrease) in provision for adjustment of securitization	7	(12)
Interest and dividend income	(15)	(14)
Gain on reversal of subscription rights to shares	—	(22)
Interest expenses	117	97
Loss (gain) on sales and retirement of non-current assets	26	1
Loss (gain) on sales of investment securities	(15)	—
Decrease (increase) in notes and accounts receivable - trade	(84)	39
Decrease (increase) in investment securities for sale	94	—
Decrease (increase) in real estate for sale	(12,067)	(1,486)
Decrease (increase) in real estate for sale in process	735	(3,435)
Decrease (increase) in purchased receivables	(395)	(1,023)
Decrease (increase) in advance payments	10,069	(101)
Increase (decrease) in advances received	38	138
Increase (decrease) in accounts payable - other	79	(11)
Increase (decrease) in accrued consumption taxes	(326)	360
Increase (decrease) in lease deposits received	516	671
Decrease (increase) on investments in silent partnership	(217)	(398)
Other, net	107	467
Subtotal	4,030	2,179
Interest and dividend income received	6	28
Interest expenses paid	(116)	(100)
Income taxes (paid) refund	(112)	(0)
Net cash provided by (used in) operating activities	3,807	2,106
Cash flows from investing activities		
Payments into time deposits	(487)	—
Proceeds from withdrawal of time deposits	227	206
Purchase of property, plant and equipment	(102)	(127)
Proceeds from sales of property, plant and equipment	9	0
Purchase of intangible assets	(23)	(108)
Purchase of shares of subsidiaries and associates	(834)	(667)
Other, net	25	(3)
Net cash provided by (used in) investing activities	(1,185)	(700)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	250	—
Proceeds from long-term loans payable	5,610	17,159
Repayments of long-term loans payable	(7,077)	(12,301)
Proceeds from issuance of bonds	—	800
Redemption of bonds	—	(800)
Payments from changes in ownership interests in other securities of subsidiaries and affiliates that do not result in change in scope of consolidation	—	(100)
Cash dividends paid	(826)	(1,011)
Other, net	(0)	—
Net cash provided by (used in) financing activities	(2,044)	3,745
Effect of exchange rate change on cash and cash equivalents	(54)	0
Net increase (decrease) in cash and cash equivalents	523	5,152
Cash and cash equivalents at beginning of period	11,449	11,972
Cash and cash equivalents at end of period	*1 11,972	*1 17,125

(5) Notes on Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Basis of Presenting the Consolidated Financial Statements)

1. Matters related to the scope of consolidation

(1) Number of consolidated subsidiaries: 10

Names of major consolidated subsidiaries:

Global Asset Management Co., Ltd.

Asset Holdings Co., Ltd.

WeBase Co., Ltd.

And other seven companies

Nippon Health Food GK is included in the scope of consolidation from the current fiscal year.

(2) Names, etc. of major non-consolidated subsidiaries:

Platinum Investment Kona Inc.

Wellness Arena Corporation

(Reason for excluding from the scope of consolidation)

Both of non-consolidated subsidiaries are small in scale and each company's total assets, net sales, current fiscal year net profit or loss (amount corresponding to equity), and retained earnings (amount corresponding to equity) do not have a material effect on the consolidated financial statements.

2. Matters related to the application of equity method

(1) Number of non-consolidated subsidiaries and affiliated companies accounted for by equity method: -

(2) Names, etc. of major non-consolidated subsidiaries and major affiliated companies not accounted for by equity method

Names, etc. of non-consolidated subsidiaries and affiliated companies:

Platinum Investment Kona Inc.

Wellness Arena Corporation

(Reason for not applying equity method)

The companies are excluded from the application of equity method because they are small in scale and do not have a material effect on the consolidated net profit or loss and the consolidated accumulated income, etc.

3. Matters related to the fiscal year, etc. of consolidated subsidiaries

Out of the consolidated subsidiaries, the accounting closing date of SOKNA PARTNERS CO., LTD. and Raysum Philippines, Inc. is December 31, and consolidating accounting is conducted based on their financial statements as of March 31 through the temporary settlement of accounts.

4. Matters relating to the accounting treatment and standards

(1) Standards and method of valuation of important assets

1) Marketable securities

(a) Other marketable securities (including operational investment securities)

Marketable securities with fair market value

Stated at market value based on fair market value, etc. as of fiscal closing date (any valuation gain or loss to be reported in a designated component of shareholders' equity; cost of sale to be computed by the moving-average method).

Marketable securities without fair market value

Stated using the cost based on the moving-average method.

Accounting treatment for the investments in the investment enterprise limited liability association and similar associations

Details are described in 2) Accounting treatment of investments in the investment enterprise limited liability association and similar associations of (6) Other important matters for preparation of consolidated financial statements.

2) Inventories

(a) Real estate for sale and real estate for sale in process

Stated using the cost method based on the actual cost method (the book value reduction method based on decreased profitability).

(b) Purchased receivables

Stated using the cost method based on the actual cost method.

(2) Depreciation method for important depreciable assets

1) Tangible asset

(a) Assets acquired on March 31, 2007 or before

Stated using the former declining-balance method. However, buildings owned by some of consolidated subsidiaries are stated using the former straight-line method.

(b) Assets acquired on April 1, 2007 or after

Stated using the declining-balance method. However, buildings are stated using the straight-line method.

2) Intangible asset

Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).

(3) Accounting standards for major allowances

1) Allowance for doubtful accounts

To prepare for uncollectible credits, general allowance is recorded based on the actual bad debt ratio, and specific allowance is recorded based on the amount deemed to the uncollectible considering the collectability.

2) Allowance for bonus

Provisions for future employee bonus payments are recorded on an accrual basis.

3) Provision for adjustment of securitization

Upon transactions with clients, there is a case in which an agreement for bearing risks for a certain amount for a certain period is concluded in order to adjust the investment yields that the clients expect. Thus loss estimated based on consideration of said agreement of each is recorded.

4) Allowance for maintenance and indemnification

To prepare for maintenance and indemnification expenses based on maintenance indemnification clause for real estate for sale, expenses loss estimated based on consideration of said agreement of each is recorded

(4) Major foreign currency assets or standards for converting debts to Japanese currency

Assets, liabilities, earnings and expenditures of overseas subsidiaries are converted according to the spot exchange rate on the consolidated closing date, and translation differences are included in “Foreign currency translation adjustment” as part of net assets.

Assets and liabilities denominated in foreign currencies are converted according to the spot exchange rate on the consolidated closing date, and translation differences are processed as income and expenditures.

(5) Scope of cash and cash equivalents in the consolidated statements of cash flows

These comprise cash on hand, demand deposits, and short-term investments that are readily convertible into cash, are exposed to insignificant risk of changes in value and are redeemable in three months.

(6) Other important matters for preparation of consolidated financial statements

1) Accounting treatment of consumption tax and other taxes

Stated using the tax-excluded method. Non-deductible consumption taxes and others are recognized as income or expenses under current fiscal year.

2) Accounting treatment of investments in the investment enterprise limited liability association and similar associations

For the investment in a silent partnership (deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), an amount equivalent to the equity interest in the property owned by the Company, out of net asset and net profit or loss of the silent partnership, is recorded as investment securities and net sales.

3) Capitalization of interest costs

Interest costs for a normal development period for real estate development projects that are expected to require a long development period (from the start to completion) and project cost over a certain amount are capitalized. Interest costs included in real estate for sale in process at the end of the current fiscal year is 848 million yen.

(7) Application of consolidated tax payment system

Consolidated tax payment system is applied.

(Changes to Accounting Policy)

(Application of Practical Handling Concerning the Change of Depreciation Method Related to Revision of Tax System in Fiscal 2016)

We have applied Practical Handling Concerning the Change of Depreciation Method Related to Revision of Tax System in Fiscal 2016 (Practical Issues Task Force No. 32, June 17, 2016) from the current fiscal year due to the revision of Corporation Tax Law and changed the depreciation method related to attached facilities and structures acquired on and after April 1, 2016 from fixed-rate method to straight-line method.

Moreover, the change will have little impact on the profit and loss for the current fiscal year.

(Additional Information)

(Application of Application Guideline on Collectability of Deferred Tax Asset)

We have applied Application Guideline on Collectability of Deferred Tax Asset (Accounting Standards Board of Japan Statement No. 26, March 28, 2016) from the current fiscal year.

(Matters related to Consolidated Balance Sheets)

*1 Accumulated depreciation for tangible asset

	Previous consolidated fiscal year (Ended March 31, 2016)	Current consolidated fiscal year (Ended March 31, 2017)
Accumulated depreciation of tangible asset	1,334 million yen	1,313 million yen

*2 Investment securities related to non-consolidated subsidiaries and affiliates are as follows.

	Previous consolidated fiscal year (Ended March 31, 2016)	Current consolidated fiscal year (Ended March 31, 2017)
Investment securities (equity, investment)	1,353 million yen	2,152 million yen
(Of which, invested in jointly controlled entities)	(266 million yen)	(266 million yen)

*3. Assets pledged as security and corresponding liabilities

(1) Assets pledged as security

	Previous consolidated fiscal year (Ended March 31, 2016)	Current consolidated fiscal year (Ended March 31, 2017)
Cash and deposits	1,151 million yen	－ million yen
Real estate for sale	14,051 million yen	18,770 million yen
Real estate for sale in process	8,443 million yen	11,633 million yen
Current assets and others	2 million yen	－ million yen
Total	23,648 million yen	30,404 million yen

(2) Corresponding liabilities

	Previous consolidated fiscal year (Ended March 31, 2016)	Current consolidated fiscal year (Ended March 31, 2017)
Current portion of long-term loans payable	592 million yen	514 million yen
Corporate bonds	800 million yen	800 million yen
Long-term loans	12,961 million yen	17,896 million yen
Total	14,353 million yen	19,211 million yen

*4. Non-recourse debt is as follows.

	Previous consolidated fiscal year (Ended March 31, 2016)	Current consolidated fiscal year (Ended March 31, 2017)
Corporate bonds	800 million yen	－ million yen
Long-term loans payable	3,100 million yen	－ million yen
Total	3,900 million yen	－ million yen

Assets corresponding to the relevant non-recourse debt were ¥1,051 million in cash and deposits, ¥8,443 million in real estate for sale in process, and ¥2 million in current assets and others in the current consolidated fiscal year

*5. Financial restrictions

Financial restrictions were imposed on long-term borrowings from Resona Bank, Limited but the borrowings have already been repaid in full during the current fiscal year.

(Matters related to Consolidated Statements of Income)

*1 Main items and amounts in selling and general administrative expenses

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Advertising expense	12 million yen	22 million yen
Sales promotion expense	267 million yen	192 million yen
Directors' remuneration	300 million yen	287 million yen
Salaries and allowances	916 million yen	987 million yen
Bonuses	155 million yen	169 million yen
Provision of bonuses	11 million yen	12 million yen
Legal welfare expenses	159 million yen	170 million yen
Rent	188 million yen	179 million yen
Commission paid	428 million yen	453 million yen
Provision of allowance for doubtful accounts	(39 million yen)	35 million yen

*2 Breakdown on loss on sales of noncurrent assets

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Building	19 million yen	— million yen
Others	6 million yen	1 million yen

(Matters related to Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1. Matters related to the class and total number of issued shares and the class and total number of treasury stocks

	No. of shares at the beginning of the fiscal year ended March 31, 2016	No. of shares increased during the fiscal year ended March 31, 2016	No. of shares decreased during the fiscal year ended March 31, 2016	No. of shares at the end of the fiscal year ended March 31, 2016
Issued shares Common share	46,081,400	—	—	46,081,400
Treasury stock (Note) Common stock	—	33	—	33

(Note) Increase in the treasury stocks of 33 units is due to purchase of shares less than one unit

2. Matters related to subscription rights to shares

Items for subscription rights to shares	Class of shares subject to subscription rights to shares	No. of shares subject to subscription rights to shares (shares)				Balance at end of the fiscal year ended March 31, 2016 (million yen)
		Beginning of the fiscal year ended March 31, 2016	Increase during the fiscal year ended March 31, 2016	Decrease during the fiscal year ended March 31, 2016	End of the fiscal year ended March 31, 2016	
First to third subscription rights to shares	Common share	10,000,000	—	—	10,000,000	7
Fourth subscription rights to shares	Common share	960,000	—	—	960,000	15
Total	—	10,960,000	—	—	10,960,000	22

(Notes) 1. The above table is as at the submitting company.

2. The number of shares subject to subscription rights to shares indicates the number of shares under assumption that the subscription rights to shares were exercised.

3. Matters related to dividend

(1) Amount of dividend payment

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2015	Common share	829	18	March 31, 2015	June 25, 2015

(2) Among dividends whose record date falls within the current fiscal year, dividends whose effective date falls within the following fiscal year

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend resource	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2016	Common share	1,013	Retained earnings	22	March 31, 2016	June 27, 2016

Fiscal year ended March 31, 2016 (April 1, 2016 to March 31, 2017)

1. Matters related to the class and total number of issued shares

	No. of shares at the beginning of the fiscal year ended March 31, 2017	No. of shares increased during the fiscal year ended March 31, 2017	No. of shares decreased during the fiscal year ended March 31, 2017	No. of shares at the end of the fiscal year ended March 31, 2017
Issued shares Common shares	46,081,400	—	—	46,081,400
Treasury stock Common stock	33	—	—	33

2. Matters related to subscription rights to shares

Items for subscription rights to shares	Class of shares subject to subscription rights to shares	No. of shares subject to subscription rights to shares (shares)				Balance at end of the fiscal year ended March 31, 2017 (million yen)
		Beginning of the fiscal year ended March 31, 2017	Increase during the fiscal year ended March 31, 2017	Decrease during the fiscal year ended March 31, 2017	End of the fiscal year ended March 31, 2017	
First to third subscription rights to shares	Common share	10,000,000	—	10,000,000	—	—
Fourth subscription rights to shares	Common share	960,000	—	960,000	—	—
Total	—	10,960,000	—	10,960,000	—	—

(Notes) 1. The above table is as at the submitting company.

2. The number of shares subject to subscription rights to shares indicates the number of shares under assumption that the subscription rights to shares were exercised.

3. The decrease in the current consolidated fiscal year is due to the expiration of subscription rights to shares.

3. Matters related to dividend

(1) Amount of dividend payment

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2016	Common share	1,013	22	March 31, 2016	June 27, 2016

(2) Among dividends whose record date falls within the current fiscal year, dividends whose effective date falls within the following fiscal year

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend resource	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 23, 2017	Common share	1,336	Retained earnings	29	March 31, 2017	June 26, 2017

(Matters related to Consolidated Statements of Cash Flows)

*1 Relationship between balance of cash and cash equivalents at the end of fiscal year and the amounts of items stated in the consolidated balance sheet

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Cash and deposits	12,298 million yen	17,225 million yen
Time deposits with deposit terms of over three months	(325 million yen)	(100 million yen)
cash and cash equivalents	11,972 million yen	17,125 million yen

(Segment Information, etc.)

[Segment information]

1. Overview of reporting segments

Decision-making method of reporting segments, and contents of products and services belonging to each reporting segment.

Reporting segments of the Company Group are segments which have financial data available and of which performance evaluation and allocation of management resources are subject to periodical review by the management team. The main businesses of reporting segments are as follows.

Wealth Management:	Acquisition of income properties and formation/sales of investment products utilizing such properties
Property Management:	Leasing management, building management, improving earnings from real estate assets
Servicing:	Management and collection of loans, due diligence
Other Businesses:	Operation of golf courses, accommodation facilities, etc.

2. Calculation method for net sales, profit or loss, asset, liability and other items for each reporting segment

Accounting treatment for each business segment reported follows the basic rules and procedure of accounting treatment used in preparing the consolidated financial statements. Profit or loss in reporting segments is calculated based on operating income. Intersegment sales or transfers are determined based on market prices, etc.

2. Information on net sales, income (loss), assets, liabilities and other items by reporting segment

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments				Total	Reconciling items (Note 1)	Per consolidated financial statements (Note 1)
	Wealth Management	Property Management	Servicing	Others			
Sales							
Revenues from external customers	24,194	1,905	996	750	27,846	–	27,846
Transactions with other segments	–	–	307	21	328	(328)	–
Net sales	24,194	1,905	1,303	771	28,174	(328)	27,846
Operating income (loss)	4,900	749	349	126	6,126	(520)	5,606

(Notes) 1 The amount of (-520million yen) in adjustments of segment profit (loss) is the elimination of inter-segment transactions (-53 million yen) and the company-wide expenses of administrative expenses (-466 million yen) that are not allocated to each reporting segment. The amount of segment profit (loss) after deduction of this adjustment is the same as the amount of 5,606 million yen of operating income stated in the consolida ted statements of income.

2 Since the Company does not conduct segment allocation for all items in assets and liabilities on the consolidated balance sheets, "Amounts of assets and liabilities by reporting segment" are not disclosed.

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments				Total	Reconciling items (Note 1)	Per consolidated financial statements (Note 1)
	Wealth Management	Property Management	Servicing	Others			
Sales							
Revenues from external customers	28,670	2,110	2,176	817	33,774	–	33,774
Transactions with other segments	–	34	–	34	69	(69)	–
Net sales	28,670	2,144	2,176	852	33,843	(69)	33,774
Operating income (loss)	6,121	679	620	30	7,451	(488)	6,963

(Notes) 1 The amount of (-488 million yen) in adjustments of segment profit (loss) is the elimination of inter-segment transactions (-38 million yen) and the company-wide expenses of administrative expenses (-526 million yen) that are not allocated to each reporting segment. The amount of segment profit (loss) after deduction of this adjustment is the same as the amount of 6,963 million yen of operating income stated in the consolidated statements of income.

2 Since the Company does not conduct segment allocation for all items in assets and liabilities on the consolidated balance she ets, "Amounts of assets and liabilities by reporting segment" are not disclosed.

(Related information)

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1. Information by product and service

Since information by product and service is provided in 3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment of “Segment Information,” the information is omitted.

2. Information by region

(1) Sales

Since the sales from outside clients exceeded 90% of net sales in the consolidated statements of income, the information is omitted.

(2) Tangible assets

Not applicable as there is no tangible assets located overseas.

3. Information by major client

Since the Company Group’s clients are unspecified companies and individuals, the information is omitted.

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

1. Information by product and service

Since information by product and service is provided in 3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment of “Segment Information,” the information is omitted.

2. Information by region

(1) Sales

Since the sales from outside clients exceeded 90% of net sales in the consolidated statements of income, the information is omitted.

(2) Tangible assets

Not applicable as there is no tangible assets located overseas.

3. Information by major client

Since the Company Group’s clients are unspecified companies and individuals, the information is omitted.

[Information on impairment loss of non-current assets by reporting segment]

Not applicable.

[Information on depreciation of goodwill and unamortized balance by reporting segment]

Not applicable.

[Information on gain on negative goodwill by reporting segment]

Not applicable.

(Information per Share)

Item	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net assets per share	768.79 yen	887.62 yen
Profit per share	107.97 yen	141.56yen
Diluted profit income per share	107.88 yen	–

(Note) Basis for calculation

(1) Net assets per share

Item	End of the previous fiscal year (March 31, 2016)	End of the current fiscal year (March 31, 2017)
Total of items in net assets (million yen)	35,548	40,903
Amounts to be deducted from the total of items in net assets (million yen)	121	0
Main items in balance (million yen)		
Subscription rights to shares	22	–
Non-controlling interests	99	0
Net assets related to common share at period-end (million yen)	35,426	40,902
No. of common shares used in calculation of net assets per share (shares)	46,081,367	46,081,367

(2) Profit per share and diluted profit per share

Item	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Profit per share		
Profit attributable to owners of parent (million yen)	4,975	6,523
Amounts not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent (million yen)	4,975	6,523
Mid-term average number of common shares (shares)	46,081,382	46,081,367
Diluted profit per share		
Profit attributable to owners of parent (million yen)	–	–
Increase in common shares (number of shares)	37,985	–
Description of residual equity which was not included in the calculation of diluted profit per share due to not holding a dilutive effect	Subscription rights to shares issued on May 24, 2013 (No. of Subscription rights to shares: 100,000)	The fourth subscription rights to shares (resolved at the board of directors' meeting on November 14, 2014) has expired as it has been decided that it will not fulfill the conditions for exercising the rights on May 13, 2016 due to the expiration of the exercise period of the first to third subscription rights to shares (resolved at the board of directors' meeting on May 8, 2013) on May 23, 2016.

(Note) Diluted profit per share for the current fiscal year is not reported due to the absence of residual equity with a dilutive effect.

(Important Subsequent Events)

Not applicable.