

## Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017 [Japanese GAAP] (Consolidated)

February 10, 2017  
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.  
Code Number: 6059 URL: <http://www.uchiyama-gr.jp>  
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Scheduled Date of Dividend Payment Start:

Scheduled Date of Financial Statements Filing: February 14, 2017

Supplementary materials for Financial Results: None

Investor conference for Financial Results: None

(Amounts are rounded down to the nearest one million yen)

### 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – December 31, 2016)

#### (1) Consolidated Financial Results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of patent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2017 3Q	18,816	5.0	602	161.8	768	132.4	512	(34.2)
FY 2016 3Q	17,913	1.5	230	(81.0)	330	(75.6)	778	(3.1)

(Note) Comprehensive income FY 2017 3Q: ¥518 million (-28.9%) FY 2016 3Q: 728 million (-10.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2017 3Q	26.42	26.38
FY 2016 3Q	36.07	36.02

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY 2017 3Q	31,355	15,257	48.7
FY 2016	30,912	15,285	49.4

(Reference) Equity capital: FY 2017 3Q: ¥15,257 million FY 2016: ¥15,284 million

### 2. Dividends

	Dividends per share				
	End of the 1Q	End of the 2Q	End of the 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2016	—	5.00	—	5.00	10.00
FY 2017	—	5.00	—		
FY 2017 (forecast)				5.00	10.00

(Note) Changes from the latest dividend forecast: None

### 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% of change from previous year for full year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of patent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	25,618	7.2	898	597.8	907	179.5	614	(37.5)	30.77

(Note) Changes from the latest financial forecast: None

\*Notes

(1) Changes in significant subsidiaries (changes of specified subsidiaries resulting in changes in scope of consolidation) during the current term: None

(2) Application of the accounting procedures for producing quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements:

- 1) Changes in accounting policies due to revisions of accounting standards: Yes
- 2) Changes in accounting policies due to reasons other than above 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

Note: For details, please see the section “2. Notes on Summary Information (Notes) (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement” on page 4 of the Appendix.

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2017 3Q	21,618,800 shares	FY 2016	21,618,800 shares
2) Number of treasury stock at end of term	FY 2017 3Q	2,287,776 shares	FY 2016	1,652,676 shares
3) Average number of shares	FY 2017 3Q	19,382,843 shares	FY 2016 3Q	21,584,544 shares

\* Information Regarding Implementation of Auditing Procedures

- The auditing procedures of the Financial Instruments and Exchange Act do not apply to this financial notice, and at the time of release it is being audited using procedures for financial statements.

\* Statement regarding the proper use of financial forecasts and other remarks

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable. Actual financial results may significantly vary due to various factors. For assumptions used in forecasting financial results and precautions in using the financial projections, please refer to “Analysis Concerning Future Forecasts Including Consolidated Financial Projections” on page 3 of the Appendix.
- A meeting for explaining the businesses and results to individual investors will be held when necessary. For the schedule of the meeting, etc., please see the website of the company.

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## 1. Analysis Concerning Results of Operations and Financial Condition

### (1) Analysis Concerning Results of Operations

Future-related items mentioned in this document are based on the information available at our corporate group as of the last day of the current quarter of the consolidated accounting period, and include uncertain contents. Please keep in mind that they may be different from actual results.

#### (1) Performance situation

In the third quarter of the current consolidated fiscal year, the Japanese economy saw the signs of recovery in production and export as the yen got weaker and the stock market was healthy, and business confidence is improving.

On the other hand, consumer spending is sluggish and there are the fluctuation risks of the financial markets due to the effects of the U.S. presidential election, and so the economic outlook remains uncertain.

Amid this business environment, our corporate group has carried out sales activities, etc. actively based on our business strategies in each segment. In addition, we made efforts to improve the added values of our services, by planning and implementing various measures for boosting synergetic effects among Nursing Care, Karaoke, and Restaurant Businesses.

As for expenditures, we streamlined our business administration by reducing costs, to stabilize our business performance.

As a result, sales of the third quarter of the current consolidated fiscal year were 18,816,837 thousand yen (up 5.0% Year-on-Year (YoY)), operating income was 602,585 thousand yen (up 161.8% YoY), and ordinary income was 768,299 thousand yen (up 132.4% YoY). In the third quarter of the previous consolidated fiscal year, there was an extraordinary income of 905,725 thousand yen from the sale and leaseback of two paid elderly nursing home, and proceeds on sale of noncurrent assets, including karaoke equipment and land. However, in the third quarter of the current consolidated fiscal year, as there was an extraordinary income of 48,166 thousand yen, profit attributable to owners of patent decreased by 266,499 thousand yen to 512,100 thousand yen (down 34.2% YoY).

The results of each segment were as follows.

#### 1) Nursing Care Business

For the Nursing Care Business segment, our corporate group established 2 paid nursing homes that offer nursing-care services, 1 group home, 2 short-stay offices, and 6 day service centers for after school support for children with disabilities, and also its first office, "Home Nursing Station Yahata" in September. We also carried out our business actively, by acquiring the company that operates a group home and day services in Okayama-shi, Okayama Prefecture. As a result, the number of sales footholds as of the end of the third quarter is 81 (149 offices). At existing facilities, we aimed to stabilize occupancy ratio and reduce the number of vacant rooms by promoting the cementing of cooperation with nearby hospitals and home care support offices by visiting them. We also announced that we would welcome elderly victims of the Kumamoto Earthquake, which occurred in mid April, free of charge, and a total of 38 victims moved into our facilities. As a result, sales were 10,710,524 thousand yen (up 12.6% YoY) and segment income was 780,638 thousand yen (up 87.8% YoY).

#### 2) Karaoke Business

For the Karaoke Business segment, we strived to acquire customers for all-you-can-drink courses, etc. and mobile-service members for smartphones, to increase repeat customers, and utilized the informative websites for restaurants actively, to attract customers. However, in the wake of the Kumamoto Earthquake in April, 3 restaurants in Kumamoto Prefecture were closed for about 1 week, and customers in the entire Kyushu region decreased. As a result, sales were 6,126,417 thousand yen (down 5.5% YoY) and segment income was 553,976 thousand yen (up 5.8% YoY). In the third quarter of the current consolidated fiscal year, we opened one new stores in Fukuoka prefecture and closed two store. Accordingly, the number of stores is 96 as of the end of this quarter.

#### 3) Restaurant Business

For the Restaurant Business segment, 2 restaurants were opened, 2 restaurants changed its business type, and 3 restaurants

were closed down. Consequently, the number of restaurants as of the end of the third quarter is 24 in Japan, and 3 outside Japan. As for existing restaurants, customers were decreasing, and so we strived to increase them with a limited offer, and made efforts to meet the demand for banquets, etc. by visiting each enterprise, to increase corporate customers. However, one restaurant was closed for about 1 week due to the Kumamoto Earthquake, like the Karaoke Business, and the number of customers was on a decline. As a result, sales were 1,393,287 thousand yen (down 4.9% YoY) and segment loss was 21,623 thousand yen (segment loss was 23,045 thousand yen during the same term last year).

#### 4) Real Estate Business

For the Real Estate Business segment, our corporate group's core businesses activities are sales/purchase of real estate properties for sale and intermediary work for rental properties. As a result, sales were 406,343 thousand yen (up 56.2% YoY) and segment income was 96,093 thousand yen (up 36.3% YoY).

#### 5) Other businesses

In the Other businesses segment, the company made efforts to increase guests, secure bookings for parties, promote day trips for bathing, etc. in the hotel business. However, in April the business was greatly affected by the Kumamoto Earthquake, and the number of guests decreased. As a result, sales were 180,263 thousand yen (down 10.1% YoY) and segment loss was 19,652 thousand yen (segment loss was 4,939 thousand yen during the same term last year).

### (2) Analysis Concerning Financial Situation

Total assets as of the end of the third quarter of this consolidated fiscal year came to 31,355,559 thousand yen, up 443,150 thousand yen from the end of the previous consolidated fiscal year.

Current assets came to 13,199,095 thousand yen, down 899,820 thousand yen from the end of the previous consolidated fiscal year. This is mainly because cash and deposit and current assets (other) decreased.

Noncurrent assets came to 18,156,464 thousand yen, up 1,342,971 thousand yen from the end of the previous consolidated fiscal year. This is mainly because buildings and structures and land increased.

Liabilities as of the end of the third quarter of this consolidated fiscal year came to 16,098,533 thousand yen, up 471,880 thousand yen from the end of the previous consolidated fiscal year.

Current liabilities came to 6,590,107 thousand yen, up 157,579 thousand yen from the end of the previous consolidated fiscal year. This is mainly because notes and accounts payable-trade and current liabilities (other) increased.

Noncurrent liabilities came to 9,508,426 thousand yen, up 314,300 thousand yen from the end of the previous consolidated fiscal year. This is mainly because long-term loans payable increased.

Net assets as of the end of the third quarter of this consolidated fiscal year came to 15,257,026 thousand yen, down 28,729 thousand yen from the end of the previous consolidated fiscal year. This is mainly because retained earnings arising from profit attributable to owners of parent and treasury stock increased.

Consequently, the equity ratio as of the end of the third quarter of this consolidated fiscal year was 48.7%.

As for the liquidity of funds, the current ratio as of the end of the third quarter of this consolidated fiscal year was 200.3%. We will boost this ratio, in order to secure sufficient liquidity.

### (3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

As for the consolidated financial projections for the term ending March 2017, there are no changes to the estimated values announced on May 10, 2016.

## 2. Notes on Summary Information (Notes)

### (1) Important Transfers in Subsidiaries during the Consolidated Cumulative Third Quarter of This Fiscal Year

None

### (2) Special Accounting Policies Applied in Preparation of the Quarterly Consolidated Financial Statements

None

### (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

In line with a revision of corporation tax law, “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Practical Solution Report No.32 of June 17, 2016) has been applied since the first quarter. Along with this, the depreciation method for facilities attached to buildings and structures that were acquired after April 1, 2016 has been changed from the declining balance method to the straight-line method.

The impact of this change on consolidated financial statements for the current third quarter is minor.

### (4) Additional Information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

“Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 of March 28, 2016)” has been applied since the first quarter of this consolidated fiscal year.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	FY ended March 31, 2016 (As of March 31, 2016)	3Q of FY ending March 31, 2017 (As of December 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	9,771,970	9,146,381
Notes and accounts receivable-trade	1,551,065	1,737,974
Securities	-	5,007
Merchandise	64,795	98,514
Real estate for sale	948,994	1,022,092
Supplies	39	174
Other	1,773,223	1,199,866
Allowance for doubtful accounts	(11,173)	(10,915)
<b>Total current assets</b>	<b>14,098,916</b>	<b>13,199,095</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,494,227	8,456,932
Land	3,346,595	3,636,084
Other, net	1,114,630	1,154,341
<b>Total property, plant and equipment</b>	<b>11,955,453</b>	<b>13,247,358</b>
Intangible assets	55,202	49,695
Investments and other assets		
Other	4,890,712	4,935,997
Allowance for doubtful accounts	(87,875)	(76,586)
<b>Total investments and other assets</b>	<b>4,802,837</b>	<b>4,859,410</b>
<b>Total noncurrent assets</b>	<b>16,813,493</b>	<b>18,156,464</b>
<b>Total assets</b>	<b>30,912,409</b>	<b>31,355,559</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	343,831	414,109
Short-term loans payable	819,813	844,600
Current portion of bonds	35,000	17,500
Current portion of long-term loans payable	2,371,843	2,417,535
Income taxes payable	107,819	92,666
Provision for bonuses	217,384	118,398
Provision for point card certificates	387,858	282,053
Provision for shareholder benefit program	10,175	-
Asset retirement obligation	8,333	12,268
Other	2,130,468	2,390,975
<b>Total current liabilities</b>	<b>6,432,527</b>	<b>6,590,107</b>
Noncurrent liabilities		
Long-term loans payable	7,032,679	7,663,728
Asset retirement obligation	199,340	213,890
Other	1,962,105	1,630,806
<b>Total noncurrent liabilities</b>	<b>9,194,125</b>	<b>9,508,426</b>
<b>Total liabilities</b>	<b>15,626,653</b>	<b>16,098,533</b>

(Thousands of yen)

	FY ended March 31, 2016 (As of March 31, 2016)	3Q of FY ending March 31, 2017 (As of December 31, 2016)
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,676,892	2,676,892
Retained earnings	11,213,028	11,528,643
Treasury stock	(815,511)	(1,166,007)
Total shareholders' equity	15,297,345	15,262,464
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,186)	(5,714)
Foreign currency translation adjustment	650	276
Total accumulated other comprehensive income	(12,536)	(5,438)
Non-controlling interests in income	946	-
Total net assets	15,285,755	15,257,026
Liabilities and net assets	30,912,409	31,355,559

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

## Consolidated Statements of Income

The third quarter of this consolidated fiscal year

(Thousands of yen)

	3Q of FY ended March 31, 2016 (April 1, 2015- December 31, 2015)	3Q of FY ending March 31, 2017 (April 1, 2016- December 31, 2016)
Net sales	17,913,472	18,816,837
Cost of sales	16,520,955	16,925,609
Gross profit	1,392,516	1,891,228
Selling, general and administrative expenses	1,162,306	1,288,642
Operating income	230,209	602,585
Non-operating income		
Interest income	8,986	7,076
Dividends income	1,277	28
Commission fee	66,721	60,969
Insurance fee	34,986	55,245
Subsidy income	49,020	79,661
Other	53,533	68,355
Total non-operating income	214,526	271,338
Non-operating expenses		
Interest expenses	96,255	66,335
Other	17,883	39,289
Total non-operating expenses	114,139	105,624
Ordinary income	330,596	768,299
Extraordinary income		
Gain on sales of noncurrent assets	688,953	-
Gain on donation of non-current assets	-	5,785
Gain on sales of investment securities	127,467	18,437
Gain on bargain purchase	20,605	23,943
Insurance income	68,699	-
Total extraordinary income	905,725	48,166
Extraordinary loss		
Loss on sales of non-current assets	-	3,817
Impairment loss	46,202	12,639
Total extraordinary loss	46,202	16,456
Income before income taxes	1,190,120	800,009
Income taxes-current	232,152	170,499
Income taxes-deferred	185,234	118,473
Total income taxes	417,387	288,973
Net income	772,733	511,035
Net profit (loss) attributable to non-controlling interests	(5,867)	(1,065)
Net profit attributable to owners of parent	778,600	512,100

Consolidated Statements of comprehensive income

The third quarter of this consolidated fiscal year

(Thousands of yen)

	3Q of FY ended March 31, 2016 (April 1, 2015- December 31, 2015)	3Q of FY ending March 31, 2017 (April 1, 2016- December 31, 2016)
Net income	772,733	511,035
Other comprehensive income		
Valuation difference on available-for-sale securities	(44,263)	7,472
Foreign currency translation adjustment	(55)	(255)
Total other comprehensive income	(44,319)	7,217
Comprehensive income	728,413	518,252
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	734,309	519,198
Comprehensive income attributable to non-controlling interests	(5,895)	(946)

### (3) Notes Regarding Consolidated Financial Statements

(Notes regarding premise of a going concern)

Nothing is applicable.

(Notes on significant changes in the amount of shareholders' equity)

Based on the resolution at the meeting of the board of directors held on November 19, 2015, we acquired 635,100 treasury shares in the third quarter of this consolidated fiscal year. As a result, the amount of treasury shares increased by 350,496 thousand yen in the third quarter of this consolidated fiscal year, and the amount of treasury shares as of the end of the third quarter of this consolidated fiscal year is 1,166,007 thousand yen.

(Segment information, etc.)

[Segment information]

I. Cumulative period through the consolidated third quarter of the previous fiscal year (April 1 – December 31, 2015)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Thousands of yen)

	Reporting segments					Others (Note) *1	Total	Adjustment Amount*2	Consolidated balance sheet amount*3
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	9,507,837	6,480,353	1,464,573	260,087	17,712,851	200,620	17,913,472	—	17,913,472
Internal sales or transferred amount among the segments	—	750	34,675	6,361	41,787	—	41,787	(41,787)	—
Total	9,507,837	6,481,104	1,499,248	266,448	17,754,639	200,620	17,955,259	(41,787)	17,913,472
Segment income (loss)	415,743	523,550	(23,045)	70,481	986,728	(4,939)	981,789	(751,579)	230,209

(Note) 1. The classification “other business” refers to business segments that are not included in reporting segments, and includes hotel business and communication business.

2. The segment income (loss) adjustments amount, -751,579 thousand yen, includes 339,002 thousand yen in elimination of intersegment transactions and -1,090,582 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating income calculated in consolidated quarterly statements of income.

2. Information on impairment of non-current assets and goodwill etc. for each reporting segment

(Important impairment loss related to noncurrent assets)

Regarding stores that closed down and stores scheduled for relocation or closing in the third quarter of the current consolidated fiscal year, there was an impairment loss of 24,422 thousand yen in the “Karaoke Business,” and 21,779 thousand yen in the “Restaurant Business.”

(Important negative goodwill profit)

In the “Nursing Care Business” segment, in the third quarter of the current consolidated fiscal year, 20,605 thousand yen in profit was generated from negative goodwill, due to the acquisition of one nursing facility operated by Yorozuya Ltd. in Oita City, Oita Prefecture on September 30, 2015.

II. Cumulative period through the consolidated third quarter of current fiscal year (April 1 – December 31, 2016)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Thousands of yen)

	Reporting segments					Others (Note) *1	Total	Adjustment Amount*2	Consolidated balance sheet amount*3
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	10,710,524	6,126,417	1,393,287	406,343	18,636,573	180,263	18,816,837	—	18,816,837
Internal sales or transferred amount among the segments	—	346	34,292	400	35,039	—	35,039	(35,039)	—
Total	10,710,524	6,126,763	1,427,580	406,743	18,671,613	180,263	18,851,876	(35,039)	18,816,837
Segment income (loss)	780,638	553,976	(21,623)	96,093	1,409,084	(19,652)	1,389,432	(786,846)	602,585

(Note) 1. The classification “other business” refers to business segments that are not included in reporting segments, and includes hotel business.

2. The segment income (loss) adjustments amount, -786,846 thousand yen, includes 354,984 thousand yen in elimination of intersegment transactions and -1,141,831 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating income calculated in consolidated quarterly statements of income.

2. Information on impairment of non-current assets and goodwill etc. for each reporting segment

(Important impairment loss related to noncurrent assets)

Regarding stores that closed down and stores scheduled for relocation or closing in the third quarter of the current consolidated fiscal year, there was an impairment loss of 268 thousand yen in the “Karaoke Business,” and 12,371 thousand yen in the “Restaurant Business.”