

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

May 12, 2017
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.
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Scheduled Date of Annual Meeting of Shareholders: June 27, 2017

Scheduled Date of Dividend Payment Start: June 28, 2017

Scheduled Date of Financial Statements Filing: June 28, 2017

Supplementary materials for Financial Results: Yes

Investor conference for Financial Results: Yes (For institutional investors and security analysts)

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

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

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2017	25,318	5.9	777	504.0	1,008	210.4	59	(93.9)
FY 2016	23,897	1.1	128	(91.0)	324	(79.1)	983	(23.8)

(Note) Comprehensive income FY 2017: ¥ 66 million (-92.9%) FY 2016: ¥931 million (-28.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2017	3.10	3.09	0.4	3.3	3.1
FY 2016	46.11	46.03	6.4	1.0	0.5

(Reference) Equity in earnings of affiliated companies: FY 2017: ¥ - million FY 2016: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
FY 2017	30,355	14,794	48.7	765.34
FY 2016	30,912	15,285	49.4	765.54

(Reference) Equity capital: FY 2017: ¥14,794 million FY 2016: ¥15,284 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2017	1,795	(1,878)	(246)	8,969
FY 2016	888	1,901	(4,491)	9,301

2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	End of the 1Q	End of the 2Q	End of the 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY 2016	—	5.00	—	5.00	10.00	207	21.7	1.4
FY 2017	—	5.00	—	5.00	10.00	193	322.9	1.3
FY 2018 (forecast)	—	5.00	—	5.00	10.00		27.5	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(% of change from previous year for full year, same quarter of the previous year for 2Q)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	13,120	8.1	586	171.5	570	62.9	380	81.7	19.69
Full year	26,810	5.9	1,120	44.2	1,081	7.2	702	—	36.32

Note: Since the year-over-year growth rate of profit attributable to owners of parent for the term ending Mar. 2018 exceeds 1000%, it has been indicated as —.

*Notes

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

(2) 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 refer to Appendix on Page 14, “3. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements.”

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2017	21,618,800 shares	FY 2016	21,618,800 shares
2) Number of treasury stock at end of term	FY 2017	2,287,776 shares	FY 2016	1,652,676 shares
3) Average number of shares	FY 2017	19,370,066 shares	FY 2016	21,322,764 shares

(Reference) Overview of Non-Consolidated Financial Results

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

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2017	881	30.4	358	115.5	425	89.9	418	89.4
FY 2016	676	0.8	166	(1.5)	224	(6.4)	221	(2.8)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2017	21.61	21.57
FY 2016	10.37	10.35

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2017	4,753	4,519	95.1	233.80
FY 2016	4,876	4,648	95.3	232.80

(Reference) Equity capital: FY 2017: ¥4,519 million FY 2016: ¥4,648 million

2. Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(% of change from previous year for full year, same quarter of the previous year for 2Q)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	494	26.9	259	65.4	256	64.0	13.29
Full year	989	12.3	524	23.3	515	23.1	26.64

* Summary of financial results is out of scope of audit.

* 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 Appendix on Page 5, “1. Business Performance Overview (4) Future Outlook.”
- The Company is planning to host a financial settlement reporting meeting for investors and analysts on June 7, 2017. The contents (recorded sound) will be posted together with the handouts on the Company’s Web page immediately after the meeting.

oTable of contents of the appendix

1. Business Performance Overview	2
(1) Business Performance Overview for Current Term	2
(2) Financial Standing Overview for Current Term	3
(3) Cash Flow Overview for Current Term.....	4
(4) Future Outlook.....	5
2. Basic Principles of Selecting Accounting Standards	5
3. Consolidated Financial Statements and Major Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
(Notes regarding premise of a going concern).....	14
(Changes in accounting policies).....	14
(Additional information)	14
(Segment information, etc.)	15
(Per share information).....	20
(Significant subsequent event).....	20

1. Business Performance Overview

(1) Business Performance Overview for Current Term

In this consolidated fiscal year, the Japanese economy, amid the backdrop of the government's economic policies, saw a mild upswing, but due to many uncertain factors such as the new administration in the U.S. and the trend of their policies as well as the outcome of the issue of the U.K. leaving the EU, the future remains unclear.

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 current consolidated fiscal year were 25,318,306 thousand yen (up 5.9% Year-on-Year (YoY)), operating income was 777,564 thousand yen (up 504.0% YoY), ordinary income was 1,008,436 thousand yen (up 210.4% YoY). In the previous consolidated fiscal year, there was an extraordinary income of 1,469,963 thousand yen from the sale and leaseback of four paid elderly nursing home, and proceeds on sale of noncurrent assets, including karaoke equipment and land. However, due to extraordinary income recorded as only 48,166 thousand yen from sales and lease back transactions not being conducted in this consolidated fiscal year along with the result of looking into the future recoverability of non-current assets in the karaoke, restaurant and real estate business, we declared impairment of the book value up to the recoverable amount, and reported an impairment loss of 896,281 thousand yen, leading to profit attributable to owners of parent decreasing by 923,108 thousand yen to 59,987 thousand yen (down 93.9% YoY).

The results of each segment were as follows.

(1) Nursing Care Business

In the Nursing Care Business, we have actively expanded our business by opening 2 paid nursing homes that offer nursing-care services as well as setting up 1 group home, 2 short-stay offices, 2 stations for visiting nurses, and 7 day service centers for after school support for children with disabilities. Furthermore, we have purchased 1 group home and 1 day service center. As a result, the number of sales footholds as of the end of this consolidated fiscal year is 81 (151 offices). At existing facilities, in order to reduce the number of vacant rooms, we aimed to stabilize occupancy ratio by promoting the cementing of cooperation with nearby hospitals and home care support offices by visiting them. As a result, the average occupancy ratio for existing facilities in this consolidated fiscal year was 92.3% (average in the previous term: 89.6%). 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 14,431,417 thousand yen (up 12.4% YoY) and segment income was 993,540 thousand yen (up 124.9% 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 8,138,687 thousand yen (down 4.9% YoY) and segment income was 770,146 thousand yen (up 23.5% YoY). In this 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 consolidated fiscal year.

(3) Restaurant Business

For the Restaurant Business segment, 2 restaurants were opened, 2 restaurants changed its business type, and 4 restaurants were closed down. Consequently, the number of restaurants as of the end of this consolidated fiscal year is 23 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 1,849,813 thousand yen (down 4.1% YoY) and segment loss was 45,142 thousand yen (segment loss was 35,016 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 651,134 thousand yen (up 109.2% YoY) and segment income was 111,434 thousand yen (up 28.8% 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 247,252 thousand yen (down 5.6% YoY) and segment loss was 25,595 thousand yen (segment loss was 12,999 thousand yen during the same term last year).

(2) Financial Standing Overview for Current Term

(1) Status of assets, liabilities and net assets

Total assets at the end of the current consolidated fiscal year were 30,355,875 thousand yen, down 556,533 thousand yen from the previous consolidated fiscal year.

Current assets were 13,171,850 thousand yen, down 927,065 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the decrease of 522,041 thousand yen in cash and deposits and 647,548 thousand yen in others (current assets) and increase of 180,315 thousand yen in notes and accounts receivable-trade and 100,743 thousand yen in real estate for sale.

Noncurrent assets were 17,184,025 thousand yen, up 370,532 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 226,831 thousand yen in buildings and structures, 282,494 thousand yen in land, 197,779 thousand yen in construction in progress and 234,517 thousand yen in deferred tax assets and decrease of 300,907 thousand yen in others (property, plant and equipment) and 228,345 thousand yen in others (investments and other assets).

Liabilities at the end of the current consolidated fiscal year were 15,560,977 thousand yen, down 65,675 thousand yen from the previous consolidated fiscal year.

Current liabilities were 6,256,657 thousand yen, down 175,870 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the decrease of 146,641 thousand yen in current portion of long-term debt payable and 158,095 thousand yen in provision for point card certificates and the increase of 54,607 thousand yen in income taxes payable and 62,766 thousand yen in others (current liabilities).

Noncurrent liabilities were 9,304,320 thousand yen, up 110,194 thousand yen from the end of the previous consolidated fiscal year. The major factor for the change was the increase of 484,118 thousand yen in long-term loans payable and the decrease of 405,096 thousand yen in others (noncurrent liabilities).

Net assets at the end of the current consolidated fiscal year were 14,794,897 thousand yen, down 490,857 thousand yen from the previous consolidated fiscal year. The major factor for the change was the decrease of 136,498 thousand yen in retained earnings as a result of dividends of surplus, etc. and 350,496 thousand yen for purchase of treasury stock.

As for liquidity of assets, the current ratio during the current consolidated fiscal year is 210.5%. The Corporate Group will make efforts to increase the current ratio in order to secure enough liquidity in the future.

(3) Cash Flow Overview for Current Term

Cash and cash equivalent (hereinafter referred to as “funds”) at the end of the current consolidated fiscal year stood at 8,969,729 thousand yen, down 331,610 thousand yen from the previous consolidated fiscal year.

The status of each cash flow is as follows:

(Cash flow from operating activities)

Funds obtained by operating activities were 1,795,944 thousand yen (funds obtained in the previous year were 888,908 thousand yen). The major breakdown of income was 139,508 thousand yen of net income before income taxes, 1,198,858 thousand yen of depreciation and amortization, and 896,281 thousand yen of impairment loss. The major breakdown of expenditure was 168,379 thousand yen of increase in notes and accounts receivable - trade, 158,095 thousand yen of decrease in provision for point card certificates and 169,325 thousand yen of income taxes paid.

(Cash flow from investing activities)

Funds used in investing activities were 1,878,598 thousand yen (funds obtained in the previous year were 1,901,391 thousand yen). The major breakdown of income was 117,237 thousand yen of gain on sales of investment securities, 197,886 thousand yen of proceeds from withdrawal of time deposits and 380,872 thousand yen of proceeds from cancellation of insurance funds. The major breakdown of expenditure was 2,146,915 thousand yen of purchase of property, plant and equipment, 152,679 thousand yen of payments resulting from merger of subsidiaries and 193,920 thousand yen of purchase of insurance funds.

(Cash flow from financing activities)

Funds used in financing activities were 246,424 thousand yen (funds used in the previous year were 4,491,739 thousand yen). The major breakdown of income was 2,936,000 thousand yen of proceeds from long-term loans payable and 229,251 thousand yen of proceeds from withdrawal of trust account for acquisition of treasury stock. The major breakdown of expenditure was 2,598,523 thousand yen of repayment of long-term loans payable and 595,616 thousand yen of repayments of installment payables.

(Reference) Trend of Cash Flow Related Indicators

	FY ended March 2013	FY ended March 2014	FY ended March 2015	FY ended March 2016	FY ended March 2017
Equity ratio (%)	41.3	46.7	47.0	49.4	48.7
Equity ratio on market price basis (%)	42.1	43.3	36.7	33.1	28.2
Debt repayment period (years)	5.2	16.6	6.9	13.3	6.5
Interest coverage ratio (times)	11.1	5.0	14.2	7.4	21.2

Equity ratio: equity capital/total assets

Equity ratio on market price basis: total market value of stock/total assets

Debt repayment period: interest-bearing debt/operating cash flow

Interest coverage ratio: operating cash flow/interest payments

(Notes)

- All are calculated using financial figures on consolidated base.
- Cash flow is using cash flow from operating activities.
- Market value of stock is calculated as end-of-the-term share value multiplied by the number of shares issued at the end of the term (after excluding treasury shares).
- Interest-bearing debt includes all debts that are included in the consolidated balance sheet, for which interests are paid.

(4) Future Outlook

The world economy is expected to continue its mild growth due to the strong U.S. economy. Nevertheless, there are many uncertain factors – the direction of the policy management of the U.S. Trump Administration, a sign of a slowdown in the Chinese economy, the U.K. leaving the EU and its impact on each European country, financial policies in Japan reaching their limit – and so the future outlook remains unclear.

Under these circumstances, the Corporate Group will make efforts to enhance customers' satisfaction and improve its business performance by clarifying business strategies for each segment, conducting effective and efficient sales and ensuring to provide services based on its basic philosophy of "Loving-kindness, Respect for dignity, and Customer first spirit".

Moreover, we plan to make efforts to expand target areas and increase our operation bases primarily in the nursing care business. In addition, we will establish features unique to our corporate group and gain the support of customers and tenants by streamlining business through joint procurement and improving and optimizing service capabilities through personnel exchange to maximize synergy between different businesses.

As for the forecast of the consolidated business performance throughout the year, sales are expected to be 26,810,288 thousand yen (up 5.9%, from the current consolidated fiscal year), operating income is expected to be 1,120,997 thousand yen (up 44.2%, same), ordinary income is expected to be 1,081,520 thousand yen (up 7.2%, same), and profit attributable to owners of the parent is expected to be 702,104 thousand yen (59,987 thousand yen for the current consolidated fiscal year).

2. Basic Principles of Selecting Accounting Standards

Currently, the activities of the Corporate Group are mainly conducted in Japan. Therefore the Japanese accounting standards will be used for the time being. In the future, however, as the Corporate Group expands its business overseas, the needs of using the accounting based on the IFRS will increase as important information for decision making by investors, financial institutions and other stakeholders in Japan and overseas. The Company is planning to deliberate on the application of the IFRS including the appropriate timing of introduction.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY ended March 31, 2016 (As of March 31, 2016)	FY ended March 31, 2017 (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	9,771,970	9,249,929
Notes and accounts receivable-trade	1,551,065	1,731,381
Securities	-	5,003
Merchandise	64,795	68,073
Real estate for sale	948,994	1,049,738
Supplies	39	174
Deferred tax assets	252,328	207,341
Other	1,520,895	873,346
Allowance for doubtful accounts	(11,173)	(13,138)
Total current assets	14,098,916	13,171,850
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	13,464,336	14,817,344
Accumulated depreciation	(5,970,108)	(7,096,285)
Buildings and structures, net	7,494,227	7,721,059
Land	3,346,595	3,629,089
Construction in progress	81,909	279,688
Other	3,035,474	3,124,813
Accumulated depreciation	(2,002,753)	(2,392,999)
Other, net	1,032,721	731,813
Total property, plant and equipment	11,955,453	12,361,651
Intangible assets	55,202	45,800
Investments and other assets		
Investment securities	490,925	493,611
Long-term loans receivable	247,260	246,684
Deferred tax assets	148,661	383,178
Lease and guarantee deposits	2,413,868	2,364,676
Other	1,589,996	1,361,650
Allowance for doubtful accounts	(87,875)	(73,229)
Total investments and other assets	4,802,837	4,776,572
Total noncurrent assets	16,813,493	17,184,025
Total assets	30,912,409	30,355,875

(Thousands of yen)

	FY ended March 31, 2016 (As of March 31, 2016)	FY ended March 31, 2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	343,831	347,593
Short-term loans payable	819,813	844,600
Current portion of long-term loans payable	2,371,843	2,225,201
Current portion of bonds	35,000	-
Lease obligations	866	794
Income taxes payable	107,819	162,427
Provision for bonuses	217,384	235,260
Provision for point card certificates	387,858	229,762
Provision for shareholder benefit program	10,175	11,815
Asset retirement obligations	8,333	6,833
Other	2,129,601	2,192,368
Total current liabilities	6,432,527	6,256,657
Noncurrent liabilities		
Long-term loans payable	7,032,679	7,516,797
Lease obligations	794	-
Deferred tax liabilities	523,622	540,276
Asset retirement obligation	199,340	214,653
Other	1,437,688	1,032,592
Total noncurrent liabilities	9,194,125	9,304,320
Total liabilities	15,626,653	15,560,977
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,676,892	2,666,282
Retained earnings	11,213,028	11,076,529
Treasury stock	(815,511)	(1,166,007)
Total shareholders' equity	15,297,345	14,799,740
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,186)	(5,814)
Foreign currency translation adjustment	650	972
Total accumulated other comprehensive income	(12,536)	(4,842)
Non-controlling interests	946	-
Total net assets	15,285,755	14,794,897
Liabilities and net assets	30,912,409	30,355,875

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

Consolidated Statements of Income

	(Thousands of yen)	
	FY ended March 31, 2016 (April 1, 2015- March 31, 2016)	FY ended March 31, 2017 (April 1, 2016- March 31, 2017)
Net sales	23,897,098	25,318,306
Cost of sales	22,197,604	22,838,345
Gross profit	1,699,494	2,479,960
Selling, general and administrative expenses		
Directors' compensations	169,418	170,813
Salaries and allowances	288,765	333,227
Taxes and dues	448,327	502,812
Provision of allowance for doubtful accounts	-	3,104
Provision for bonuses	5,176	7,510
Provision for allowance for shareholders' benefits	10,032	11,755
Other	649,046	673,173
Total selling, general and administrative expenses	1,570,767	1,702,395
Operating income	128,726	777,564
Non-operating income		
Interest income	11,985	8,707
Dividends income	1,277	28
Commission fee	101,044	95,750
Insurance income	39,501	58,373
Subsidy income	112,127	88,133
Other	75,024	97,511
Total non-operating income	340,959	348,504
Non-operating expenses		
Interest expenses	123,654	85,079
Loss on cancellation of store lease contract	-	17,493
Other	21,130	15,059
Total non-operating expenses	144,784	117,632
Ordinary income	324,901	1,008,436
Extraordinary income		
Gain on sales of noncurrent assets	1,253,176	-
Gain on donation of non-current assets	-	5,785
Gain on sales of investment securities	127,480	18,437
Insurance income	68,699	-
Gain on negative goodwill	20,605	23,943
Total extraordinary income	1,469,963	48,166
Extraordinary loss		
Loss on sales of non-current assets	-	3,817
Loss on retirement of noncurrent assets	-	16,995
Impairment loss	272,780	896,281
Total extraordinary loss	272,780	917,094
Income before income taxes	1,522,084	139,508
Income taxes-current	282,940	256,551
Income taxes-deferred	262,750	(176,084)
Total income taxes	545,690	80,467
Net income	976,393	59,040
Profit (loss) attributable to non-controlling interests	(6,702)	(946)
Profit attributable to owners of the parent	983,096	59,987

Consolidated Statements of comprehensive income

(Thousands of yen)

	FY ended March 31, 2016 (April 1, 2015- March 31, 2016)	FY ended March 31, 2017 (April 1, 2016- March 31, 2017)
Net income	976,393	59,040
Other comprehensive income		
Valuation difference on available-for-sale securities	(45,084)	7,371
Foreign currency translation adjustment	(111)	(355)
Total other comprehensive income	(45,195)	7,016
Comprehensive income	931,197	66,057
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	937,957	67,003
Comprehensive income attributable to non-controlling interests	(6,759)	(946)

(3) Consolidated Statements of Changes in Net Assets

FY ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	2,222,935	2,676,892	10,446,116	(237)	15,345,707
Changes of items during period					
Dividends from surplus			(216,184)		(216,184)
Profit attributable to owners of the parent			983,096		983,096
Purchase of treasury stock				(815,273)	(815,273)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	766,911	(815,273)	(48,361)
Balance at the end of current period	2,222,935	2,676,892	11,213,028	(815,511)	15,297,345

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	31,897	705	32,602	7,705	15,386,015
Changes of items during period					
Dividends from surplus					(216,184)
Profit attributable to owners of the parent					983,096
Purchase of treasury stock					(815,273)
Net changes of items other than shareholders' equity	(45,084)	(54)	(45,138)	(6,759)	(51,898)
Total changes of items during the period	(45,084)	(54)	(45,138)	(6,759)	(100,259)
Balance at the end of current period	(13,186)	650	(12,536)	946	15,285,755

FY ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	2,222,935	2,676,892	11,213,028	(815,511)	15,297,345
Changes of items during period					
Dividends from surplus			(196,485)		(196,485)
Profit attributable to owners of the parent			59,987		59,987
Purchase of treasury stock				(350,496)	(350,496)
Purchase of shares of consolidated subsidiaries		(10,609)			(10,609)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(10,609)	(136,498)	(350,496)	(497,604)
Balance at the end of current period	2,222,935	2,666,282	11,076,529	(1,166,007)	14,799,740

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(13,186)	650	(12,536)	946	15,285,755
Changes of items during period					
Dividends from surplus					(196,485)
Profit attributable to owners of the parent					59,987
Purchase of treasury stock					(350,496)
Purchase of shares of consolidated subsidiaries					(10,609)
Net changes of items other than shareholders' equity	7,371	321	7,693	(946)	6,747
Total changes of items during the period	7,371	321	7,693	(946)	(490,857)
Balance at the end of current period	(5,814)	972	(4,842)	-	14,794,897

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY ended March 31, 2016 (April 1, 2015- March 31, 2016)	FY ended March 31, 2017 (April 1, 2016- March 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	1,522,084	139,508
Depreciation and amortization	1,284,040	1,198,858
Impairment loss	272,780	896,281
Increase (decrease) in allowance for doubtful accounts	(9,751)	(12,690)
Increase (decrease) in provision for bonuses	20,068	16,213
Increase (decrease) in provision for point card certificates	116,286	(158,095)
Increase(decrease) in allowance for shareholders' benefits	(1,875)	1,640
Interest and dividends income	(13,263)	(8,736)
Interest expenses	123,654	85,079
Loss on retirement of noncurrent assets	-	16,995
Loss (gain) on sales of noncurrent assets	(1,253,176)	3,817
Gain on donation of non-current assets	-	(5,785)
Loss (gain) on sales of investment securities	(127,480)	(18,437)
Insurance income	(68,699)	-
Gain on negative goodwill	(20,605)	(23,943)
Decrease (increase) in notes and accounts receivable-trade	(132,952)	(168,379)
Decrease (increase) in inventories	(221,587)	(79,983)
Increase (decrease) in accrued consumption taxes	(93,524)	92,511
Increase (decrease) in notes and accounts payable-trade	43,948	40,070
Other	(193,168)	30,591
Subtotal	1,246,777	2,045,517
Interest and dividends income received	8,434	4,331
Interest expenses paid	(119,700)	(84,578)
Insurance income	92,951	-
Income taxes paid	(339,553)	(169,325)
Net cash provided by (used in) operating activities	888,908	1,795,944
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(3,092,519)	(2,146,915)
Proceeds from sales of property, plant and equipment	4,379,052	13,923
Purchase of intangible assets	(1,386)	(1,049)
Purchase of investment securities	(899,650)	(98,800)
Proceeds from sales of investment securities	587,741	117,237
Proceeds from redemption of investment securities	-	2,890
Payments into time deposits	(507,861)	(7,455)
Proceeds from withdrawal of time deposits	1,956,270	197,886
Payments for lease and guarantee deposits	(157,845)	(56,034)
Proceeds from collection of lease and guarantee deposits	32,289	53,402
Payments for transfer of business	(215,000)	-
Payments resulting from merger of subsidiaries	-	(152,679)
Purchase of insurance funds	(195,268)	(193,920)
Proceeds from cancellation of insurance funds	12,577	380,872
Payments of loans receivable	(9,896)	(36,356)
Collection of loans receivable	38,874	38,455
Other	(25,985)	9,944
Net cash provided by (used in) investment activities	1,901,391	(1,878,598)

(Thousands of yen)

	FY ended March 31, 2016 (April 1, 2015- March 31, 2016)	FY ended March 31, 2017 (April 1, 2016- March 31, 2017)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(669,187)	24,787
Proceeds from long-term loans payable	3,887,100	2,936,000
Repayment of long-term loans payable	(5,353,314)	(2,598,523)
Redemption of bonds	(35,000)	(35,000)
Repayments of lease obligations	(1,120)	(866)
Repayments of installment payables	(702,042)	(595,616)
Payments made to trust account for acquisition of treasury stock	(1,401,728)	-
Proceeds from withdrawal of trust account for acquisition of treasury stock	-	229,251
Cash dividends paid	(216,341)	(196,423)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(9,932)
Other	(105)	(100)
Net cash provided by (used in) financing activities	(4,491,739)	(246,424)
Effect of exchange rate change on cash and cash equivalents	(4,338)	(2,532)
Net increase (decrease) in cash and cash equivalents	(1,705,777)	(331,610)
Cash and cash equivalents at beginning of year	11,007,118	9,301,340
Cash and cash equivalents at end of year	9,301,340	8,969,729

(5) Notes to Consolidated Financial Statements

(Notes regarding premise of a going concern)

Nothing is applicable.

(Changes in accounting policies)

(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 current consolidated fiscal year. 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.

As a result, the operating income, ordinary income, and income before income taxes for this consolidated fiscal year increased by 26,347 thousand yen.

(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 current consolidated fiscal year.

(Segment information, etc.)

【Segment information】

1. Overview of the reporting segments

(1) How to determine the reporting segments

The reporting segments of the Corporate Group are the constituent units of business for which segregated financial information is available and that are the subject of regular examination by the Board of Directors to decide management resources and assess business performance.

The Company has business departments for each service, and each business department develops comprehensive strategies for the services, etc. that they handle. Therefore, the Company is consisted of segments per service based on each business department. There are 4 reporting segments including “Nursing-Care Business”, “Karaoke Business”, “Restaurant Business” and “Real Estate Business”.

(2) Types of products and services that belong to each reporting segment

The “Nursing Care Business” operates fee-based nursing homes for elderly, day-service centers, group homes and care planning centers. It also conducts sales and lease of social-welfare tools and provides day-services such as afterschool assistance for children with disabilities. The “Karaoke Business” operates karaoke stores, and the “Restaurant Business” operates restaurants such as *izakaya* and udon noodle restaurant. The “Real Estate Business” undertakes sale and purchase of real estate for sale and lease, management and brokerage of buildings, residences, and other properties.

2. Method to calculate the amount of sales, profits, loss, assets and other items per reporting segment per reporting segment

The accounting of reporting business segments is handled in the almost same way as the accounting method used in creating consolidated financial statements.

The profit in the reporting segment is based on the figures of operating income.

Internal profit and transferred amount among the segments are based on the prevailing market values.

3. Information concerning the amount of sales, profits, loss, assets and other items per reporting segment

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Reporting segments					Others (Note)	Total
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total		
Sales							
Sales to external customers	12,836,667	8,558,664	1,928,555	311,243	23,635,130	261,968	23,897,098
Internal sales or transferred amount among the segments	—	817	46,425	8,611	55,853	—	55,853
Total	12,836,667	8,559,482	1,974,980	319,854	23,690,984	261,968	23,952,952
Segment income (loss)	441,794	623,649	(35,016)	86,538	1,116,966	(12,999)	1,103,966
Segment assets	9,125,961	6,172,120	1,128,209	2,066,918	18,493,209	221,954	18,715,164
Other items							
Depreciation and amortization	322,517	816,750	95,386	13,479	1,248,133	8,546	1,256,679
Increased amount for property, plant and equipment and intangible assets	2,668,411	1,424,543	196,270	3,079	4,292,305	809	4,293,115

(Note) “Others” is the business segment that is not included in the reporting segment. “Others” include hotel business and communication business.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Reporting segments					Others (Note)	Total
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total		
Sales							
Sales to external customers	14,431,417	8,138,687	1,849,813	651,134	25,071,053	247,252	25,318,306
Internal sales or transferred amount among the segments	—	545	44,071	700	45,317	—	45,317
Total	14,431,417	8,139,232	1,893,885	651,834	25,116,370	247,252	25,363,623
Segment income (loss)	993,540	770,146	(45,142)	111,434	1,829,978	(25,595)	1,804,382
Segment assets	10,911,340	5,268,632	1,046,276	2,020,760	19,247,009	215,813	19,462,823
Other items							
Depreciation and amortization	315,617	727,245	102,898	12,788	1,158,550	8,120	1,166,670
Increased amount for property, plant and equipment and intangible assets	1,575,505	699,052	274,829	8,100	2,557,487	1,543	2,559,031

(Note) “Others” is the business segment that is not included in the reporting segment. “Others” include hotel business.

4. Balance between the total amount of reporting segments and the amount on the consolidated balance sheet and the breakdown of the balance (Items concerning balance adjustment)

(Thousands of yen)

Sales	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segments, total amount	23,690,984	25,116,370
Sales for "Others" segment	261,968	247,252
Offsetting between segments	(55,853)	(45,317)
Sales on the consolidated balance sheet	23,897,098	25,318,306

(Thousands of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segments, total amount	1,116,966	1,829,978
Profit (loss) for the "Others" segment	(12,999)	(25,595)
Offsetting between segments	454,711	475,092
Expenses for all companies (Note)	(1,429,951)	(1,501,910)
Operating income on the consolidated balance sheet	128,726	777,564

(Note) Expenses for all companies are mainly general administrative expenses that do not belong to the reporting segments.

(Thousands of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segments, total amount	18,493,209	19,247,009
Assets for the "Others" segments	221,954	215,813
Offsetting of debt	(2,949,345)	(3,523,492)
Assets of all companies (Note)	15,146,590	14,416,544
Total assets on the consolidated balance sheet	30,912,409	30,355,875

(Note) Assets of all companies are mainly surplus funds (cash and deposits) that do not belong to the reporting segments, long-term investment funds (investment securities), and assets for operation department.

(Thousands of yen)

Other items	Reporting segments, total		Others		Adjustment amount (Note)		Amount on the consolidated balance sheet	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation and amortization	1,248,133	1,158,550	8,546	8,120	27,360	32,187	1,284,040	1,198,858
Increased amount for property, plant and equipment and intangible assets	4,292,305	2,557,487	809	1,543	30,585	47,555	4,323,700	2,606,587

(Note) 1. The adjustment amount of depreciation and amortization (i.e. previous consolidated fiscal year: 27,360 thousand yen and current consolidated fiscal year: 32,187 thousand yen) is for the operation department of the head office.

2. The adjustment amount of property, plant and equipment and intangible assets (i.e. previous consolidated fiscal year: 30,585 thousand yen and current consolidated fiscal year: 47,555 thousand yen) is the capital investment amount in the all companies' assets that do not belong to each segment.

【Related information】

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

1. Information for each product and service

It is not described here because the same information is disclosed in the Segment Information section.

2. Information per region

(1) Sales

Because sales to the external customers within Japan exceed 90% of the sales on the consolidated balance sheet, the description is omitted here.

(2) Property, plant and equipment

Because the amount of property, plant and equipment that exist within Japan exceeds 90% of the property, plant and equipment on the consolidated balance sheet, the description is omitted here.

3. Information per major customer

(Thousands of yen)

Name of the customer	Sales	Relevant segment
Fukuoka National Health Insurance Organization	4,310,945	Nursing Care Business

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

1. Information for each product and service

It is not described here, because the same information is disclosed in the Segment Information section.

2. Information per region

(1) Sales

Because sales to the external customers within Japan exceed 90% of the sales on the consolidated balance sheet, the description is omitted here.

(2) Property, plant and equipment

Because the amount of property, plant and equipment that exist within Japan exceeds 90% of the property, plant and equipment on the consolidated balance sheet, the description is omitted here.

3. Information per major customer

(Thousands of yen)

Name of the customer	Sales	Relevant segment
Fukuoka National Health Insurance Organization	4,671,937	Nursing Care Business

【Information concerning impairment loss of noncurrent assets per reporting segment】

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Reporting segment				Others	All companies/ offset	Total
	Nursing-Care Business	Karaoke Business	Restaurant Business	Real Estate Business			
Impairment loss	—	97,439	170,460	4,880	—	—	272,780

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Reporting segment				Others	All companies/ offset	Total
	Nursing-Care Business	Karaoke Business	Restaurant Business	Real Estate Business			
Impairment loss	—	761,948	117,675	16,658	—	—	896,281

【Information concerning amortization amount and unamortized balance of goodwill per reporting segment】

Nothing is applicable.

【Information concerning gain from negative goodwill per reporting segment】

This has been omitted since it has little importance.

(Per share information)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Net assets per share	765 yen 54 sen	765 yen 34 sen
Net income per share	46 yen 11 sen	3 yen 10 sen
Diluted net income per share	46 yen 03 sen	3 yen 09 sen

(Note) The basis of calculation for net income per share and diluted net income per share is as follows.

Item	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Net income per share		
Profit attributable to owners of the parent (thousand yen)	983,096	59,987
Amount that is not attributable to common share holders (thousand yen)	—	—
Profit attributable to owners of the parent for common share (thousand yen)	983,096	59,987
Average number of common shares outstanding (shares)	21,322,764	19,370,066
Diluted net income per share		
Adjustment amount of profit attributable to owners of the parent (thousand yen)	—	—
Increased number of common shares (shares)	33,629	29,408
(Out of which, subscription rights to shares (shares))	(33,629)	(29,408)
Overview of the dilutive shares that are not included in the calculation of the diluted net income per share because they did not have dilutive effect.	—	—

(Significant subsequent event)

Nothing is applicable.