

Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP] (Consolidated)

May 14, 2018
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 Annual Meeting of Shareholders: June 26, 2018

Scheduled Date of Dividend Payment Start: June 27, 2018

Scheduled Date of Financial Statements Filing: June 27, 2018

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, 2018 (April 1, 2017 – March 31, 2018)

(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 2018	26,402	4.3	1,191	53.3	1,352	34.1	808	—
FY 2017	25,318	5.9	777	504.0	1,008	210.4	59	(93.9)

(Note) Comprehensive income FY 2018: ¥ 795 million (- %) FY 2017: 66 million (-92.9%)

	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 2018	41.83	—	5.4	4.5	4.5
FY 2017	3.10	3.09	0.4	3.3	3.1

(Reference) Equity in earnings of affiliated companies: FY 2018: ¥ - million FY 2017: ¥ - million

(Note)1. The change in net income and comprehensive income attributable to the shareholders of the parent company in the fiscal year ended March 31, 2018 is greater than 1000%. Therefore, it is stated as "-".

2. Diluted net income per share for the fiscal year ended March 31, 2018 is not stated because there were no dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
FY 2018	30,093	15,397	51.2	796.49
FY 2017	30,355	14,794	48.7	765.34

(Reference) Equity capital: FY 2018: ¥15,397 million FY 2017: ¥14,794 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 2018	2,070	(321)	(1,686)	9,034
FY 2017	1,795	(1,878)	(246)	8,969

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 2017	—	5.00	—	5.00	10.00	193	322.9	1.3
FY 2018	—	5.00	—	5.00	10.00	193	23.9	1.3
FY 2019 (forecast)	—	5.00	—	5.00	10.00		21.9	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(% 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)	13,537	3.3	439	(23.9)	513	(23.4)	334	(24.5)	17.29
Full year	27,781	5.2	1,318	10.6	1,371	1.4	881	9.1	45.62

*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: | None |
| 2) Changes in accounting policies due to reasons other than above 1): | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatements: | None |

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2018	21,618,800 shares	FY 2017	21,618,800 shares
2) Number of treasury stock at end of term	FY 2018	2,287,776 shares	FY 2017	2,287,776 shares
3) Average number of shares	FY 2018	19,331,024 shares	FY 2017	19,370,066 shares

(Reference) Overview of Non-Consolidated Financial Results

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

(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 2018	989	12.2	464	29.5	536	26.2	526	25.9
FY 2017	881	30.4	358	115.5	425	89.9	418	89.4

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2018	27.26	—
FY 2017	21.61	21.57

(Note) Diluted net income per share for the fiscal year ended March 31, 2018 is not stated because there were no diluted shares.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2018	5,039	4,853	96.3	251.06
FY 2017	4,753	4,519	95.1	233.80

(Reference) Equity capital: FY 2018: ¥4,853 million FY 2017: ¥4,519 million

2. Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(% 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)	496	0.4	260	(1.0)	257	(1.8)	13.31
Full year	994	0.5	519	(3.3)	509	(3.3)	26.37

* Financial report is not subject to audits by certified public accountants or auditing corporations.

* 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 6, 2018. The contents (recorded sound) will be posted on the Company’s Web page immediately after the meeting.

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1. Business Performance Overview

(1) Business Performance Overview for Current Term

In this consolidated fiscal year, although the Japanese economy is on a gradual recovery trend due to improvements in corporate earnings as well as employment and income environments, there are many uncertain factors such as stock price, foreign exchange trends and geopolitical risks, and the situation is still 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 current consolidated fiscal year were 26,402,628 thousand yen (up 4.3% Year-on-Year (YoY)), operating income was 1,191,912 thousand yen (up 53.3% YoY), ordinary income was 1,352,098 thousand yen (up 34.1% YoY). An extraordinary income of 441,654 thousand yen was posted due to gain on sales of noncurrent assets accompanying sale and leaseback transactions of 2 fee-charging nursing homes for the elderly. On the other hand, as a result of examining future collectability of fixed assets in the Nursing Care Business, Karaoke Business and Restaurant Business, we decided to impair the book value up to the recoverable value and an impairment loss of 469,784 thousand yen was posted. As a result, profit attributable to owners of parent increasing by 748,642 thousand yen to 808,629 thousand yen (59,987 thousand yen during the same term last year).

The results of each segment were as follows.

(1) Nursing Care Business

In the Nursing Care Business, we have actively developed the businesses by establishing 8 fee-charging nursing homes for the elderly, 2 business offices for short-stays, 7 business offices for day-services such as after-school support for children with disabilities (of which 1 business office for assisted living^{※1}), and 1 new business office for support and consultation^{※2}. In addition, we acquired one group home. As a result, the number of sales footholds as of the end of this consolidated fiscal year is 95 (169 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. Consequently, the average occupancy ratio for existing facilities in this consolidated fiscal year was 94.6% (average in the previous term: 92.3%). As a result, sales were 16,139,137 thousand yen (up 11.8% YoY) and segment income was 1,176,921 thousand yen (up 18.5% YoY).

※1 It is a place to provide disabled welfare services based on the Comprehensive Services and Supports for Persons with Disabilities Act for people of 18 years old or older who have a disability and need daily care. The services, which are provided mostly during daytime, include nursing care such as support for bathing, bathroom and eating, household works such as cooking, laundry, and cleaning, consultation and advices concerning daily lives, other support necessary for daily lives, providing opportunities for creative activities and production activities, and support for improving physical functions and life skills.

※2 It is a place that provides support for persons with disabilities, such as consultation before using disabled welfare service (i.e. consultation and preparation concerning service usage plan).

(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. As a result, sales were 7,628,476 thousand yen (down 6.3% YoY) and segment income was 904,217 thousand yen (up 17.4% YoY). In this consolidated fiscal year, we closed 4 stores. Accordingly, the number of stores is 92 as of the end of this consolidated fiscal year.

(3) Restaurant Business

For the Restaurant Business segment, 1 restaurant was opened, two 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 20 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, due to decrease in customers associated with closing of restaurants, sales were 1,757,235 thousand yen (down 5.0% YoY) and segment income was 13,838 thousand yen (segment loss was 45,142 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 623,329 thousand yen (down 4.3% YoY) and segment income was 139,804 thousand yen (up 25.5% 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. As a result, sales were 254,450 thousand yen (up 2.9% YoY) and segment loss was 32,250 thousand yen (segment loss was 25,595 thousand yen during the same term last year).

(2) Financial Standing Overview for Current Term

Total assets at the end of the current consolidated fiscal year were 30,093,176 thousand yen, down 262,699 thousand yen from the end of the previous consolidated fiscal year.

Current assets were 13,393,379 thousand yen, up 221,529 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 65,094 thousand yen in cash and deposits, 186,730 thousand yen in notes and accounts receivable-trade and 53,021 thousand yen in others (current assets) and the decrease of 60,164 thousand yen in real estate for sale.

Noncurrent assets were 16,699,796 thousand yen, down 484,228 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the decrease of 439,255 thousand yen in buildings and structures and 238,890 thousand yen in land and the increase of 72,229 thousand yen in investment securities and 100,431 thousand yen in lease and guarantee deposits.

Liabilities at the end of the current consolidated fiscal year were 14,696,158 thousand yen, down 864,819 thousand yen from the end of the previous consolidated fiscal year.

Current liabilities were 6,470,257 thousand yen, up 213,600 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 273,444 thousand yen in notes and accounts payable-trade and 107,511 thousand yen in income taxes payable and the decrease of 93,596 thousand yen in short-term loans payable and 91,790 thousand yen in provision for point card certificates.

Noncurrent liabilities were 8,225,900 thousand yen, down 1,078,419 thousand yen from the end of the previous consolidated fiscal year. The major factor for the change was the decrease of 967,500 thousand yen in long-term loans payable and 180,140 thousand yen in others (noncurrent liabilities) and the increase of 62,554 thousand yen in deferred tax liabilities.

Net assets at the end of the current consolidated fiscal year were 15,397,017 thousand yen, up 602,119 thousand yen from the previous consolidated fiscal year. The major factor for the change was the increase of 615,319 thousand yen in retained earnings as a result of recording profit attributable to owners of the parent and payment of dividends of surplus.

As for liquidity of funds, the current ratio during the current consolidated fiscal year is 207.0%. 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 9,034,813 thousand yen, up 65,083 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 2,070,559 thousand yen (funds obtained in the previous year were 1,795,944 thousand yen). The major breakdown of income was 1,240,984 thousand yen of net income before income taxes, 1,025,253 thousand yen of depreciation and amortization, and 469,784 thousand yen of impairment loss. The major breakdown of expenditure was 186,730 thousand yen of increase in notes and accounts receivable - trade, 297,816 thousand yen of proceeds on sale of noncurrent assets and 363,552 thousand yen of income taxes paid.

(Cash flow from investing activities)

Funds used in investing activities were 321,230 thousand yen (funds used in the previous year were 1,878,598 thousand yen). The major breakdown of income was 2,464,033 thousand yen of proceeds from sales of property, plant and equipment, 514,911 thousand yen of proceeds from sales of investment securities and 260,404 thousand yen of proceeds from withdrawal of time deposits. The major breakdown of expenditure was 2,446,945 thousand yen of purchase of property, plant and equipment, 594,593 thousand yen of purchase of investment securities and 260,415 thousand yen of payments into time deposits.

(Cash flow from financing activities)

Funds used in financing activities were 1,686,346 thousand yen (funds used in the previous year were 246,424 thousand yen). The income was 3,445,000 thousand yen of proceeds from long-term loans payable. The major breakdown of expenditure was 4,336,924 thousand yen of repayment of long-term loans payable and 506,388 thousand yen of repayments of installment payables.

(Reference) Trend of Cash Flow Related Indicators

	FY ended March 2014	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ended March 2018
Equity ratio (%)	46.7	47.0	49.4	48.7	51.2
Equity ratio on market price basis (%)	43.3	36.7	33.1	28.2	38.2
Debt repayment period (years)	16.6	6.9	13.3	6.5	5.1
Interest coverage ratio (times)	5.0	14.2	7.4	21.2	30.2

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)

1. All are calculated using financial figures on consolidated base.
2. Cash flow is using cash flow from operating activities.
3. 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).
4. Interest-bearing debt includes all debts that are included in the consolidated balance sheet, for which interests are paid.

(4) Future Outlook

Regarding domestic economic outlook, although it is on a moderate recovery trend, there are uncertainties such as the sense of the limit of monetary policy, and it is believed that a significant recovery in personal consumption is unlikely to happen. Thus, it is anticipated that the uncertain situation will continue.

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 27,781,224 thousand yen (up 5.2%, from the current consolidated fiscal year), operating income is expected to be 1,318,123 thousand yen (up 10.6%, same), ordinary income is expected to be 1,371,471 thousand yen (up 1.4%, same), and profit attributable to owners of the parent is expected to be 881,831 thousand yen (up 9.1%, same).

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, 2017 (As of March 31, 2017)	FY ended March 31, 2018 (As of March 31, 2018)
Assets		
Current assets		
Cash and deposits	9,249,929	9,315,023
Notes and accounts receivable-trade	1,731,381	1,918,111
Securities	5,003	-
Merchandise	68,073	67,593
Real estate for sale	1,049,738	989,573
Supplies	174	372
Deferred tax assets	207,341	184,469
Other	873,346	926,367
Allowance for doubtful accounts	(13,138)	(8,132)
Total current assets	13,171,850	13,393,379
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	14,817,344	15,016,361
Accumulated depreciation	(7,096,285)	(7,734,558)
Buildings and structures, net	7,721,059	7,281,803
Land	3,629,089	3,390,199
Construction in progress	279,688	238,450
Other	3,124,813	2,919,076
Accumulated depreciation	(2,392,999)	(2,300,535)
Other, net	731,813	618,540
Total property, plant and equipment	12,361,651	11,528,994
Intangible assets	45,800	77,423
Investments and other assets		
Investment securities	493,611	565,841
Deferred tax assets	383,178	410,472
Lease and guarantee deposits	2,364,676	2,465,108
Other	1,608,334	1,678,972
Allowance for doubtful accounts	(73,229)	(27,015)
Total investments and other assets	4,776,572	5,093,379
Total noncurrent assets	17,184,025	16,699,796
Total assets	30,355,875	30,093,176

(Thousands of yen)

	FY ended March 31, 2017 (As of March 31, 2017)	FY ended March 31, 2018 (As of March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	347,593	621,037
Short-term loans payable	844,600	751,004
Current portion of long-term loans payable	2,225,201	2,300,777
Lease obligations	794	-
Income taxes payable	162,427	269,938
Provision for bonuses	235,260	236,941
Provision for point card certificates	229,762	137,972
Provision for shareholder benefit program	11,815	12,397
Asset retirement obligations	6,833	17,233
Other	2,192,368	2,122,955
Total current liabilities	6,256,657	6,470,257
Noncurrent liabilities		
Long-term loans payable	7,516,797	6,549,297
Deferred tax liabilities	540,276	602,830
Asset retirement obligation	214,653	221,321
Other	1,032,592	852,451
Total noncurrent liabilities	9,304,320	8,225,900
Total liabilities	15,560,977	14,696,158
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,666,282	2,666,282
Retained earnings	11,076,529	11,691,849
Treasury stock	(1,166,007)	(1,166,007)
Total shareholders' equity	14,799,740	15,415,060
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,814)	(17,799)
Foreign currency translation adjustment	972	(243)
Total accumulated other comprehensive income	(4,842)	(18,042)
Total net assets	14,794,897	15,397,017
Liabilities and net assets	30,355,875	30,093,176

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

Consolidated Statements of Income

	(Thousands of yen)	
	FY ended March 31, 2017 (April 1, 2016- March 31, 2017)	FY ended March 31, 2018 (April 1, 2017- March 31, 2018)
Net sales	25,318,306	26,402,628
Cost of sales	22,838,345	23,517,229
Gross profit	2,479,960	2,885,398
Selling, general and administrative expenses		
Directors' compensations	170,813	206,700
Salaries and allowances	333,227	279,003
Taxes and dues	502,812	530,923
Provision of allowance for doubtful accounts	3,104	1,852
Provision for bonuses	7,510	6,820
Provision for allowance for shareholders' benefits	11,755	12,290
Other	673,173	655,894
Total selling, general and administrative expenses	1,702,395	1,693,485
Operating income	777,564	1,191,912
Non-operating income		
Interest income	8,707	5,669
Dividends income	28	3,666
Commission fee	95,750	97,463
Insurance income	58,373	74,575
Subsidy income	88,133	16,073
Other	97,511	70,053
Total non-operating income	348,504	267,502
Non-operating expenses		
Interest expenses	85,079	72,616
Rent expenses	-	18,801
Loss on cancellation of store lease contract	17,493	-
Other	15,059	15,899
Total non-operating expenses	117,632	107,316
Ordinary income	1,008,436	1,352,098
Extraordinary income		
Gain on sales of noncurrent assets	-	370,676
Gain on donation of non-current assets	5,785	-
Gain on sales of investment securities	18,437	9,739
Gain on negative goodwill	23,943	61,238
Total extraordinary income	48,166	441,654
Extraordinary loss		
Loss on sales of non-current assets	3,817	72,859
Loss on retirement of noncurrent assets	16,995	10,123
Impairment loss	896,281	469,784
Total extraordinary loss	917,094	552,768
Income before income taxes	139,508	1,240,984
Income taxes-current	256,551	369,011
Income taxes-deferred	(176,084)	63,343
Total income taxes	80,467	432,354
Net income	59,040	808,629
Profit (loss) attributable to non-controlling interests	(946)	-
Profit attributable to owners of the parent	59,987	808,629

Consolidated Statements of comprehensive income

(Thousands of yen)

	FY ended March 31, 2017 (April 1, 2016- March 31, 2017)	FY ended March 31, 2018 (April 1, 2017- March 31, 2018)
Net income	59,040	808,629
Other comprehensive income		
Valuation difference on available-for-sale securities	7,371	(11,984)
Foreign currency translation adjustment	(355)	(1,215)
Total other comprehensive income	7,016	(13,199)
Comprehensive income	66,057	795,430
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	67,003	795,430
Comprehensive income attributable to non-controlling interests	(946)	-

(3) Consolidated Statements of Changes in Net Assets

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

FY ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(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	2,666,282	11,076,529	(1,166,007)	14,799,740
Changes of items during period					
Dividends from surplus			(193,310)		(193,310)
Profit attributable to owners of the parent			808,629		808,629
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	615,319	—	615,319
Balance at the end of current period	2,222,935	2,666,282	11,691,849	(1,166,007)	15,415,060

	Accumulated other comprehensive income			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	(5,814)	972	(4,842)	14,794,897
Changes of items during period				
Dividends from surplus				(193,310)
Profit attributable to owners of the parent				808,629
Net changes of items other than shareholders' equity	(11,984)	(1,215)	(13,199)	(13,199)
Total changes of items during the period	(11,984)	(1,215)	(13,199)	602,119
Balance at the end of current period	(17,799)	(243)	(18,042)	15,397,017

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY ended March 31, 2017 (April 1, 2016- March 31, 2017)	FY ended March 31, 2018 (April 1, 2017- March 31, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	139,508	1,240,984
Depreciation and amortization	1,198,858	1,025,253
Impairment loss	896,281	469,784
Increase (decrease) in allowance for doubtful accounts	(12,690)	(51,219)
Increase (decrease) in provision for bonuses	16,213	1,680
Increase (decrease) in provision for point card certificates	(158,095)	(91,790)
Increase(decrease) in allowance for shareholders' benefits	1,640	582
Interest and dividends income	(8,736)	(9,336)
Interest expenses	85,079	72,616
Loss on retirement of noncurrent assets	16,995	10,123
Loss (gain) on sales of noncurrent assets	3,817	(297,816)
Gain on donation of non-current assets	(5,785)	-
Loss (gain) on sales of investment securities	(18,437)	(9,739)
Gain on negative goodwill	(23,943)	(61,238)
Decrease (increase) in notes and accounts receivable-trade	(168,379)	(186,730)
Decrease (increase) in inventories	(79,983)	60,719
Increase (decrease) in accrued consumption taxes	92,511	45,772
Increase (decrease) in notes and accounts payable-trade	40,070	5,759
Other	30,591	164,725
Subtotal	2,045,517	2,390,131
Interest and dividends income received	4,331	5,311
Interest expenses paid	(84,578)	(68,633)
Income taxes paid	(324,354)	(363,552)
Income taxes refund	155,028	107,302
Net cash provided by (used in) operating activities	1,795,944	2,070,559
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(2,146,915)	(2,446,945)
Payments for retirement of property, plant and equipment	-	(759)
Proceeds from sales of property, plant and equipment	13,923	2,464,033
Purchase of intangible assets	(1,049)	(41,860)
Purchase of investment securities	(98,800)	(594,593)
Proceeds from sales of investment securities	117,237	514,911
Proceeds from redemption of investment securities	2,890	5,000
Payments into time deposits	(7,455)	(260,415)
Proceeds from withdrawal of time deposits	197,886	260,404
Payments for lease and guarantee deposits	(56,034)	(129,056)
Proceeds from collection of lease and guarantee deposits	53,402	29,179
Payments for transfer of business	-	(20,000)
Payments resulting from merger of subsidiaries	(152,679)	-
Purchase of insurance funds	(193,920)	(210,776)
Proceeds from cancellation of insurance funds	380,872	84,479
Payments of loans receivable	(36,356)	(12,414)
Collection of loans receivable	38,455	39,633
Other	9,944	(2,050)
Net cash provided by (used in) investment activities	(1,878,598)	(321,230)

(Thousands of yen)

	FY ended March 31, 2017 (April 1, 2016- March 31, 2017)	FY ended March 31, 2018 (April 1, 2017- March 31, 2018)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	24,787	(93,596)
Proceeds from long-term loans payable	2,936,000	3,445,000
Repayment of long-term loans payable	(2,598,523)	(4,336,924)
Redemption of bonds	(35,000)	-
Repayments of lease obligations	(866)	(794)
Repayments of installment payables	(595,616)	(506,388)
Proceeds from withdrawal of trust account for acquisition of treasury stock	229,251	-
Cash dividends paid	(196,423)	(193,556)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(9,932)	-
Other	(100)	(85)
Net cash provided by (used in) financing activities	(246,424)	(1,686,346)
Effect of exchange rate change on cash and cash equivalents	(2,532)	2,100
Net increase (decrease) in cash and cash equivalents	(331,610)	65,083
Cash and cash equivalents at beginning of year	9,301,340	8,969,729
Cash and cash equivalents at end of year	8,969,729	9,034,813

(5) Notes to Consolidated Financial Statements

(Notes regarding premise of a going concern)

Nothing is applicable.

(Change in presentation method)

(Related to consolidated balance sheet)

“Long-term loans receivable” which was listed separately under “Investments and other assets” in the previous consolidated fiscal year is included in “Other” from the current consolidated fiscal year, because it became less important in terms of monetary value. In order to reflect this change, we have reclassified consolidated financial statements for the previous consolidated fiscal year.

As a result, 246,684 thousand yen in the “Long-term loans receivable” under “Investments and other assets” and 1,361,650 thousand yen in “Other” in the consolidated balance sheet of the previous consolidated fiscal year were reclassified as 1,608,334 thousand yen in “Other”.

(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 *izakaya*. 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, 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.

Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Reporting segments					Others (Note)	Total
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total		
Sales							
Sales to external customers	16,139,137	7,628,476	1,757,235	623,329	26,148,178	254,450	26,402,628
Internal sales or transferred amount among the segments	—	11,030	48,494	3,007	62,532	11	62,543
Total	16,139,137	7,639,506	1,805,730	626,336	26,210,710	254,461	26,465,172
Segment income (loss)	1,176,921	904,217	13,838	139,804	2,234,781	(32,250)	2,202,531
Segment assets	11,537,582	4,784,651	825,151	1,848,241	18,995,626	218,450	19,214,076
Other items							
Depreciation and amortization	387,240	499,833	87,233	12,152	986,459	7,926	994,386
Increased amount for property, plant and equipment and intangible assets	2,402,907	351,599	62,273	—	2,816,780	211	2,816,992

(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	25,116,370	26,210,710
Sales for "Others" segment	247,252	254,461
Offsetting between segments	(45,317)	(62,543)
Sales on the consolidated balance sheet	25,318,306	26,402,628

(Thousands of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segments, total amount	1,829,978	2,234,781
Profit (loss) for the "Others" segment	(25,595)	(32,250)
Offsetting between segments	475,092	483,257
Expenses for all companies (Note)	(1,501,910)	(1,493,876)
Operating income on the consolidated balance sheet	777,564	1,191,912

(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	19,247,009	18,995,626
Assets for the "Others" segments	215,813	218,450
Offsetting of debt	(3,523,492)	(3,523,667)
Assets of all companies (Note)	14,416,544	14,402,767
Total assets on the consolidated balance sheet	30,355,875	30,093,176

(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	1,158,550	986,459	8,120	7,926	32,187	30,867	1,198,858	1,025,253
Increased amount for property, plant and equipment and intangible assets	2,557,487	2,816,780	1,543	211	47,555	45,566	2,606,587	2,862,558

(Note) 1. The adjustment amount of depreciation and amortization (i.e. previous consolidated fiscal year: 32,187 thousand yen and current consolidated fiscal year: 30,867 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: 47,555 thousand yen and current consolidated fiscal year: 45,566 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, 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

Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)

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	4,834,724	Nursing Care Business

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

Previous 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

Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Reporting segment				Others	All companies/ offset	Total
	Nursing-Care Business	Karaoke Business	Restaurant Business	Real Estate Business			
Impairment loss	16,548	269,176	184,059	—	—	—	469,784

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

Nothing is applicable.

【Information concerning gain from negative goodwill per reporting segment】

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

This has been omitted since it has little importance.

Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)

In the “nursing care business” segment, the Company acquired a nursing-care facility, which had been operated by Kurashi-no-sato Ltd., in Chiba-shi, Chiba Prefecture on October 1, 2017. Accordingly, a gain on negative goodwill amounting to 61,238 thousand yen was posted in the consolidated cumulative third quarter.

(Per share information)

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Net assets per share	765 yen 34 sen	796 yen 49 sen
Net income per share	3 yen 10 sen	41 yen 83 sen
Diluted net income per share	3 yen 09 sen	—

(Note) 1. Diluted net income per share for the fiscal year ended March 31, 2018 is not stated because there were no dilutive shares.

2. 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, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Net income per share		
Profit attributable to owners of the parent (thousand yen)	59,987	808,629
Amount that is not attributable to common share holders (thousand yen)	—	—
Profit attributable to owners of the parent for common share (thousand yen)	59,987	808,629
Average number of common shares outstanding (shares)	19,370,066	19,331,024
Diluted net income per share		
Adjustment amount of profit attributable to owners of the parent (thousand yen)	—	—
Increased number of common shares (shares)	29,408	—
(Out of which, subscription rights to shares (shares))	(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.