

Financial Results for the Fiscal Year Ended March 31, 2015 [Japanese GAAP] (Consolidated)

May 11, 2015
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS Co., Ltd.
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Scheduled Date of Annual Meeting of Shareholders: June 26, 2015

Scheduled Date of Dividend Payment Start: June 29, 2015

Scheduled Date of Financial Statements Filing: June 29, 2015

Supplementary materials for Financial Results: None

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, 2015 (April 1, 2014 – March 31, 2015)

(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 2015	23,628	8.6	1,432	(32.4)	1,554	(35.5)	1,289	(41.8)
FY 2014	21,758	9.0	2,120	9.4	2,411	24.6	2,217	61.0

(Note) Comprehensive income FY 2015: ¥ 1,304 million (-41.5%) FY 2014: 2,229 million (60.6%)

	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 2015	59.66	59.56	8.7	4.9	6.1
FY 2014	114.10	113.83	17.8	8.6	9.7

(Reference) Equity in earnings of affiliated companies: FY 2015: ¥ - million FY 2014: ¥ - million

(Note) The Company conducted the 4-for-1 common share split as of January 1, 2014. The “Net Income per Share” and “Diluted Net Income per Share” are calculated assuming that the said share split was conducted at the beginning of the previous consolidated FY.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
FY 2015	32,693	15,386	47.0	711.35
FY 2014	30,642	14,309	46.7	661.89

(Reference) Equity capital: FY 2015: ¥15,378 million FY 2014: ¥14,309 million

(Note) The Company conducted the 4-for-1 common share split as of January 1, 2014. The “Net assets per share” is calculated assuming that the said share split was conducted at the beginning of the previous consolidated FY.

(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 2015	2,010	(911)	249	11,007
FY 2014	776	(590)	2,215	9,659

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 2014	—	20.00	—	5.00	25.00	200	8.8	1.6
FY 2015	—	6.00	—	5.00	11.00	237	18.4	1.6
FY 2016 (forecast)	—	5.00	—	5.00	10.00		20.5	

(Note) The Company conducted the 4-for-1 common share split as of January 1, 2014. However, the actual dividends before the said share split are stated for the second quarter of the term ended March 2014. The year-end dividends for the term ended March 2014 are the figures after share split. As for the modified figures of dividend considering the share split, please refer to “Retrospective modification of the dividend associated with share split” described below.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(% 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)	12,358	6.4	697	(7.0)	730	(11.9)	433	(9.4)	20.07
Full year	25,670	8.6	1,673	16.8	1,696	9.1	1,054	(18.2)	48.78

*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 2015	21,618,800 shares	FY 2014	21,618,800 shares
2) Number of treasury stock at end of term	FY 2015	376 shares	FY 2014	376 shares
3) Average number of shares	FY 2015	21,618,424 shares	FY 2014	19,435,374 shares

(Note) The Company conducted the 4-for-1 common share split as of January 1, 2014. The “Number of outstanding shares (common stock)” is calculated assuming that the said share split was conducted at the beginning of the previous consolidated FY.

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(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 2015	670	(0.6)	168	(4.1)	239	26.4	227	15.2
FY 2014	674	1.6	175	(5.0)	189	(1.4)	197	(2.6)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2015	10.52	10.50
FY 2014	10.16	10.14

(Note) The Company conducted the 4-for-1 common share split as of January 1, 2014. The “Net Income per Share” and “Diluted Net Income per Share” are calculated assuming that the said share split was conducted at the beginning of the previous consolidated FY.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2015	5,750	5,458	94.9	252.49
FY 2014	5,609	5,468	97.5	252.97

(Reference) Equity capital: FY 2015: ¥5,458 million FY 2014: ¥5,468 million

(Note) The Company conducted the 4-for-1 common share split as of January 1, 2014. The “Net assets per share” is calculated assuming that the said share split was conducted at the beginning of the previous consolidated FY.

2. Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(% 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)	341	1.7	120	1.0	118	1.6	5.48
Full year	683	1.9	234	(2.2)	231	1.9	10.72

* 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 Appendix on Page 2, “1. Analysis concerning results of operations and financial condition (1) Analysis concerning results of operations.”
- The Company is planning to host a financial settlement reporting meeting for investors and analysts on June 9, 2015. The contents (recorded sound) will be posted together with the handouts on the Company’s Web page immediately after the meeting.

Retrospective modification of the dividend associated with share split.

The Company conducted the 4-for-1 common share split as of January 1, 2014 based on the resolution at the extraordinary board meeting held on November 25, 2013. The dividends based on the assumption that said share split was conducted at the beginning of the previous consolidated fiscal year are as follows.

	Annual dividend				
	End of the 1Q	End of the 2Q	End of the 3Q	End of term	Total
FY 2014	—	5.00	—	5.00	10.00
FY 2015	—	6.00	—	5.00	11.00
FY 2016 (forecast)	—	5.00	—	5.00	10.00

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1. Analysis Concerning Results of Operations and Financial Condition

(1) Analysis Concerning Results of Operations

(Results of operations during the current FY)

The Japanese economy during the current consolidated fiscal year showed gradual recovery as a result of continuous trend of depreciation of yen and high stock prices as well as improvement in employment situation and corporate performance. Nonetheless, the future Japanese economy is still unclear because individual consumer's purchasing power has not yet fully recovered due to increase in consumption tax as well as price increase of imported raw materials associated with depreciation of yen.

Under these circumstances, the Company Group has been actively driving sales activities, etc. based on the business strategies of each segment. It also advanced actions in order to enhance synergy effects among the business segments to maximize the profit as a corporate group.

As a result, sales of the current consolidated fiscal year were 23,628,459 thousand yen (up 8.6% Year-on-Year (YoY)), operating income was 1,432,829 thousand yen (down 32.4% YoY), ordinary income was 1,554,115 thousand yen (down 35.5% YoY), and net income was 1,289,725 thousand yen (down 41.8% YoY).

The results of each segment were as follows.

(1) Nursing Care Business

For the Nursing Care Business segment, the Company Group actively worked to expand the business and opened 3 fee-based assisted-living nursing homes for elderly, 3 short-stay centers, and 1 day-service center. The Company Group also expanded its business locations by opening its first fee-based assisted-living nursing home in Hyogo prefecture. As a result, the Company Group operates 123 business establishments in 61 locations as of the end of the current consolidated fiscal year. Furthermore, for the existing facilities, in order to reduce the number of vacant rooms and achieve stable occupancy rate, the Company Group made efforts to strengthen collaboration with nearby hospitals and home-based care support centers. On the other hand, the Company Group opened 2 new fee-based assisted-living nursing homes for elderly and 1 short-stay center in February last year and 1 fee-based assisted-living nursing home for elderly in March last year, in addition to the new facilities that were launched during the current consolidated fiscal year. However, the administrative and HR costs as well as facility maintenance costs for these facilities were required as fixed expenditure from the beginning, and they were included as up-front expenditure in the accounting book. As a result, sales were 11,688,238 thousand yen (up 13.3% YoY) and segment income was 914,373 thousand yen (down 7.9% YoY).

(2) Karaoke Business

For the Karaoke Business segment, the Company Group opened a total of 10 new stores (2 in Kanagawa, and 1 each in Tokyo, Shizuoka, Hyogo, Hiroshima, Fukuoka, Oita, Nagasaki and Okinawa). The Company Group is expanding its business by opening its first stores in Kanagawa and Shizuoka prefectures. As a result, the number of its karaoke stores as of the end of the current consolidated fiscal year became 99. The Company Group also began offering an app service for smartphones in order to increase repeat customers by attracting mobile members; however, this attempt was not very successful so far due to negative impact from increase in consumption tax and bad weather. As a result, sales were 8,825,583 thousand yen (up 1.3% YoY) and segment income was 1,326,028 thousand yen (down 24.6% YoY).

(3) Restaurant Business

For the Restaurant Business segment, the Company Group opened 1 new restaurant each in Fukuoka and Tokyo. In order to minimize the negative impact from increase in consumption tax and bad weather, the Company Group also made efforts for the existing restaurants to increase customers by offering special time-services and making sales visits to corporations to obtain corporate customers and capture dinner-party demands. As a result, sales were 1,992,764 thousand yen (down 2.8% YoY) and segment income was 117,460 thousand yen (down 43.0% YoY). The Company Group also opened "Kanteki-ya, Sukhumvit branch", the Company's first restaurant in Thailand, in November. As a result, the number of its restaurants as of

the end of the current consolidated fiscal year became 28 in Japan and 1 overseas.

(4) Real Estate Business

For the Real Estate Business segment, the Company 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 778,367 thousand yen (up 152.0% YoY) and segment income was 48,711 thousand yen (down 21.9% YoY).

(5) Other businesses

In the Other businesses segment, for the hotel business, the Company Group made efforts to increase guests using advertisement media in order to secure demand associated with increasing domestic travels influenced by depreciation of yen. As a result, sales were 343,505 thousand yen (down 6.3% YoY) and segment loss was 10,576 thousand yen (segment income was 7,423 thousand yen during the same term last year).

(Forecast of the next term)

The world economy is expected to continue to grow gradually in the short term based on a gradual recovery of economy in developed countries, despite the negative impact from the slowed growth of major emerging countries. Within Japan, the economy is expected to continue to recover in conformity with growth of the world economy, postponement of another increase in consumption tax, continuation of large-scale monetary easing policy, low crude oil price and depreciation of yen.

Under these circumstances, the Company 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".

The Company Group also makes efforts to maximize synergy among business segments, achieve streamlining by collectively purchasing supplies or exchanging employees, and providing catering services at the nursing care facilities. Through these efforts, the Company Group will establish solid characteristics as a corporation and obtain support from the customers and residents of the nursing care facilities. As for the forecast of the consolidated business performance throughout the year, sales are expected to be 25,670,023 thousand yen (up 8.6%, from the current consolidated fiscal year), operating income is expected to be 1,673,572 thousand yen (up 16.8%, same), ordinary income is expected to be 1,696,141 thousand yen (up 9.1%, same), and the net income that belongs to the parent company is expected to be 1,054,482 thousand yen (down 18.2%, same).

(2) Analysis Concerning Financial Situation

(1) Status of assets, liabilities and net assets

Total assets at the end of the current consolidated fiscal year were 32,693,177 thousand yen, up 2,050,456 thousand yen from the previous consolidated fiscal year.

Current assets were 16,201,527 thousand yen, up 1,315,276 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 482,810 thousand yen in cash and deposits and 1,160,244 thousand yen in others.

Noncurrent assets were 16,491,650 thousand yen, up 735,180 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 173,332 thousand yen in buildings and structures, 253,100 thousand yen in land, and 140,042 thousand yen in lease and guarantee deposits.

Liabilities at the end of the current consolidated fiscal year were 17,307,162 thousand yen, up 973,457 thousand yen from the previous consolidated fiscal year.

Current liabilities were 7,080,146 thousand yen, down 200,240 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the decrease of 555,266 thousand yen in income taxes payable while increase of 26,000 thousand yen in short-term loans payable, increase of 94,102 thousand yen in current portion of long-

term debt payable and increase of 150,013 thousand yen in other.

Noncurrent liabilities were 10,227,016 thousand yen, up 1,173,697 thousand yen from the end of the previous consolidated fiscal year. The major factor for the change was the increase of 1,023,572 thousand yen in long-term loans payable.

Net assets at the end of the current consolidated fiscal year were 15,386,015 thousand yen, up 1,076,998 thousand yen from the previous consolidated fiscal year. The major factor for the change was the increase in retained earnings as a result of including net income in the accounting book.

As for liquidity of assets, the current ratio during the current consolidated fiscal year is 228.8%. The Company Group will make efforts to increase the current ratio in order to secure enough liquidity in the future.

(2) Situation of cash flow

Cash and cash equivalent (hereinafter referred to as “funds”) during the end of the current consolidated fiscal year stood at 11,007,118 thousand yen, up 1,348,021 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 2,010,131 thousand yen (up 159.0% YoY). The major breakdown of income was 2,055,864 thousand yen of net income before income taxes, 1,312,285 thousand yen of depreciation and amortization, and 475,016 thousand yen of decrease in inventories. The major breakdown of expenditure was 814,626 thousand yen of gain on sales of noncurrent assets and 1,299,019 thousand yen of income taxes paid.

(Cash flow from investing activities)

Funds used in investing activities were 911,867 thousand yen (up 54.3% YoY). The major breakdown of income was 2,999,474 thousand yen of proceeds from sales of property, plant and equipment and 602,800 thousand yen of proceeds from withdrawal of time deposits. The major breakdown of expenditure was 3,547,565 thousand yen of purchase of property, plant and equipment, 726,273 thousand yen of payments into time deposits, and 274,048 thousand yen of payments for lease and guarantee deposits.

(Cash flow from financing activities)

Funds obtained by financing activities were 249,456 thousand yen (down 88.7% YoY). The major breakdown of income was 5,997,943 thousand yen of proceeds from long-term loans payable. The major breakdown of expenditure was 4,880,267 thousand yen of repayment of long-term loans payable and 629,022 thousand yen of repayments of installment payables.

(Reference) Trend of Cash Flow Related Indicators

	FY ended March 2011	FY ended March 2012	FY ended March 2013	FY ended March 2014	FY ended March 2015
Equity ratio (%)	36.0	37.7	41.3	46.7	47.0
Equity ratio on market price basis (%)	—	—	42.1	43.3	36.7
Debt repayment period (years)	3.9	5.0	5.2	16.6	6.9
Interest coverage ratio (times)	10.8	9.8	11.1	5.0	14.2

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). The equity ratio on market price basis for FY ended March 2011 and 2012 are not listed because market price was not available.
4. Interest-bearing debt includes all debts that are included in the consolidated balance sheet, for which interests are paid.

(3) Basic Principle Concerning Profit Sharing and Dividends for the Current and Next Fiscal Year

The Company considers that profit returning to the shareholders is important management priority and will make efforts to continuously pay stable dividends while securing necessary internal reserves for continuation of the businesses including fee-based nursing homes for elderly business, karaoke business and restaurant business, etc.

The basic principle of the Company is to pay dividends of surplus twice a year (i.e. interim dividend and year-end dividend).

These dividends of surplus are determined at the general shareholders' meeting for the year-end dividend and board meeting for the interim dividend.

The year-end dividend for the current fiscal year will be 5 yen per share in accordance with the above principle, and the annual dividend including interim dividend (Note) for the current fiscal year will be 11 yen.

The dividend for the next fiscal year will also be determined in accordance with the above principle, and the annual dividend is planned to be 10 yen per share (5 yen for interim dividend and 5 yen for year-end dividend).

(Note) During the current fiscal year, the Company paid a total of 6 yen of interim dividend per common share (5 yen per share plus 1 yen for commemorative dividend for being appointed to be in the First Section of Tokyo Stock Exchange Market).

(4) Risk of Businesses, etc.

Concerning the matters related to the situation of business and accounting of the Company Group, followings are the matters that may give significant impact on the investors' decision. Furthermore, even if they are not necessarily applicable to such risks, matters that may be important to the investors' decision are also included from the perspective of proactive information disclosure. It should be noted that the contents below might not include all risks concerning the investment on the shares of the Company Group.

Based on the recognition of the possibilities of these risks, the Company Group is making efforts to avoid risks or take prompt responses in case a risk arises; however, it is important for the investors to make a decision on the Company Group's shares based on a careful deliberation using the information in this section as well as other places. The matters concerning the future in this section are based on the judgment of the Company as of the end of the current consolidated fiscal year.

1. Concerning Nursing Care Businesses

(1) The nursing-care insurance system

The Company Group's Nursing Care Business is focusing on the services based on the national nursing-care insurance system, and the service contents, compensation, business operation and management and other business in general are

legally controlled by the Public Nursing Care Insurance Law and various relevant laws and regulations.

The government reviews and amends the nursing-care insurance system every 5 years and the nursing care compensation every 3 years. The most recent amendment was conducted in April 2015, and the entire nursing care compensation was reduced by 2.27%. It is expected that this will lead to reduction in the amount of money that the Company Group's nursing care facilities will receive as nursing care compensation.

If regulations are tightened as a result of changes in laws and regulations as well as the relevant systems in the future, the Company Group may need to modify its service contents or take other actions. There is also a possibility that the Company Group's business expansion may be influenced. Revision of the nursing care compensation may also give impact on the profit and profitability of the Company Group's business. Furthermore, these factors may give negative impact on the results of operation or financial status of the Company Group.

Especially, if there is a drastic change on the framework of the nursing care, etc. arising from the issues of insurance premium contribution and nursing care insurance finances, etc. in the environment of decreasing population and aging population, the business of the Company Group may receive significant impact.

(2) Securing qualified staff and manpower

As a business entity based on Public Nursing Care Insurance Law, various services provided through the Nursing Care Business must meet certain human resource standards including placement of qualified staff. In order to meet the standards, the Company Group is making efforts to secure manpower including qualified staff and develop human resources through training programs, etc.

The Company Group is not aware of any critical difficulties to secure manpower at this point; however, in case it becomes difficult to secure enough manpower for the future business development and expansion or in case existing manpower leaves the Company Group, service quality may decline, nursing care compensation may decrease, or providing nursing care services may become difficult. The Company Group may also need to review the benefits for its employees to secure manpower or increase in recruitment cost, etc. These cases may affect the results of operations and financial situation of the Company Group.

(3) Concerning management of safety and health for nursing care of elderly

Most of the residents of the nursing care homes and users of the nursing care services are the elderly people who are in need of nursing care or have certification for nursing care need, and there are risks of falling, food poisoning or group infection, etc. during provisions of various nursing services.

The Company Group is making efforts to place adequate number of facility staff, provide training programs on treatment and service, ensure development and use of various manuals, and sanitation management and safety management of equipment, etc. But in case of unforeseen circumstances concerning a damage claim, the Company Group may be held liable for negligence, which may lead to sue for damage compensation or guidance or disciplinary action by the government. The trust from the public to the Company Group's operation may also decline significantly in such a case. These cases may affect the future development of business, results of operations and financial situation of the Company Group.

(4) Development policy of nursing care facilities

As for the Nursing Care Business, the Company Group is planning to develop new facilities with a focus on fee-based assisted-living nursing homes for elderly.

The fee-based assisted-living nursing homes for elderly became subject to the total volume control of nursing care insurance facilities in April 2006, and development of new facilities in each area is determined by the nursing care insurance plan of each municipality. Because of this, it is difficult to predict mid-term development in terms of the areas of development and number of residents as it is highly influenced by the decision of the municipal government. There is no guarantee that the Company Group can develop the business establishments in desired areas. This may affect the

results of operations and financial situation of the Company Group.

(5) Competition

After the introduction of the nursing-care insurance system, the users of nursing care services are increasing, and it is expected to continue to increase as aging society with fewer children advances. Furthermore, medical corporations, social welfare corporations and various other companies are now entering into the nursing-care related industry, because the industry is expected to expand, yet the barrier to enter into the industry is low. Intensified competition due to participation of new companies in the future may affect the results of operation and financial situation of the Company Group.

(6) Network with local relevant institutions

The Company Group conducts community-based operation of each facility under the Nursing Care Business. This type of business operation requires close collaboration with local administrative agencies, medical institutions, care managers and social workers, and the trust relationships with them is an essential part of the business development. If the trust in the Company Group declines due to flaws in service provision or facility operation, accidents, troubles and other reasons, the Company Group's facility operation, service provision and obtaining users may become difficult, which may affect the results of operations and financial situation of the Company Group.

(7) Impact of rumor

For the Nursing Care Business, reputation and trust by the users and their families towards the Company Group and its facilities have a strong impact on the operation of the facilities. The Company Group is making efforts to improve service quality, etc. that meet the needs of the users; however, if reputation of the Company Group or its facilities is undermined for some reasons or if unfavorable rumors about the Company Group or its facilities spread, obtaining new users and maintaining the operation rate of the facilities will be difficult, which may affect the results of operations and financial situation of the Company Group.

(8) Compliance

The nursing care industry is subject to various laws and regulations as described above. In order to comply with these laws and regulations, the companies in the industry are required to build strong compliance systems. The Company Group is making efforts to strengthen its operation control framework and internal checking function in order to ensure compliance with laws and regulations and to prevent human errors and fraud during business operation. If these systems do not function adequately in the future business development, issues in relation to operational control may arise, which may affect the results of operations and financial situation of the Company Group.

(9) Rental of nursing care facilities

Out of all nursing care facilities of the Company Group, 49 of them are operated in rental properties (including sale and lease back properties), and for each facility, rental agreement is concluded with the owner of the property. The agreement period is usually 20 to 30 years (including renewal) and the rental fee is reviewed usually every 2 to 5 years based on discussions.

The Company Group secures stable continuation of the facility management by establishing relatively long-term agreement, but it is difficult to cancel during the agreement period. It is also difficult to close a facility or change rental fee in a short span of time. Therefore, if the operation rate decreases significantly or if rental fee in the neighborhood decreases at a facility, the profit margin may drop, which may affect the results of operations and financial situation of the Company Group.

(10) Name, "Sawayaka"

"Sawayaka" is used for the company name and facility name for the Nursing Care Business of the Company Group.

Because “Sawayaka” is a general term and it is difficult for the Company to register it as the Company’s trademark, the Company Group registers the whole name of the facility (e.g. “Sawayaka Keifukan”) as a trademark.

Meanwhile, there are already many nursing care facilities that use “Sawayaka” in their names in Japan. If there is an accident or misconduct at these facilities other than the Company Group’s facilities, the public may misidentify it as one of the facilities of the Company Group, which may cause to unexpected reputational damage to the Company Group.

2. Concerning the Karaoke Business and Restaurant Business

(1) External environment

The leisure market and restaurant market have been shrinking due to such factors as prolonged sluggish economy, decline in consumer confidence and intensifying price competition caused by competitive situation among many business entities. Thus, the business environment concerning the Karaoke Business and Restaurant Business of the Company Group has been severe.

The Company Group is making efforts to maintain and enhance customer satisfaction by enriching pre-fixed menu and service packages for the Karaoke Business and enriching low-priced items, remodeling existing restaurants and changing business styles for the Restaurant Business; however if these actions are not accepted by the consumers or if competitive environment becomes intensified due to increase in new companies in the industry, the results of operations and financial situation of the Company Group may be affected.

(2) Stores opening policy, etc.

For the Karaoke Business and Restaurant Business, the Company Group is focusing on opening business establishments mainly in entertainment areas, aiming to develop more urban-type stores. When opening new stores and restaurants, the Company is making efforts to proactively secure properties based on information from real-estate agencies and financial institutions; however, there is no guarantee that properties that match the Company’s requirements in terms of rent, population of the market area, or competition with other companies can be obtained. Furthermore, although careful deliberation is made before actually opening a store or restaurant, estimated profit may not be achieved, even if the property matches the Company Group’s requirements. In these cases, the results of operations and financial situation of the Company Group may be affected.

The business establishments for the Karaoke Business and Restaurant Business are basically using rental properties. If the deposited guaranty money is not returned to the Company Group due to financial deterioration or other reasons of the lessee, the results of operations and financial situation of the Company Group may be affected.

(3) Purchase of food

In recent years, issues to undermine consumers’ trust in “food safety”, such as health hazards by imported food, false labeling of food, and food poisoning caused by eating raw beef, are frequently seen. The Company Group offers meals for the Karaoke Business and Restaurant Business and provides feeding service for the Nursing Care Business. It is making efforts to establish collaborative relationships with suppliers to ensure stable purchase of safe ingredients; however, if similar cases/accidents occur and the anxiety among the public increases, the results of operations and the financial situation of the Company Group may be affected.

Furthermore, if the food price increases associated with lean harvest of agricultural products including rice and vegetables due to external factors such as bad weather or natural disaster or caused by environmental changes of suppliers, the results of operations and the financial situation of the Company Group may be affected.

(4) Sanitation control

Each store and restaurant of the Company Group’s Karaoke Business and Restaurant Business has a food sanitation supervisor based on the Food Sanitation Act and has a business permit obtained from a health center under the jurisdiction. The Company Group also provides manuals concerning sanitation control for each store and restaurant and ensures to

provide training programs and guidance to the employees. Furthermore, it also tries to strengthen sanitation measures through regular sanitation inspections by external specialists; however, if hygiene issues such as food poisoning arises at a store or restaurant of the Company Group, it may receive business suspension penalties for a certain period of time or the customers may stay away from any stores of the Company Group as a result of lowered corporate image. These cases may affect the business development, results of operations and financial situation of the Company Group.

(5) Legal regulations

Some stores operated by the Company Group are controlled by the regulations established by the respective prefectural government such as “Prefectural Ordinance of Sound Development of Youth” by Fukuoka prefecture. The Company Group is making efforts to implement verification of customers’ age and prevention of inappropriate drinking and smoking or prevention of use of facilities during the midnight period from the legal compliance perspective; however, if the Company Group violates these regulations, the public trust in the Company Group will be lost, which may affect the results of operations and financial situation of the Company Group.

Furthermore, if regulations are tightened in association with amendment of ordinance, etc., limitations on the development of the business may arise and some kind of responses by the Company Group may be required. This may affect the business development, results of operations and financial situation of the Company Group.

3. Concerning the operation area of the Company Group

All business segments of the Company Group operate mainly in the Kyushu region. Because of this, the Company Group currently receives impact of the economic climate, consumption trend, transition of elderly population and others of the Kyushu region.

Furthermore, in case there is a natural disaster such as earthquake and typhoon or in case of spread of infectious disease such as new type of influenza in the Company Group’s operation area, it may affect the results of operations and financial status of the Company Group.

4. Concerning business structure

(1) Management system of a holding company

The Company Group is based on the holding company structure, and the Company, which is the holding company, provides management guidance to its group companies as well as consolidates and controls administrative work of each company.

The Company Group is intending to strengthen the management system in an effort to develop and expand the business; however, if securing and developing manpower or strengthening various management functions is hindered, it may affect the business development, results of operations and financial situation of the Company Group.

(2) Labor management

The Company Group requires a lot of manpower for its business operation and has many full-time employees as well as temporary employees including part-time employees and temporary staff. Furthermore, because the Nursing Care Business and Karaoke Business require 24-hour work system, the Company Group is making efforts to secure and develop necessary manpower for business operation and establish and manage working conditions and labor environment that are in compliance with labor-related laws and regulations. If any issues are caused for some reasons, they may affect the business development, results of operations and financial situation of the Company Group.

(3) Customers’ information management

The Nursing Care Business and Karaoke Business of the Company Group deal with personal information of the customers. In order to manage the personal information, the head office and each business office have strengthened their systems to manage the documents. The data that include confidential information are consolidated and managed by a

responsible department, and access from external sources to the data is shut down. As such, with very careful attention, the Company Group is making efforts to adhere to relevant laws and regulations and to prevent the leakage of personal information; however, if personal information of the customers is leaked for some reasons, the information management capacity of the Company Group may be criticized, and its accountability may be accused. The customers' confidence in the Company Group may also be lost. These cases may affect the business development, results of operations and financial situation of the Company Group.

5. Concerning results of operations and financial situation

(1) Impact of newly established nursing care facilities

A new nursing care facility requires a certain period of time until the residents and users are secured in the beginning. Thus, after the opening, it usually requires up-front expenditure until the number of residents and users reaches a certain level. This means that opening a new nursing care facility may suppress the profit of the Company Group in the short run. Furthermore, if it takes long time or if it is difficult to have residents and users for a new facility, the results of operations and financial situation of the Company Group may be affected.

(2) Use of off-balance scheme system for the nursing care facilities

The Company Group uses the sale and leaseback transaction method to minimize capital investment for the nursing care facilities. A typical arrangement is to sell and leaseback the nursing facilities that the Company Group developed to Special Purpose Companies (SPCs) invested by domestic and international investment funds.

When using such off-balance scheme system, the Company Group seeks opinions of professionals such as accountants and uses measures that are considered appropriate at that point; however, in case the off-balance scheme system becomes unavailable due to change of accounting standards, etc., the total assets on the consolidated balance sheet will increase as a result of adding nursing care facilities and unearned lease fees, which will result in drastic deterioration of equity ratio. This may give significant impact on the financial situation of the Company Group.

(3) Impact of the off-balance scheme system for the nursing care facilities on business performance, etc.

As described above, the Company Group uses the off-balance scheme system for the nursing care facilities. The Company Group sold 5 facilities (at the sales price of 4,500 million yen) in the consolidated fiscal year ended March 2014, and 3 facilities (at the sales price of 3,000 million yen) in the consolidated fiscal year ended March 2015.

Due to influence by the market price, etc., at the time of the sales of these facilities, 1,264 million yen of extraordinary income called "Gain on sales of noncurrent assets" and 12 million yen of extraordinary loss called "Loss on sales of noncurrent assets" were added in the consolidated fiscal year ended March 2014, and 814 million yen of extraordinary income called "Gain on sales of noncurrent assets" were added in the consolidated fiscal year ended March 2015.

The leaseback transactions through this arrangement reduces depreciation burden as compared with the costs of managing its own properties, even though the expenditures for facility lease are incurred and expenditures for nursing care facilities will increase.

The above sales funds for the nursing care facilities are mainly used for the repayment of loans from financial institutions.

Although the Company Group is planning to use the above-mentioned off-balance scheme system in the consideration of business establishment development, financial situation, etc., there is no guarantee that the Company Group can achieve the intended results, as they will depend on the external environment surrounding the nursing care industry and various conditions concerning sales and lease with business partners.

(4) Dependency on interest-bearing debt

The Company Group acquires a part of the funds to open new nursing care facilities for the Nursing Care Business segment and most of the funds to open new stores and restaurants for the Karaoke Business and Restaurant Business

segments by borrowing money from financial institutions. The interest-bearing liabilities balance (Note) as of the end of the consolidated fiscal year ended March 2015 were 13,951 million yen, which occupied 42.7% of the total assets. The Company Group is planning to continue to use borrowed funds from financial institutions for the future establishment of new facilities and stores. If there is a major change in the interest rates, it may affect the results of operations and financial situation of the Company Group. Furthermore, if there is a change in financing attitude by the financial institutions towards the Company Group due to changes in financial landscape, etc., the Company Group's plans and business development may be affected.

(Note) Interest-bearing debt includes all debts that are included in the consolidated balance sheet, for which interests are paid.

(5) Accounting for impairment loss

Each business segment of the Company Group needs to recognize impairment loss in case deficit continues when profitability of each business establishment and store declines due to business environment changes or economic factors. This may affect the results of operations and financial situation of the Company Group.

6. Concerning lawsuit risks

In case of unexpected troubles and issues in relation to service provision or other transactions for each business segment of the Company Group, with or without defects of the Company Group, the damage compensation in relation to these troubles and issues may be demanded to the Company Group or the Company Group may be sued.

The progress or results of these lawsuit contents or damage compensation amount may affect the results of operations, financial situation and social credibility of the Company Group.

2. Situation of the Corporate Group

The Company Group is consisted of the Company (holdings company) and consolidated affiliates (Sawayaka Club, Bonheure Co., Ltd. and Bonheure (Thailand) Co., Ltd. Together, the Company Group conducts mainly 5 types of businesses (Nursing Care Business, Karaoke Business, Restaurant Business, Real Estate Business, Others). As the holdings company, the Company carries out development of strategies for each group company and provides managerial controls and guidance to each group company. The major business contents of each company and its relationship with the business segment of the Company Group are as follows.

(1) Nursing Care Business

For this Business, the Company Group provides various services based mainly on the Public Nursing Care Insurance Law for the elderly in need of nursing care, etc. mainly in Kitakyushu city, Fukuoka prefecture.

The services include fee-based nursing homes (fee-based assisted-living nursing homes for elderly and resident-type fee-based home for elderly), group homes, short stay, helper station, care planning center, day-service center, small-scale multifunctional home-based nursing care facilities, and homes for elderly with various services. With a focus on resident-type facilities such as fee-based assisted-living nursing homes for elderly, the Company Group expands its business by establishing business offices for various nursing care services.

As of the end of this consolidated fiscal year, the Company Group has 123 business offices in 61 locations. The contents and characteristics of each nursing care service are described below.

(a) Fee-based assisted-living nursing homes for elderly (Number of facilities at the end of this consolidated fiscal year: 33)

These are fee-based nursing homes for elderly that are designated as “daily life nursing care for a person admitted to a community-based specified facility” under the Public Nursing Care Insurance Law. They target the people in need of nursing care need or require assistance. Based on the specified facility service plan, the facility staff members assist the users in bathing, excretion, and eating meals and provide other supports for their daily lives and functional trainings.

(b) Resident-type fee-based nursing homes for elderly (15 business establishments)

These are fee-based nursing forms for elderly that are not designated as daily life nursing care for a person admitted to a community-based specified facility. They provide feeding services and assistance for the users’ daily lives. The facility staff members, in principle, do not offer nursing care services. If the residents want nursing care assistance, they need to use external services such as visiting care, based on a separate contract. The Company Group provides nursing care services required by the resident by establishing various nursing care/assistance services business offices next to the nursing homes.

(c) Group homes (8 business establishments)

These are resident-type facilities for the elderly with dementia who have received certificate for nursing care need. Making 5 to 9 people as 1 unit, the facility staff members assist the users in bathing, excretion, and eating meals in a homelike atmosphere.

(d) Short stay services (25 business establishments)

Short stay services are offered for the families that take care of the elderly who require nursing care or assistance at home on a daily basis but in need of temporary assistance for the elderly. The users can receive assistances for bathing, excretion and eating meals as well as care for their daily lives and functions recovery training, etc.

(e) Helper stations (11 business establishments)

Helper stations target the elderly who require nursing care or assistance and dispatches helpers to their homes. The

helpers provide support services including physical assistance for bathing, excretion, eating meals and going out as well as support for daily lives such as cleaning, washing, cooking and shopping, in accordance with the users' level of physical and mental capacity. The services through helper stations are mainly offered to the residents of the fee-based resident-type nursing homes operated by the Company Group.

(f) Care planning centers (6 business establishments)

Dedicated care managers (nursing care managers) are placed at each care planning center. Based on the requests from the elderly who need care and their families, the facility staff members develop care plans, aiming at improving the users' daily lives and facilitating independence. They also provide services such as consultation on nursing care and application by proxy for the certificate for nursing care need.

(g) Day-service centers (20 business establishments)

The day-service centers are for the elderly who require nursing care or assistance. The users visit the centers on a daily basis. The centers provide various nursing care services such as life style guidance, functions training, health check-ups, and assistance for eating meals and bathing.

(h) Small-scale multifunctional home-based nursing care (4 business establishments)

This service is to provide assistance such as bathing, excretion and eating meals to the users to continue their independent lives at their homes. The service styles include "day service (users come to the facility)", "visiting service (the workers visit the users' homes)", and "short stay (users stay overnight at the facility)", depending on the needs of the users and their families. The services are offered for 24 hours.

(i) Housing with services for the elderly (1 business establishment)

This housing is based on the standards of the Acts on Stable Supply of Residences for the Elderly and registered at the prefectural, designated city and core city governments. The housing has infrastructure that fulfills certain required standards such as the size of living room and barrier free. It also offers life style guidance and confirmation of the residents' safety by nursing care specialists to create an environment for the elderly to live safely.

(Nursing-care insurance system)

The "nursing-care insurance system" is a public system to provide nursing care services to the people who have certificate for nursing care need or certificate for needed care using the insurance premium paid by the public and tax collected by the national and municipal governments. It is a system to support the elderly people who require care due to deterioration of physical functions by the entire society. The elderly people who receive certificate for nursing care need or certificate for needed care can use various nursing care services by shouldering 10% of the actual nursing care costs. The Nursing Care Business of the Company Group mainly provides nursing care services for the elderly people who receive certificate for nursing care need or certificate for needed care. It receives nursing care compensation from the national health insurance organizations in each prefecture that conducts review and payment of nursing care insurance for the nursing care services provided.

(Concerning business development)

(a) Areas and business development

As of the end of the current consolidated fiscal year, the Company Group's main area of business is the Kyushu region (85 business establishments in 40 locations in Fukuoka, 4 business establishments in 2 locations in Oita). In other areas, the Company Group has business establishments across Japan, including 4 business establishments in 2 locations in Hokkaido, 3 business establishments in 2 locations in Akita, 6 business establishments in 3 locations in Niigata, 3 business establishments in 2 locations in Chiba, 2 business establishments in 1 location in Tochigi, 1 business

establishment in 1 location in Saitama, 2 business establishments in 1 location in Aichi, 4 business establishments in 2 locations in Kyoto, 2 business establishments in 2 locations in Osaka, 2 business establishments in 1 location in Hyogo, 2 business establishments in 1 location in Mie, and 3 business establishments in 1 location in Ehime. For the Nursing Care Business, although the fee-based assisted-living nursing homes for elderly are the focus of the business development, establishment of such business establishments are only possible if municipality has public offering for new facilities based on their plans. Therefore, currently, the Company Group is making efforts to develop new facilities with a focus on publicly announced projects in each area. For the other business establishments, the decision is made based on the demand trend, etc. of each area.

(b) Nursing-care facilities

Because establishment of new nursing-care facilities require a lot of funds for facility investment, the Company Group's priority is to rent facilities that are built by the owners and fit the specification of the Company Group. In reality, however, it is difficult to establish new nursing care facilities using this method. Therefore, the Company group also develops some of its own facilities using its own funds.

Once these facilities developed by the Company Group reach a certain operation rate, the Company Group will switch to the leasing system by selling them to the SPCs that are invested by domestic and international investment funds.

(c) Fee schedule that does not receive temporary money for occupancy

Except for a few facilities, the nursing-care facilities of the Company Group do not collect lump-sum for occupancy at the time when the occupants move in. This is to offer wider opportunities for elderly people to receive nursing-care services, regardless of their income and assets statuses. For business development, the Company Group is making efforts to increase profitability through these measures, differentiate the Group's facilities from the other companies, improve facility operation rates and shorten the vacant period.

(2) Karaoke Business

The Karaoke Business focuses on the operation of karaoke rooms mainly in Fukuoka. The name of the karaoke stores is "Korokke Club".

The stores for the Karaoke Business have basically around 30 rooms per establishment. They are differentiated from the other companies' karaoke sores by opening basically for 24 hours, 7 days a week. By offering lunch and karaoke as a set during the day, and meal and karaoke or all-you-can-drink and karaoke as a set at night, the Company Group is making efforts to enhance eating/drinking rate to increase profit. Furthermore, the Company Group is making efforts to make karaoke stores more children- and elderly-friendly to have a broader range of customers.

As of the end of the current consolidated fiscal year, the Company Group operates 99 karaoke stores.

(Store development)

The number of karaoke stores in each prefecture as of the end of the current consolidated fiscal year is listed in the following table. They are located in various prefectures in the Kyushu region as well as Yamaguchi, Hiroshima, Mie, Shiga, Hyogo, Shizuoka, Tokyo, Ibaraki, and Kanagawa prefectures.

Although the Company Group's focus was to open suburb-type stores in the Kyushu region and Yamaguchi prefecture until 2008, in recent years, it is more focusing on urban and busy districts where there are more customers.

	Tokyo	Kanagawa	Ibaraki	Shizuoka	Mie	Shiga	Hyogo	Hiroshima	Yamaguchi	Fukuoka	Saga	Nagasaki	Kumamoto	Oita	Miyazaki	Kagoshima	Okinawa
Number of stores	6	2	1	1	2	1	2	3	9	37	4	2	5	8	6	4	6

(3) Restaurant Business

For the Restaurant Business, the Company Group mainly operates *izakaya* (Japanese style pub) in various parts of the Kyushu region. Several types of *izakaya* with different concepts are offered: “Kanteki-ya” (mainly targeting white-collar workers), “Susu” (mainly targeting female customers), and “Saisei-sakaba” (low-cost *izakaya*) to capture a wide range of customers. Furthermore, by changing and renewing the styles of existing restaurants, the Company Group is trying to keep the customers from getting bored and come back to the restaurants.

The number of restaurants the Company Groups operates as of the end of the current consolidated fiscal year is 29 (27 *izakayas* in Japan, 1 Udon noodle restaurant, and 1 *izakaya* in Thailand).

(4) Real Estate Business

Sawayaka Club Co., Ltd. deals with leasing of rental condominiums and sales and brokerage activities of real estate properties, and Bonheure Co., Ltd. deals with leasing and management of rental condominiums and sales and brokerage activities of real estate properties.

(5) Others

The Hotel Department of Sawayaka Club Co., Ltd. operates 2 hotels with hot springs next to resident-type, fee-based nursing homes in Beppu, Oita. In addition to the general customers, the residents who live in the nursing-care facilities next door or the residents of other nursing-care facilities of the Company Group can also use the hotel facilities for recreation purposes.

Bonheure Co., Ltd. was operating 1 mobile phone shop affiliated with SoftBank Mobile Corporation; however it was closed as of May 10, 2015.

3. Management Policy

(1) Basic Management Policy

Since its establishment in October 2006, through its affiliates (i.e. Sawayaka Club, Co., Ltd. and Bonheure Co., Ltd.), the Company Group has been evolving its businesses on the operation of nursing-care facilities for elderly, operation of karaoke stores and restaurants, and management of real estate properties based on its concept of “Collaborative Living of Children, Youth and Elderly”. Currently, it operates its business with pillars of Nursing-Care Business, Karaoke Business and Restaurant Business. Its current management goals are to become a corporation group that is needed by the local communities and to continuously provide services that the customers feel safe and reliable.

As for the environment that surrounds the Company Group’s 3 core business segments, the demand for its Nursing Care Business is expected to increase with the background of aging society. Until June 2010, a standard was in place to back up the regulation to control the total volume of users at nursing-care facilities such as specified nursing homes for elderly. It was abolished in June 2010, and from the 5th Nursing Care Insurance Plan (from FY 2012 to 2014), it was decided by the Cabinet that each prefectural government would be able to establish its plan based on its circumstances. These changes will facilitate the creation of environment that is tailored to the local situation in each area. Therefore, it will be necessary for the Company Group to have even closer network with municipal governments and obtain the public announcement information on a timely basis for the establishment of new specified facilities that are the Company Group’s main focus. Furthermore, during the 2015 Nursing-Care Compensation Revision, the revised rate was decreased by 2.27%. This change will have a significant impact not only on the companies in the nursing-care industry but also insured people who use nursing care insurance. Thus, the users will look for nursing-care business entities with sound management more than ever.

For the Karaoke Business, the Company Group believes that the competition in the industry is going to intensify because the karaoke room market is shrinking. In the future, it is expected that the use of karaoke room stores by the young people in their 10s and 20s, which are the major customers, will gradually shrink due to declining birthrate. In the meanwhile, the baby boomer generation is hoped to become a new customer group, for karaoke will become activities to spend their leisure time after retirement. Given the fact that the number of people who enjoy karaoke since 2007 has not changed much, it is anticipated that the number of karaoke population will remain at the same level in the future.

For the Restaurant Business, the market for the *izakaya* industry, in which the Company Group mainly operates, is on a shrinking trend due to prolonged deflation and also because young people are moving away from alcohol. Because this trend is anticipated to continue, the Company Group needs to make efforts to differentiate its restaurants from the other companies by enriching the products other than alcohol, improving quality and varieties of meals to serve, and improving customer service.

Under these business circumstances, the Company Group will distinguish itself from the other competitors by strengthening its responses to the issues, promptly responding to the customers’ needs, and deepening the network and establishing trust relationships with the local communities for each business field. Furthermore, it will strengthen its business quality by ensuring education of the employees to equip them with professional expertise and enhancing the quality of service.

(2) Target Management Indicator

The management indicator that the Company Group is focusing on is the operating income rate. For each business segment, the Company Group will make efforts to improve the performance by understanding the needs of the residents and customers and promptly and adequately reflecting their needs to the business. At the same time, the Company Group will try to establish solid business foundation by focusing on cost control and conducting sound business operation. The Company Group’s goal is to secure and maintain 10% of the consolidated operating income on sales as a result.

(3) Mid- to Long-term Management Strategies

The environment surrounding the Company Group differs by segment. For the Nursing-Care Business, establishment of more trustful relationships with the users and residents is needed as aging population is rapidly growing in Japan. For the

Karaoke Business and Restaurant Business, the business environment will be more severe, and the Company Group needs to respond to the intensifying competition against other companies and stores.

Under these circumstances, the Company Group will differentiate itself from the others by emphasizing the individual characteristics for its major business segments.

Followings are the goals for each segment.

(a) Nursing-Care Business

The Company Group is planning to open 5 to 10 new nursing-care facilities per year. In order to steadily achieve this goal, the Company Group will collect information on the potential properties and establish good relationships with administrative agencies.

(b) Karaoke Business

The Company Group is planning to open about 8 restaurants per year. Especially, it will focus on the opening of new restaurants in the Tokyo metropolitan area. Nonetheless, it will make a flexible plan in terms of areas and principles of opening new restaurants based on careful review of economic environment and consumers' trend. By expanding the business nationwide, the Company Group will be able to enhance its recognition, interest and attention from the public.

(c) Restaurant Business

The Company Group is planning to open 2 stores per year, including changing the types of existing stores. It will improve stores' structure so that they will not be affected by the changes of consumption environment by strengthening characteristics of each store and creating stores that customers would come back.

(d) Real Estate Business

The Company Group is planning to mainly handle leasing of rental condominiums and undertake sales and brokerage activities of real estate properties. It will carefully assess the situation of the real estate market, etc. and take appropriate measures.

(4) Challenges of the Company Group

The Company Group has been evolving its businesses activities around the operation of nursing-care facilities for elderly, operation of karaoke stores and restaurants and management of real estate properties based on its concept of "Collaborative Living of Children, Youth and Elderly", with a goal to "create society where children, youth and elderly can live happily together".

In order to expand the businesses in wider areas and establish the concept and brand image of the Company Group nationwide, it will continue examining issues in each business segment and take appropriate measures to address them.

The current significant issues that the Company Group is faced with for its expansion and progress of the business are as follows.

(Entire company)

(a) Principle of human resource development

The industries of Nursing-Care Business, Karaoke Business and Restaurant Business that the Company Group belongs to have chronic issues of labor shortage. As countermeasures, the Company Group will not only focus on recruiting employees but also support individual employee's development and enhance their sense of responsibility and loyalty to the Company Group through technical assistance such as OJT as well as various activities based on the employees training system. This way, it is hoped to achieve stable retention rate.

(b) Strengthening management structure

In order for the Company Group to expand its business scale, it is important to strengthen the management structure and establish more functional corporate governance structure, in addition to human resource development. The Company Group is making efforts to carry out accurate and efficient corporate governance by consolidating various management departments and corporate planning division that deal with management and control functions at the Company, which is the holding company, and establish and operate an integrated management line as a corporate group.

(Nursing-Care Business)

(a) Expansion of business areas

Although the Company Group's focus was in the Kyushu region, it will try to examine the measures to expand its fee-based assisted-living nursing homes for elderly (Life assistance for the residents of specified facilities), which is the Group's core business, in other areas and, because it is subject to the total volume control of nursing care insurance facilities, achieve more speedy opening of new establishments by applying for public offerings of the municipal governments across the country and obtaining approval for new establishments and aggressively collecting information on the M&A projects of existing facilities associated with industry restructuring. Although the target is nationwide, the Company Group is conducting appropriate investigations concerning living conditions of the elderly, availability of other companies, and their operation status in the candidate areas to examine the future prospect of the areas.

(b) Improvement in service level

Most of the residents of the nursing-care facilities of the Company Group are the people who have certificate for nursing care need. In order for the Company Group to provide comfortable lives to them, it is essential to take into consideration the support for their independence and avoid excessive service. This requires knowledge, experience and accurate information. In order to carry it out properly, the Company Group is making efforts to improve its training programs and enhance capacities of the employees as well as enhance the quality of essential services and obtain satisfaction and trust from as many users as possible.

(c) Improvement in facility levels

In order for the users to spend time feeling safe and secure at nursing-care facilities, it is necessary for the care workers to have better service and also secure safety and credibility of the facilities. The Company Group is trying to enhance the safety and health control by carrying out disaster drill in preparation for disasters, cleaning the facilities on a daily basis and sanitation inspection in the kitchen, etc. Because disseminating the information about relevant laws and regulations such as the Nursing Insurance Act and Elderly Welfare Act is essential for the nursing-care business, the Compliance Promotion Group of the Company Group provides comprehensive instructions concerning laws and regulations to its relevant employees under the Guidance of the Compliance Committee.

(d) Securing qualified personnel

It is essential for the companies that provide nursing-care service to secure qualified personnel such as nurses, care managers and certified care workers. Also from the perspectives of compliance with laws and regulations, securing stable employment of qualified personnel is an important issue. When recruiting qualified personnel, the Company Group takes into full consideration of their knowledge and experiences. Once they become the employees, their benefits are adequately reviewed in accordance with their capacities and performances to enhance stable employment and improve the retention rate.

(Karaoke Business)

(a) Strengthening capacities of the stores in remote areas

The Karaoke Business of the Company Group is now spreading not only in the Kyushu region (mainly Fukuoka) and Yamaguchi prefecture but also in Mie, Shiga, Hiroshima, Tokyo, Hyogo, Ibaraki, Shizuoka and Kanagawa prefectures.

These stores are becoming a foothold for further expansion of the business in wider areas. Nonetheless, it takes time for new stores in remote areas to establish the brand image and make profit. In order for the Company Group to expand its business throughout Japan, there is a need to make its store name, “Korokke Club”, well known across the country. By conducting more vigorous advertisement activities and frequently collecting information on the customers and competitors in the target areas, the Company Group will establish the systems to objectively assess service capacity of the stores and product values and to promptly modify them.

(b) Intensifying competition and differentiation from the other companies

Most of the companies in the karaoke industry, just like the Company Group, are now focusing on opening new stores in high-traffic areas such as in front of stations and entertainment areas, resulting in intensifying competition across Japan. The Company Group is trying to differentiate itself from the other companies by improving pre-fixed menus and increasing types of services such as all-you-can-drink-and-sing in order to respond to the party demands that are often expected in entertainment areas.

(Restaurant Business)

(a) Intensifying competition and differentiation from the other companies

In the restaurant industry, the trend towards lower price is progressing associated with declining consumer spirits, and this trend is expected to continue. Furthermore, intense competition in the industry due to declining demand is also expected to give impact on price, quality and services. The Company Group will continue taking countermeasures such as reviewing competitive products value, service capacity and price setting as needed and changing the existing stores to provide services at a low price.

(b) Strengthening product values and customer service

The Company Group carries out chefs’ meeting once a month in order to provide the products that meet the needs of the customers in a timely manner. It also works on refining existing products and developing new products as well as improving their quality and safety. For the customer service, the Company Group is also making efforts to secure excellent human resources through proactive recruitment activities and improve the employees’ service skills through education and training programs.

(c) Strengthening sanitation control

Preventing sanitation-related accidents and keeping trust from the customers are essential for continuous operation of the restaurant business. The Company Group places designated ‘environment patrollers’ who check cleanliness of the restaurants. It also commissions external contractors to regularly conduct sanitation inspection at all stores including the Karaoke Business to enhance the level of sanitation control through objective verification.

4. Basic Principles of Selecting Accounting Standards

Currently, the activities of the Company Group are mainly conducted in Japan. Therefore the Japanese accounting standards will be used for the time being. In the future, however, as the Company 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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY ended March 31, 2014 (As of March 31,2014)	FY ended March 31, 2015 (As of March 31,2015)
Assets		
Current assets		
Cash and deposits	11,442,361	11,925,172
Notes and accounts receivable-trade	1,261,778	1,418,113
Merchandise	62,255	72,350
Real estate for sale	1,205,192	720,149
Supplies	39	39
Deferred tax assets	223,156	218,479
Other	707,811	1,868,055
Allowance for doubtful accounts	(16,344)	(20,833)
Total current assets	14,886,251	16,201,527
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,656,804	12,695,005
Accumulated depreciation	(4,700,500)	(5,565,369)
Buildings and structures, net	6,956,303	7,129,636
Land	3,476,026	3,729,127
Construction in progress	437,220	444,291
Other	3,210,962	3,560,657
Accumulated depreciation	(2,152,283)	(2,557,672)
Other, net	1,058,679	1,002,985
Total property, plant and equipment	11,928,229	12,306,040
Intangible assets	41,394	61,182
Investments and other assets		
Investment securities	90,214	117,705
Long-term loans receivable	292,745	272,064
Deferred tax assets	97,863	178,356
Lease and guarantee deposits	2,150,733	2,290,775
Other	1,241,714	1,353,492
Allowance for doubtful accounts	(86,425)	(87,966)
Total investments and other assets	3,786,846	4,124,427
Total noncurrent assets	15,756,470	16,491,650
Total assets	30,642,721	32,693,177

(Thousands of yen)

	FY ended March 31, 2014 (As of March 31,2014)	FY ended March 31, 2015 (As of March 31,2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	325,012	331,926
Short-term loans payable	1,463,000	1,489,000
Current portion of long-term loans payable	2,495,194	2,589,297
Current portion of bonds	35,000	35,000
Lease obligations	2,323	1,120
Income taxes payable	695,732	140,465
Provision for bonuses	156,630	197,316
Provision for point card certificates	234,004	271,571
Provision for shareholder benefit program	11,105	12,050
Other	1,862,384	2,012,397
Total current liabilities	7,280,386	7,080,146
Noncurrent liabilities		
Bonds payable	70,000	35,000
Long-term loans payable	7,257,866	8,281,439
Lease obligations	2,781	1,660
Deferred tax liabilities	86,108	277,803
Asset retirement obligation	182,753	199,909
Other	1,453,808	1,431,202
Total noncurrent liabilities	9,053,318	10,227,016
Total liabilities	16,333,704	17,307,162
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,676,892	2,676,892
Retained earnings	9,394,193	10,446,116
Treasury stock	(237)	(237)
Total shareholders' equity	14,293,784	15,345,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,232	31,897
Foreign currency translation adjustment	-	705
Total accumulated other comprehensive income	15,232	32,602
Minority interests	-	7,705
Total net assets	14,309,016	15,386,015
Liabilities and net assets	30,642,721	32,693,177

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

Consolidated Statements of Income

(Thousands of yen)

	FY ended March 31, 2014 (April 1, 2013- March 31, 2014)	FY ended March 31, 2015 (April 1, 2014- March 31, 2015)
Net sales	21,758,577	23,628,459
Cost of sales	18,414,277	20,713,973
Gross profit	3,344,299	2,914,485
Selling, general and administrative expenses		
Directors' compensations	162,294	166,977
Salaries and allowances	264,439	284,114
Taxes and dues	198,386	372,264
Provision of allowance for doubtful accounts	15	4,589
Provision for bonuses	6,900	6,936
Provision for allowance for shareholders' benefits	11,105	12,047
Other	581,156	634,725
Total selling, general and administrative expenses	1,224,298	1,481,656
Operating income	2,120,001	1,432,829
Non-operating income		
Interest income	11,098	9,530
Dividends income	1,865	1,984
Commission fee	73,430	76,967
Insurance income	75,569	132,945
Other	332,661	62,837
Total non-operating income	494,625	284,264
Non-operating expenses		
Interest expenses	146,713	142,646
Other	56,638	20,331
Total non-operating expenses	203,351	162,978
Ordinary income	2,411,275	1,554,115
Extraordinary income		
Gain on sales of noncurrent assets	1,303,603	814,626
Gain on sales of investment securities	-	289
Total extraordinary income	1,303,603	814,916
Extraordinary loss		
Loss on sales of noncurrent assets	12,048	-
Loss on retirement of noncurrent assets	60,051	20,204
Impairment loss	66,012	292,632
Loss on sales of investment securities	-	185
Loss on valuation of investment securities	-	144
Total extraordinary loss	138,113	313,166
Income before income taxes and minority interests	3,576,765	2,055,864
Income taxes-current	1,278,121	660,072
Income taxes-deferred	81,138	109,027
Total income taxes	1,359,259	769,100
Income before minority interests	2,217,506	1,286,764
Minority interests in income (loss)	-	(2,961)
Net income	2,217,506	1,289,725

Consolidated Statements of comprehensive income

(Thousands of yen)

	FY ended March 31, 2014 (April 1, 2013- March 31, 2014)	FY ended March 31, 2015 (April 1, 2014- March 31, 2015)
Income before minority interests	2,217,506	1,286,764
Other comprehensive income		
Valuation difference on available-for-sale securities	10,258	16,664
Deferred gains or losses on hedges	1,529	-
Foreign currency translation adjustment	-	1,439
Total other comprehensive income	11,788	18,104
Comprehensive income	2,229,294	1,304,868
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,229,294	1,307,096
Comprehensive income attributable to minority interests	-	(2,227)

(3) Consolidated Statements of Changes in Net Assets

FY ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,360,519	1,814,476	7,361,992	(42)	10,536,945
Changes of items during period					
Issuance of new shares	861,876	861,876			1,723,752
Issuance of new shares-exercise of stock acquisition rights	540	540			1,080
Dividends from surplus			(185,305)		(185,305)
Net income			2,217,506		2,217,506
Purchase of treasury shares				(194)	(194)
Net changes of items other than shareholders' equity					
Total changes of items during the period	862,416	862,416	2,032,200	(194)	3,756,838
Balance at the end of current period	2,222,935	2,676,892	9,394,193	(237)	14,293,784

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of current period	4,974	(1,529)	3,444	10,540,389
Changes of items during period				
Issuance of new shares				1,723,752
Issuance of new shares-exercise of stock acquisition rights				1,080
Dividends from surplus				(185,305)
Net income				2,217,506
Purchase of treasury shares				(194)
Net changes of items other than shareholders' equity	10,258	1,529	11,788	11,788
Total changes of items during the period	10,258	1,529	11,788	3,768,626
Balance at the end of current period	15,232	—	15,232	14,309,016

FY ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,222,935	2,676,892	9,394,193	(237)	14,293,784
Changes of items during period					
Issuance of new shares					
Issuance of new shares-exercise of stock acquisition rights					
Dividends from surplus			(237,802)		(237,802)
Net income			1,289,725		1,289,725
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,051,923	—	1,051,923
Balance at the end of current period	2,222,935	2,676,892	10,446,116	(237)	15,345,707

	Accumulated other comprehensive income			Minority 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	15,232	—	15,232	—	14,309,016
Changes of items during period					
Issuance of new shares					
Issuance of new shares-exercise of stock acquisition rights					
Dividends from surplus					(237,802)
Net income					1,289,725
Net changes of items other than shareholders' equity	16,664	705	17,370	7,705	25,075
Total changes of items during the period	16,664	705	17,370	7,705	1,076,998
Balance at the end of current period	31,897	705	32,602	7,705	15,386,015

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY ended March 31, 2014 (April 1, 2013- March 31, 2014)	FY ended March 31, 2015 (April 1, 2014- March 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,576,765	2,055,864
Depreciation and amortization	1,159,674	1,312,285
Impairment loss	66,012	292,632
Increase (decrease) in allowance for doubtful accounts	(18,698)	6,030
Increase (decrease) in provision for bonuses	14,456	40,686
Increase (decrease) in provision for point card certificates	(1,893)	37,567
Increase(decrease) in allowance for shareholders' benefits	11,105	945
Interest and dividends income	(12,964)	(11,514)
Interest expenses	146,713	142,646
Loss on retirement of noncurrent assets	60,051	20,204
Loss (gain) on sales of noncurrent assets	(1,291,554)	(814,626)
Loss (gain) on valuation of investment securities	-	144
Loss (gain) on sales of investment securities	-	(104)
Decrease (increase) in notes and accounts receivable-trade	(115,974)	(156,335)
Decrease (increase) in inventories	(1,190,238)	475,016
Increase (decrease) in accrued consumption taxes	57,599	(20,152)
Increase (decrease) in notes and accounts payable-trade	5,545	39,520
Other	(196,671)	23,898
Subtotal	2,269,928	3,444,710
Interest and dividends income received	12,964	6,290
Interest expenses paid	(156,303)	(141,849)
Income taxes paid	(1,350,480)	(1,299,019)
Net cash provided by (used in) operating activities	776,108	2,010,131
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(4,587,891)	(3,547,565)
Payments for retirement of property, plant and equipment	(10,000)	-
Proceeds from sales of property, plant and equipment	4,608,726	2,999,474
Purchase of intangible assets	(571)	(28,189)
Purchase of investment securities	-	(5,000)
Proceeds from sales of investment securities	-	985
Payments into time deposits	(750,456)	(726,273)
Proceeds from withdrawal of time deposits	530,787	602,800
Payments for lease and guarantee deposits	(311,181)	(274,048)
Proceeds from collection of lease and guarantee deposits	55,982	134,172
Payments of loans receivable	(15,728)	(17,413)
Collection of loans receivable	44,747	41,076
Other	(155,338)	(91,886)
Net cash provided by (used in) investment activities	(590,924)	(911,867)

(Thousands of yen)

	FY ended March 31, 2014 (April 1, 2013- March 31, 2014)	FY ended March 31, 2015 (April 1, 2014- March 31, 2015)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	159,350	26,000
Proceeds from long-term loans payable	6,403,072	5,997,943
Repayment of long-term loans payable	(5,279,743)	(4,880,267)
Redemption of bonds	(35,000)	(35,000)
Repayments of lease obligations	(2,323)	(2,323)
Repayments of installment payables	(543,629)	(629,022)
Proceeds from issuance of common stock	1,723,752	-
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	1,080	-
Proceeds from stock issuance to minority shareholders	-	9,932
Purchase of treasury stock	(194)	-
Cash dividends paid	(185,082)	(237,218)
Other	(25,924)	(587)
Net cash provided by (used in) financing activities	2,215,356	249,456
Effect of exchange rate change on cash and cash equivalents	-	300
Net increase (decrease) in cash and cash equivalents	2,400,541	1,348,021
Cash and cash equivalents at beginning of year	7,258,555	9,659,097
Cash and cash equivalents at end of year	9,659,097	11,007,118

(5) Notes Regarding Consolidated Balance Sheet

(Notes regarding premise of a going concern)

Nothing is applicable.

(Change of display method)

(In relation to the consolidated balance sheet)

“Subsidy income” in “Non-operating income” which was stated independently in the previous consolidated fiscal year balance sheet is included in the “Other” from the current consolidated fiscal year, because it became less than 10/100 of the total amount of non-operating income. In order to reflect the change of this display method, the balance sheet of the previous consolidated fiscal year was reclassified.

As a result, 210,588 thousand yen that was displayed as “Subsidy income” in “Non-operating income” in balance sheet for the previous consolidated fiscal year is included in the “Other”.

(Segment information, etc.)

【Segment information】

1. Overview of the reporting segments

(1) How to determine the reporting segments

The reporting segments of the Company 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 assisted-living nursing homes for elderly, day-service centers, group homes and care planning centers. It also conducts sales and lease of social-welfare tools. The “Karaoke Business” operates karaoke stores, and the “Restaurant Business” operates restaurants such as *izakaya* and udon noodle restaurant. The “Real-Estate Business” handles leasing of rental condominiums and undertakes sales and brokerage activities of real estate 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 description in “the basic significant items to make the consolidated balance sheet”.

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, 2013 to March 31, 2014)

(Thousands of yen)

	Reporting segments					Others (Note)	Total
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total		
Sales							
Sales to external customers	10,318,816	8,714,276	2,049,957	308,868	21,391,919	366,658	21,758,577
Internal sales or transferred amount among the segments	—	737	52,432	880	54,049	41	54,090
Total	10,318,816	8,715,013	2,102,389	309,748	21,445,968	366,699	21,812,667
Segment income (loss)	992,904	1,759,344	206,066	62,460	3,020,776	7,423	3,028,199
Segment assets	8,805,157	5,612,651	1,008,461	2,236,389	17,662,660	262,749	17,925,409
Other items							
Depreciation and amortization	234,345	790,218	80,837	14,553	1,119,954	8,694	1,128,648
Increased amount for property, plant and equipment and intangible assets	4,064,031	1,037,534	73,082	1,612	5,176,261	13,338	5,189,599

(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, 2014 to March 31, 2015)

(Thousands of yen)

	Reporting segments					Others (Note)	Total
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total		
Sales							
Sales to external customers	11,688,238	8,825,583	1,992,764	778,367	23,284,954	343,505	23,628,459
Internal sales or transferred amount among the segments	—	1,710	51,638	2,951	56,300	102	56,402
Total	11,688,238	8,827,294	2,044,402	781,319	23,341,254	343,607	23,684,862
Segment income (loss)	914,373	1,326,028	117,460	48,771	2,406,634	(10,576)	2,396,057
Segment assets	9,319,811	5,731,050	1,201,456	1,919,195	18,171,514	254,335	18,425,849
Other items							
Depreciation and amortization	353,613	829,002	80,290	13,311	1,276,218	8,713	1,284,931
Increased amount for property, plant and equipment and intangible assets	2,784,675	1,093,800	234,018	27,111	4,139,605	2,543	4,142,149

(Note) "Others" is the business segment that is not included in the reporting segment. "Others" include hotel business and communication 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	21,445,968	23,341,254
Sales for "Others" segment	366,699	343,607
Offsetting between segments	(54,090)	(56,402)
Sales on the consolidated balance sheet	21,758,577	23,628,459

(Thousands of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segments, total amount	3,020,776	2,406,634
Profit (loss) for the "Others" segment	7,423	(10,576)
Offsetting between segments	461,617	456,744
Expenses for all companies (Note)	(1,369,815)	(1,419,972)
Operating income on the consolidated balance sheet	2,120,001	1,432,829

(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	17,662,660	18,171,514
Assets for the "Others" segments	262,749	254,335
Offsetting of debt	(4,051,950)	(4,089,683)
Assets of all companies (Note)	16,769,261	18,357,011
Total assets on the consolidated balance sheet	30,642,721	32,693,177

(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	1,119,954	1,276,218	8,694	8,713	31,026	27,353	1,159,674	1,312,285
Increased amount for property, plant and equipment and intangible assets	5,176,261	4,139,605	13,338	2,543	19,711	59,821	5,209,310	4,201,970

(Note) 1. The adjustment amount of depreciation and amortization (i.e. previous consolidated fiscal year: 31,026 thousand yen and current consolidated fiscal year: 27,353 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: 19,711 thousand yen and current consolidated fiscal year: 58,577 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, 2013 to March 31, 2014)

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 there are no sales to international customers, nothing is applicable here.

(2) Property, plant and equipment

Because there are no property, plant and equipment that exist outside of Japan, nothing is applicable here.

3. Information per major customer

(Thousands of yen)

Name of the customer	Sales	Relevant segment
Fukuoka National Health Insurance Organization	4,011,785	Nursing Care Business

Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)

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	4,251,015	Nursing Care Business

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

Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Reporting segment				Others	All companies/ offset	Total
	Nursing-Care Business	Karaoke Business	Restaurant Business	Real Estate Business			
Impairment loss	7,111	26,908	28,252	—	3,739	—	66,012

Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Reporting segment				Others	All companies/ offset	Total
	Nursing-Care Business	Karaoke Business	Restaurant Business	Real Estate Business			
Impairment loss	24,033	232,380	36,218	—	—	—	292,632

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

Nothing is applicable.

【Information concerning gain from negative goodwill per reporting segment】

Nothing is applicable.

(Per share information)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Net assets per share	661 yen 89 sen	711 yen 35 sen
Net income per share	114 yen 10 sen	59 yen 66 sen
Diluted net income per share	113 yen 83 sen	59 yen 56 sen

(Note) 1 The Company conducted the 4-for-1 common share split as of January 1, 2014. Net assets per share, net income per share and diluted net income per share were calculated based on the assumption that said share split was conducted at the beginning of the previous consolidated fiscal year.

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, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Net income per share		
Net income (thousand yen)	2,217,506	1,289,725
Amount that is not attributable to common share holders (thousand yen)	—	—
Net income for common share (thousand yen)	2,217,506	1,289,725
Average number of common shares outstanding (shares)	19,435,374	21,618,424
Diluted net income per share		
Net income adjustment amount (thousand yen)	—	—
Increased number of common shares (shares)	45,521	36,032
(Out of which, subscription rights to shares (shares))	(45,521)	(36,032)
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.	—	—

3 The basis of calculation for net assets per share is as follows.

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Total amount of net assets (thousand yen)	14,309,016	15,386,015
Deducted amount from the total amount of net assets (thousand yen)	(—)	(7,705)
(Out of which, subscription rights to shares)	(—)	(—)
(Out of which, minority shareholders' interests)	(—)	(7,705)
End of term net assets for common shares (thousand yen)	14,309,016	15,378,310
Number of end of term common shares that are used to calculate net assets per share (shares)	21,618,424	21,618,424

(Significant subsequent event)

Nothing is applicable.