

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2016 [J-GAAP]

April 28, 2016

NIPPON KANZAI Co., Ltd.

Listed exchanges: Tokyo Stock Exchange, First Section
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 Supplementary materials for results: Yes
 Results briefing meeting held: Yes (for investors and analysts)

*Amounts fewer than one million yen have been rounded down.

1. Consolidated results for fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated business results

(Percentage figures indicate the rate of change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2016	90,078	3.1	5,227	(3.6)	5,806	(3.8)
Fiscal year ended March 31, 2015	87,379	2.3	5,423	5.6	6,037	8.2

(Note) Comprehensive income: Fiscal year ended March 31, 2016: ¥3,327 million (-42.5%)
 Fiscal year ended March 31, 2015: ¥5,791 million (46.9%)

	Profit Attributable to Owners of Parent		Net Income per Share	Diluted Net Income per Share
	Millions of yen	%	Yen	Yen
Fiscal year ended March 31, 2016	3,958	1.7	116.11	—
Fiscal year ended March 31, 2015	3,892	20.7	114.59	—

	Return on Shareholders' Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	%	%	%
Fiscal year ended March 31, 2016	10.9	10.1	5.8
Fiscal year ended March 31, 2015	12.0	11.2	6.2

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2016: ¥503 million;
 Fiscal year ended March 31, 2015: ¥471 million

(Note) NIPPON KANZAI (hereinafter "the Company") conducted a 2-for-1 stock split which became effective as of October 1, 2015. The figures for net income per share have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	58,521	38,699	63.9	1,094.66
As of March 31, 2015	56,205	36,262	62.2	1,027.33

(Note) Shareholders' equity: As of March 31, 2016: ¥37,381 million
 As of March 31, 2015: ¥34,964 million

(Note) The Company conducted a 2-for-1 stock split which became effective as of October 1, 2015. The figures for net assets per share have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

(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
Fiscal year ended March 31, 2016	3,579	1,751	(1,766)	19,801
Fiscal year ended March 31, 2015	4,538	(945)	(2,893)	16,331

2. Dividends

	Annual dividends					Total Dividends Paid (annual)	Dividend Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2015	—	11.00	—	14.00	25.00	859	21.8	2.6
Fiscal year ended March 31, 2016	—	12.50	—	22.00	34.50	1,186	29.7	3.3
Fiscal year ending March 31, 2017 (forecast)	—	19.00	—	19.00	38.00		30.9	

(Note) The Company conducted a 2-for-1 stock split which became effective as of October 1, 2015. The figures for interim and year-end dividends for the fiscal year ended March 31, 2015 and for interim dividends for the fiscal year ended March 31, 2016 have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year. (The actual amounts of dividends were interim dividends of 22 yen and year-end dividends of 28 yen for the fiscal year ended March 31, 2015, and interim dividends of 25 yen for the fiscal year ended March 2016.)

3. Consolidated business forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentage figures indicate the rate of change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	45,000	2.4	2,700	(0.5)	3,300	5.9	2,200	(2.7)	64.42
Full year	92,000	2.1	5,500	5.2	6,400	10.2	4,200	6.1	122.99

Notes

(1) Changes of significant subsidiaries during the term (changes in specific subsidiaries associated with changes in scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatement of revisions

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards, etc.: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatement of revisions: | None |

(3) Number of shares issued and outstanding (common stock)

- 1) Number of shares issued and outstanding (including treasury stock)
- 2) Number of treasury stock
- 3) Average number of shares issued and outstanding

1)	As of March 31, 2016	41,180,306 shares	As of March 31, 2015	41,180,306 shares
2)	As of March 31, 2016	7,030,880 shares	As of March 31, 2015	7,145,600 shares
3)	As of March 31, 2016	34,091,478 shares	As of March 31, 2015	33,963,852 shares

(Note) The Company conducted a 2-for-1 stock split of its common stock, with an effective date of October 1, 2015. The figures for "Number of shares issued and outstanding" have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated results for the fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated business results

(Percentage figures indicate the rate of change from the same period in the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2016	55,832	6.8	2,721	10.3	4,340	17.7
Fiscal year ended March 31, 2015	52,252	1.3	2,466	4.1	3,687	1.6

	Net Income		Net Income per share	Diluted Net Income per Share
	Millions of yen	%	Yen	Yen
Fiscal year ended March 31, 2016	3,508	31.7	102.92	—
Fiscal year ended March 31, 2015	2,663	6.5	78.42	—

(Note) The Company conducted a 2-for-1 stock split which became effective as of October 1, 2015. The figures for net income per share have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2016	40,550	25,138	62.0	736.13
Fiscal year ended March 31, 2015	37,741	22,288	59.1	654.87

(Note) Shareholders' equity: As of March 31, 2016: ¥25,138 million
As of March 31, 2015: ¥22,288 million

(Note) The Company conducted a 2-for-1 stock split which became effective as of October 1, 2015. The figures for net assets per share have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

2. Non-consolidated business forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentage figures indicate the rate of change from the same period in the previous fiscal year.)

	Net Sales		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	28,200	4.6	2,200	(22.8)	1,700	(28.8)	49.78
Full year	60,000	7.5	4,100	(5.7)	3,100	(11.6)	90.78

*** Presentation of implementation status for audit procedures**

This financial report is not covered by the Financial Instruments and Exchange Act and the financial statements audit procedures called for by the Financial Instruments and Exchange Act have not been completed as of the release of this financial report.

*** Explanation regarding the appropriate use of business forecasts and other notes**

1. The business forecasts reported herein were prepared based on information the Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. Actual results may differ significantly from forecasts due to various factors. Please refer to the disclaimers provided under “(1) Analysis of business results” of “1. Analysis of business results and financial position” on page 2 of the Attached Document of this financial report regarding assumptions upon which forecasts are based and the use of forecasts.
2. The Company plans to hold a presentation on its financial results for analysts and institutional investors on May 24, 2016 (Tuesday). Presentation materials will be posted on its website after the presentation.

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1. Analyses of business results and financial position

(1) Analysis of business results

1) Business results for the fiscal year ended March 31, 2016

During the fiscal year ended March 31, 2016, the Japanese economy began to see a recovering trend in the improved corporate earnings, employment and income environment, supported by the government's continuous economic measures. On the other hand, the outlook still remains uncertain amid fluctuating exchange rates and crude oil prices as well as concerns over the slowdown of economies in emerging nations centering on China.

In the real estate service industry, a sign of improvement is seen in the office and commercial buildings vacancy rate in central Tokyo and core regional cities, and it was confirmed that rents in some areas have turned upward. In addition, the Company's target market indicates future expansion as there has been an increasing number of reconstruction projects of multi-purpose buildings in central Tokyo and other areas. Concerning new contracts for management business, we have been awarded contracts by focusing on management with added value that can clearly differentiate ourselves from competitors. As to existing contracts for management business, although strong cost-consciousness brought by the global financial crisis still remains among the clients, the Company has increased efforts on improving management quality and expansion of scope of management by offering better management services with evolved and improved contents to the clients from the viewpoint of maintaining and enhancing safety, security and asset value.

In such a business environment, NIPPON KANZAI Group (hereinafter "the Group") made efforts in proactive business development in related areas such as private finance initiatives (PFI), energy-saving and environmental businesses while working to further strengthen and improve our main business of building management.

Consolidated net sales for the current fiscal year rose by 3.1% year on year to 90,078 million yen due to firm growth in winning new management contracts and construction-related orders in addition to existing contracts remaining at a high level.

As per earnings, operating income decreased by 3.6% year on year to 5,227 million yen and ordinary income decreased by 3.8% to 5,806 million yen due to increases in wages and other expenses caused by reinforcement of organizations among Group companies and a decrease in earnings associated with the disposition of real estate for sale in the previous year.

Profit attributable to owners of parent was 3,958 million yen, surpassing the figure of the previous fiscal year by 1.7%. Although the expenses associated with a fire accident occurred at a property managed by a Group company was recorded, insurance income was also recorded in earnings, as well as earnings from sales of investment securities and owned real estate.

Stock split of 2-for-1 was conducted effective October 1, 2015 in commemoration of the 50th anniversary of the Company's foundation.

2) Business by segment

The following are earnings by segment. Segment income (loss) has been adjusted to operating income described in Consolidated statements of income.

(Building Management and Operation Business)

In our core Building Management and Operation Business, which focuses on building management and security services, we were well awarded with new contracts for new management services. As a result, net sales for the fiscal year increased by 3.9% year on year to 78,772 million yen.

Segment income was 8,085 million yen, up 2.4% year on year due to revising price per unit for some existing management contracts with low profitability, etc.

(Environmental Facility Management Business)

In the Environmental Facility Management Business, which mainly comprises the management of water treatment, sewage disposal and other public facilities related to the overall living environment, we secured a firm number of new management contracts as well as renewals of existing management contracts, particularly for the management of incinerators. As a result, net sales for the segment amounted to 9,025 million yen, up 2.3% year on year, for the fiscal year. We consider the market has the potential to grow because the private sector's knowhow can be useful for local governments, the main customers for this segment, in meeting their tight budgets.

Segment income was 1,072 million yen, up 42.4% year on year, as a result of cost cutting efforts focused on reining in start-up costs, re-examining procurement costs and realigning personnel assignments as well as favorable fee revisions including review of scope of works.

(Real Estate Fund Management Business)

In the Real Estate Fund Management Business, which mainly comprises asset management business (i.e. composition and asset management of real estate funds) and handling investments in a silent partnership, although asset management

income was stable, income from the disposition of real estate for sale decreased year on year. As a result, net sales for the segment of the current fiscal year were 599 million yen, down 36.1% compared to the previous fiscal year.

Turning to profits, segment income was 139 million yen, down 62.1% year on year. This significant decrease was attributable to decrease in income from the disposition of real estate for sale mentioned above, exceeding our efforts in expense reductions and improvements on operational efficiency.

(Other Businesses)

In the Other Businesses, which consist mainly of event planning & management, printing and design, there were adverse impacts from various events being downsized and clients' cost reductions, resulting in net sales of 1,681 million yen, down 7.0% year on year, and segment income of 104 million yen, down 5.2% year on year for the fiscal year.

3) Outlook for the next fiscal year

With regards to the outlook for the next fiscal year, although the business performance of some Japanese companies is on an upward trend, the entire picture of the economy has not been unfolded and uncertainty is expected to linger for the time being.

In the real estate service industry, although there have been improvements in office rent and vacancy rates, severe business conditions continue as clients remain highly conscious of management cost reduction, as well as intense competition with other companies. Under such environment, the Group will continue proactive marketing mainly by presenting project proposals in the areas of designated administrator for public facilities and PFI Projects. At the same time, the Group will proactively cultivate energy-saving business, parking management and operation, as well as event planning and management. In addition, the Group will take advantage of expertise accumulated in PICA, the Australian company, to develop new markets and enhance our services.

The Group will make efforts to raise profitability by enhancing quality control based on ISO standard to provide even better service and to raise customer satisfaction level, by expanding business areas and by further cost control.

For the fiscal year ending March 31, 2017, we estimate that consolidated net sales to be 92,000 million yen, up 2.1% year on year. In addition, our forecast for consolidated operating income is 5,500 million yen, up 5.2% year on year; the same for consolidated ordinary income is 6,400 million yen, up 10.2% year on year; and the one for consolidated profit attributable to owners of parent is 4,200 million yen, up 6.1% year on year.

(2) Analysis of financial position

Total assets at the end of the current fiscal year increased by 2,316 million yen (up 4.1%) year on year to 58,521 million yen.

Current assets increased by 4,660 million yen (up 15.3%) year on year to 35,055 million yen, and non-current assets decreased by 2,344 million yen (down 9.1%) year on year to 23,466 million yen.

The main reasons for these rises were the increase in cash and deposits, etc. in line with income from disposition of noncurrent assets and investment securities and collection of notes and accounts receivable – trade (3,769 million yen increase year on year).

Total liabilities at the end of the current fiscal year decreased by 121 million yen (down 0.6%) year on year to 19,821 million yen due to the payment of accrued consumption taxes and the repayment of loans payable, etc.

Net assets at the end of the current fiscal year increased by 2,437 million yen (up 6.7%) year on year to 38,699 million yen.

The main reason for this rise was recording of profit attributable to owners of parent, etc.

As a result, equity ratio at the end of the current fiscal year increased by 1.7 percentage points to 63.9% from the end of the previous fiscal year's 62.2%.

The Group's financial principle is to secure the necessary liquidity and to maintain a sound balance sheet.

[Conditions of cash flows]

Cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year on a consolidated basis increased by 3,469 million yen (up 21.2%) from the previous fiscal year to 19,801 million yen.

The main factors of cash flows for the fiscal year ended March 31, 2016 were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year was 3,579 million yen, decreased by 958 million yen from the previous fiscal year.

This was mainly due to a decrease in accrued consumption taxes (down 2,145 million yen year on year).

(Cash flows from investing activities)

Net cash provided by investing activities for the current fiscal year was 1,751 million yen, a larger inflow by 2,696

million yen from the previous fiscal year.

This was mainly due to an increase in proceeds from sales of property, plant and equipment and intangible assets (up 1,075 million yen year on year) and an increase in proceeds from sales of investment securities (up 1,025 million yen year on year).

(Cash flows from financing activities)

Net cash used in financing activities for the current fiscal year was 1,766 million yen, a smaller outflow by 1,126 million yen from the previous fiscal year. This was mainly due to a decrease in net repayment of loans (a smaller outflow by 766 million yen year on year).

(Reference) Changes of the indexes relating to cash flows (%)

Years ended March 31,	2012	2013	2014	2015	2016
Equity ratio	62.2	58.8	58.0	62.2	63.9
Equity ratio based on the current values	63.9	55.6	68.3	86.6	103.9
Debt to cash flows ratio	0.5	2.0	1.3	1.2	1.2
Interest coverage ratio	104.5	99.2	39.1	74.6	79.5

Equity ratio: shareholders' equity / total assets

Equity ratio based on the current values: market capitalization / total assets

Debt to cash flows ratio: interest-bearing debt / operating cash flows

Interest coverage ratio: operating cash flows / interest payment

* Each index was calculated using consolidated financial figures.

* Market capitalization: closing stock price at the end of fiscal year × number of shares issued after deducting treasury stock.

* Interest-bearing debt covers all liabilities bearing interest recorded on the balance sheet.

* "Cash flows from operating activities" and "interest expenses paid" on the "Consolidated statements of cash flows" were used as operating cash flows and interest payment, respectively.

(3) Basic policy regarding distribution of earnings and dividends for the fiscal year ended March 31, 2016 and the fiscal year ending March 31, 2017

As for the distribution of earnings, we make efforts to raise shareholder value towards the future aiming at the dividend payout ratio of 35%, through a strengthened management base from not only a short-term view point but also a medium to long-term view point.

For the dividends for the fiscal year ended March 31, 2016, the Company plans to pay year-end ordinary dividends of 22 yen per share. The annual total of dividends considering the stock split conducted effective as of October 1, 2015 is 34.50 yen. (The actual interim dividends for the fiscal year ended March 2016 is 25 yen.)

For the fiscal year ending March 31, 2017, the Company is again forecasting the payment of annual dividends of 38 yen per share comprising interim dividends of 19 yen per share and year-end dividends of 19 yen per share.

(4) Business and other risks

With regard to business and other risks of the Group, major factors, which may significantly influence the judgment of investors, are described below.

Matters which are not necessarily the factors of business risks for the Group are also described from view point of active disclosures to investors.

Recognizing that these risks may realize, we conduct our business while making efforts to avoid them and to respond them in case they occur. Future possibilities included in this section were judged as of the date of submission.

1) Regulations of the law

The security service of the Group is regulated by applicable laws and regulations such as the Security Services Act (Act No. 117 of 1972) and the Ordinance for Enforcement of Security Services Act (1983 General Administrative Agency of the Cabinet regulation No. 1).

These acts define the necessary regulations of the security service and aim to ensure proper practice of it. Permission by the Prefectural Public Safety Commission, which has the jurisdiction over the main service office, is required to operate the security business. There is a possibility to have the operation temporarily suspended or to receive administrative punishment, including a revocation of approval, if there is any violation of these applicable laws and regulations.

2) Personal information management

In order to conduct the condominium management and other businesses, the Group handles personal information and makes efforts to comply with the applicable laws and to execute proper management.

However, there is a possibility of influencing the Group's reputation and the business results, in case an accident concerning personal information occurs.

3) Investments in silent partnership

In the Real Estate Fund Management Business, the Group has been investing in silent partnerships. This investment amounts to 286 million yen as of March 31, 2016.

There is a possibility of influencing the Group's business results and the financial position if a situation occurs whereby the principal investment needs to be partially impaired or the yield rate of the investment deteriorates due to factors of the real estate market and others.

4) Transaction with the related parties

The Company has transactions with related parties including Nippon Service Master Ltd. that is a major corporate shareholder and also an affiliated company. The transactions are paying casualty insurance premiums, etc. However, the transaction amount is very small and there is no influence on the Company's business.

5) Contract for management and operation service

As there is increasingly a wide variety of forms of outsourcing, our contracts include not only conventional work of building maintenance and management, but also operation of facilities.

Although the internal risk management consideration committee considers all possible risks prior to entering into contracts for management and operation services, there is a possibility that such contracts could have an impact on the business results of the Group due to rising prices and wages as well as changes in business circumstances.

2. Consolidated financial statements**(1) Consolidated balance sheets**

(Thousands of yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Fiscal year ended March 31, 2016 (As of March 31, 2016)
ASSETS		
Current assets		
Cash and deposits	16,726,902	20,496,255
Notes and accounts receivable — trade	11,331,252	11,636,381
Securities	10,042	-
Investments in silent partnership for business purposes	285,058	286,013
Supplies	72,955	91,245
Real estate for sale	567,641	554,937
Income taxes receivable	60,697	149,053
Deferred tax assets	385,265	434,951
Other	966,356	1,419,357
Allowance for doubtful accounts	(12,081)	(13,141)
Total current assets	30,394,087	35,055,051
Noncurrent assets		
Property, plant and equipment		
Building and structures	5,816,114	5,436,841
Accumulated depreciation	(3,076,931)	(2,921,387)
Buildings and structures, net	2,739,183	2,515,454
Machinery, equipment and vehicles	162,237	169,705
Accumulated depreciation	(96,607)	(99,649)
Machinery, equipment and vehicles, net	65,630	70,056
Tools, furniture and fixtures	1,129,914	1,134,144
Accumulated depreciation	(707,257)	(722,414)
Tools, furniture and fixtures, net	422,657	411,730
Land	1,672,757	1,051,127
Lease assets	1,413,559	1,443,476
Accumulated depreciation	(938,553)	(1,118,890)
Lease assets, net	475,006	324,586
Construction in progress	156,342	22,050
Total property, plant and equipment	5,531,575	4,395,003
Intangible assets		
Telephone subscription right	45,435	45,250
Software	185,016	412,584
Goodwill	2,203,290	2,079,826
Lease assets	23,837	17,840
Software in progress	100,015	-
Total intangible assets	2,557,593	2,555,500
Investments and other assets		
Investment securities	14,047,667	13,209,379
Long-term loans receivable	504,013	445,316
Long-term prepaid expenses	26,478	20,677
Lease and guarantee deposits	1,441,509	1,452,224
Membership	425,754	392,962
Net defined benefit asset	591,912	471,311
Deferred tax assets	16,962	167,773
Other	848,501	446,260
Allowance for doubtful accounts	(180,978)	(89,646)
Total investments and other assets	17,721,818	16,516,256
Total noncurrent assets	25,810,986	23,466,759
TOTAL ASSETS	56,205,073	58,521,810

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Fiscal year ended March 31, 2016 (As of March 31, 2016)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	5,814,957	7,026,968
Current portion of long-term loans payable	741,000	742,870
Current portion of long-term non-recourse loans payable	10,000	10,000
Lease obligations	191,857	141,458
Accrued expenses	2,556,003	2,603,741
Income taxes payable	703,309	1,047,592
Accrued consumption taxes	1,577,934	654,189
Deposits received	434,300	284,988
Advances received	140,950	219,517
Provision for bonuses	673,763	666,834
Provision for directors' bonuses	6,047	1,623
Other	216,119	136,158
Total current liabilities	13,066,239	13,535,938
Noncurrent liabilities		
Long-term loans payable	3,667,870	2,925,000
Long-term non-recourse loans payable	385,000	375,000
Lease obligations	321,284	212,477
Deferred tax liabilities	907,882	956,757
Provision for directors' retirement benefits	562,223	-
Net defined benefit liability	319,161	316,739
Long-term guarantee deposited	340,875	351,134
Asset retirement obligations	229,356	260,792
Liabilities from application of equity method	68,383	11,289
Other	74,617	876,747
Total noncurrent liabilities	6,876,651	6,285,935
TOTAL LIABILITIES	19,942,890	19,821,873
NET ASSETS		
Shareholders' equity		
Capital stock	3,000,000	3,000,000
Capital surplus	617,972	617,972
Retained earnings	33,716,122	36,763,118
Treasury stock	(5,270,659)	(5,169,531)
Total shareholders' equity	32,063,435	35,211,559
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,719,708	2,878,496
Foreign currency translation adjustment	4,735	(546,962)
Remeasurements of defined benefit plans	176,955	(161,138)
Total accumulated other comprehensive income	2,901,398	2,170,396
Non-controlling interests	1,297,350	1,317,982
TOTAL NET ASSETS	36,262,183	38,699,937
TOTAL LIABILITIES AND NET ASSETS	56,205,073	58,521,810

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net sales	87,379,782	90,078,623
Cost of sales	69,972,234	72,240,352
Gross profit	17,407,548	17,838,271
Selling, general and administrative expenses		
Selling expenses	212,931	209,233
Personnel expenses	6,989,344	7,289,684
Provision for bonuses	341,664	323,504
Provision for directors' bonuses	6,047	2,773
Provision for directors' retirement benefits	70,487	6,413
Retirement benefit expenses	104,184	143,469
Transportation and communication expenses	987,861	995,621
Supplies expenses	402,554	422,916
Rent expenses	828,201	894,369
Insurance expenses	294,154	356,198
Depreciation	370,445	377,604
Taxes and dues	96,659	102,872
Enterprise tax	88,456	147,833
Provision of allowance for doubtful accounts	6,863	1,279
Amortization of goodwill	122,423	123,463
Other	1,061,552	1,213,565
Total selling, general and administrative expenses	11,983,825	12,610,796
Operating income	5,423,723	5,227,475
Non-operating income		
Interest and dividends income	171,387	180,730
Gain on sales of investment securities	23,329	-
Rent income	37,928	36,642
Share of profit of entities accounted for using equity method	471,748	503,123
Dividends income of insurance	41,811	34,838
Other	103,949	71,023
Total non-operating income	850,152	826,356
Non-operating expenses		
Interest expenses	60,840	45,015
Loss on sales of investment securities	-	3,015
Rent expenses	43,999	45,125
Loss on sales and retirement of noncurrent assets	53,450	24,178
Loss on foreign exchange	-	79,784
Other	78,551	49,884
Total non-operating expenses	236,840	247,001
Ordinary income	6,037,035	5,806,830

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Extraordinary income		
Gain on sales of noncurrent assets	-	157,431
Gain on sales of investment securities	-	327,519
Gain on sales of subsidiaries' stocks	-	27,845
Insurance income	-	420,431
Total extraordinary income	-	933,226
Extraordinary loss		
Loss on valuation of investment securities	-	50,000
Loss on valuation of shares of subsidiaries	31,364	26,604
Accident restoration related expenses	-	639,530
Total extraordinary loss	31,364	716,134
Profit before income taxes	6,005,671	6,023,922
Income taxes – current	1,782,857	1,951,194
Income taxes – deferred	230,042	9,357
Total income taxes	2,012,899	1,960,551
Profit	3,992,772	4,063,371
Profit attributable to non-controlling interests	100,721	105,156
Profit attributable to owners of parent	3,892,051	3,958,215

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Profit	3,992,772	4,063,371
Other comprehensive income		
Valuation difference on available-for-sale securities	1,232,637	158,989
Remeasurements of defined benefit plans, net of tax	327,685	(343,118)
Share of other comprehensive income of entities accounted for using equity method	238,677	(551,697)
Total other comprehensive income	1,798,999	(735,826)
Comprehensive income	5,791,771	3,327,545
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,675,050	3,227,214
Comprehensive income attributable to non-controlling interests	116,721	100,331

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,000,000	617,972	30,516,725	(5,390,831)	28,743,866
Cumulative effect of changes in accounting policies			63,908		63,908
Related balance	3,000,000	617,972	30,580,633	(5,390,831)	28,807,774
Changes of items during period					
Dividends of surplus (year-end)			(378,284)		(378,284)
Dividends of surplus (interim)			(378,278)		(378,278)
Profit attributable to owners of parent			3,892,051		3,892,051
Purchase of treasury shares				(4,929)	(4,929)
Disposal of treasury shares				125,101	125,101
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,135,489	120,172	3,255,661
Balance at the end of current period	3,000,000	617,972	33,716,122	(5,270,659)	32,063,435

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,490,447	(233,942)	(138,106)	1,118,399	1,772,434	31,634,699
Cumulative effect of changes on accounting policies						63,908
Related balance	1,490,447	(233,942)	(138,106)	1,118,399	1,772,434	31,698,607
Changes of items during period						
Dividends of surplus (year-end)						(378,284)
Dividends of surplus (interim)						(378,278)
Profit attributable to owners of parent						3,892,051
Purchase of treasury shares						(4,929)
Disposal of treasury shares						125,101
Net changes of items other than shareholders' equity	1,229,261	238,677	315,061	1,782,999	(475,084)	1,307,915
Total changes of items during period	1,229,261	238,677	315,061	1,782,999	(475,084)	4,563,576
Balance at the end of current period	2,719,708	4,735	176,955	2,901,398	1,297,350	36,262,183

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

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,000,000	617,972	33,716,122	(5,270,659)	32,063,435
Changes of items during period					
Dividends of surplus (year-end)			(481,403)		(481,403)
Dividends of surplus (interim)			(429,816)		(429,816)
Profit attributable to owners of parent			3,958,215		3,958,215
Purchase of treasury shares				(1,671)	(1,671)
Disposal of treasury shares				102,799	102,799
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,046,996	101,128	3,148,124
Balance at the end of current period	3,000,000	617,972	36,763,118	(5,169,531)	35,211,559

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	2,719,708	4,735	176,955	2,901,398	1,297,350	36,262,183
Changes of items during period						
Dividends of surplus (year-end)						(481,403)
Dividends of surplus (interim)						(429,816)
Profit attributable to owners of parent						3,958,215
Purchase of treasury shares						(1,671)
Disposal of treasury shares						102,799
Net changes of items other than shareholders' equity	158,788	(551,697)	(338,093)	(731,002)	20,632	(710,370)
Total changes of items during period	158,788	(551,697)	(338,093)	(731,002)	20,632	2,437,754
Balance at the end of current period	2,878,496	(546,962)	(161,138)	2,170,396	1,317,982	38,699,937

(4) Consolidated statements of cash flows

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	6,005,671	6,023,922
Depreciation	615,624	594,558
Amortization of goodwill	122,423	123,463
Increase (decrease) in provision for bonuses	(1,277)	(6,929)
Increase (decrease) in provision for directors' bonuses	(69,046)	(4,424)
Increase (decrease) in defined benefit (asset) liability	(226,365)	(380,576)
Increase (decrease) in provision for director's retirement benefits	(2,632)	(562,223)
Increase (decrease) in allowance for doubtful accounts	4,389	(90,272)
Shares of (profit) loss of entities accounted for using equity method	(471,748)	(503,123)
Interest and dividends income	(171,387)	(180,730)
Interest expenses	60,840	45,015
Loss (gain) on foreign exchange	-	95,521
Loss (gain) on sales and retirement of non-current assets	53,450	(133,869)
Loss (gain) on sales of short-term and long-term investment securities	(23,329)	(324,503)
Loss (gain) on sales of shares of subsidiaries	-	(27,845)
Loss (gain) on valuation of investment securities	-	50,000
Insurance income	-	(420,431)
Accident restoration related expenses	-	639,530
Decrease (increase) in notes and accounts receivable – trade	(1,348,875)	(232,023)
Decrease (increase) in investments in silent partnership for business purposes	3,637	(1,313)
Decrease (increase) in inventories	162,653	(5,658)
Decrease (increase) in other assets	27,682	(7,239)
Increase (decrease) in notes and accounts payable – trade	236,703	1,203,510
Increase (decrease) in accrued consumption taxes	1,201,323	(943,998)
Increase (decrease) in other liabilities	572,015	305,621
Other, net	170,701	175,409
Subtotal	6,922,452	5,431,393
Interest and dividends income received	174,046	181,329
Interest expenses paid	(60,840)	(45,015)
Proceeds from insurance income	-	19,986
Accident restoration related expenses paid	-	(312,632)
Income taxes paid	(2,496,888)	(1,695,168)
Net cash provided by operating activities	4,538,770	3,579,893

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Cash flows from investing activities		
Payments into time deposits	(795,000)	(395,000)
Proceeds from withdrawal of time deposits	615,000	395,000
Proceeds from sales of securities	-	10,000
Purchase of property, plant and equipment and intangible assets	(704,128)	(643,567)
Proceeds from sales of property, plant and intangible assets	200,872	1,276,572
Purchase of investment securities	(381,995)	(273,583)
Proceeds from sales of investment securities	153,557	1,178,612
Purchase of shares of subsidiaries	(20,000)	-
Payments of loans receivable	(8,814)	(29,239)
Collection of loans receivable	67,894	89,676
Decrease (increase) in lease and guarantee deposits of leasehold estate	38,525	(12,405)
Increase (decrease) in guarantee deposits received	(27,519)	10,259
Other, net	(84,039)	144,882
Net cash used in investing activities	<u>(945,647)</u>	<u>1,751,207</u>
Cash flows from financing activities		
Increase in short-term loans payable	300,000	621,690
Decrease in short-term loans payable	(1,400,000)	(550,000)
Repayment of long-term loans payable	(741,000)	(741,000)
Proceeds from long-term non-recourse loans payable	400,000	-
Repayments of long-term non-recourse loans payable	(5,000)	(10,000)
Repayments of lease obligations	(235,444)	(197,005)
Proceeds from disposal of treasury shares	125,101	102,799
Purchase of treasury shares	(4,929)	(1,671)
Repayments to non-controlling shareholders	(524,889)	-
Cash dividends paid	(756,957)	(911,339)
Cash dividends paid to non-controlling shareholders	(50,000)	(79,700)
Net cash provided by (used in) financing activities	<u>(2,893,118)</u>	<u>(1,766,226)</u>
Effect of exchange rate change on cash and cash equivalents	-	(95,521)
Net increase (decrease) in cash and cash equivalents	<u>700,005</u>	<u>3,469,353</u>
Cash and cash equivalents at the beginning of current period	<u>15,631,897</u>	<u>16,331,902</u>
Cash and cash equivalents at the end of current period	<u>16,331,902</u>	<u>19,801,255</u>

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(5) Notes to consolidated financial statements

[Notes on a going concern assumption]

Not applicable.

[Segment information, etc.]

(Segment information)

1. Overview of reportable segments

The Company's reportable segments are organizational units for which separate financial information can be gathered. These reportable segments are subject to the Board of Directors' periodical review to make decisions of business resource allocation and to evaluate performance.

We have created four reportable segments – Building Management and Operation Business, Environmental Facility Management Business, Real Estate Fund Management Business, and Other Businesses – based on the characteristics and similarities of the services provided by the Group companies.

Building Management and Operation Business includes building management and security services. Environmental Facility Management Business mainly comprises the management of public facilities associated with the overall living environment. Real Estate Fund Management Business mainly comprises composition and asset management of real estate funds and investments in silent partnership. Other Businesses include mainly event planning and management, printing, and design.

2. Calculation methods of sales, income or losses, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable segments are basically the same as those used for consolidated financial statements.

3. Information about sales, income or losses, assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Reportable segment					Adjustments (note)	Amount recorded on consolidated statements of income
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales							
Net sales to external customers	75,806,620	8,826,846	938,658	1,807,658	87,379,782	-	87,379,782
Inter-segment net sales and transfer	-	-	-	-	-	-	-
Total	75,806,620	8,826,846	938,658	1,807,658	87,379,782	-	87,379,782
Segment income	7,894,373	753,512	368,763	110,333	9,126,981	(3,703,258)	5,423,723
Segment assets	34,231,871	2,334,200	1,594,834	791,266	38,952,171	17,252,902	56,205,073
Other items							
Depreciation and amortization	364,825	16,238	15,415	5,216	401,694	238,772	640,466
Investment for equity method affiliates	5,788,982	46,810	200,803	-	6,036,595	-	6,036,595
Increase in property, plant and equipment and intangible assets	279,535	30,336	-	17,531	327,402	529,704	857,106

Notes: 1. Adjustments are as follows:

- (1) Adjustments of (3,703,258) thousand yen for segment income were unallocated general administrative expenses.
- (2) Adjustments of 17,252,902 thousand yen for the segment assets are corporate assets which are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities and the assets of the administration departments of the Company.
- (3) Adjustments of 529,704 thousand yen of the increased amount in property, plant and equipment and intangible assets were due to capital investments associated with the renovations of the registered office building.

2. Segment income has been adjusted to operating income described in consolidated statements of income.

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

(Thousands of yen)

	Reportable segment					Adjustments (note)	Amount recorded on consolidated statements of income
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales							
Net sales to external customers	78,772,450	9,025,114	599,907	1,681,152	90,078,623	-	90,078,623
Inter-segment net sales and transfer	-	-	-	-	-	-	-
Total	78,772,450	9,025,114	599,907	1,681,152	90,078,623	-	90,078,623
Segment income	8,085,921	1,072,983	139,638	104,648	9,403,190	(4,175,715)	5,227,475
Segment assets	33,303,364	2,875,095	1,519,268	905,653	38,603,380	19,918,430	58,521,810
Other items							
Depreciation and amortization	298,859	17,309	15,751	8,116	340,035	273,932	613,967
Investment for equity method affiliates	5,464,696	49,194	200,080	-	5,713,970	-	5,713,970
Increase in property, plant and equipment and intangible assets	307,790	3,678	3,729	3,978	319,175	602,416	921,591

Notes: 1. Adjustments are as follows:

- (1) Adjustments of (4,175,715) thousand yen for segment income were unallocated general administrative expenses.
 - (2) Adjustments of 19,918,430 thousand yen for the segment assets are corporate assets which are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities and the assets of the administration departments of the Company.
 - (3) Adjustments of 602,416 thousand yen of the increased amount in property, plant and equipment and intangible assets were due to capital investments associated with the installation of the new accounting system.
2. Segment income has been adjusted to operating income described in consolidated statements of income.

(Related information)

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

1. Information related to product and service
Please refer to "Segment information."

2. Information related to geographic region

(1) Net sales

Not applicable since the Group does not have external customers outside of Japan.

(2) Property, plant and equipment

Not applicable since there is no property, plant and equipment outside of Japan.

3. Information related to major customer

There is nothing to report since there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income

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

1. Information related to product and service
Please refer to "Segment information."

2. Information related to geographic region

(1) Net sales

Not applicable since the Group does not have external customers outside of Japan.

(2) Property, plant and equipment

Not applicable since there is no property, plant and equipment outside of Japan.

3. Information related to major customer

There is nothing to report since there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

(Impairment losses on non-current assets by reportable segment)

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Not applicable.

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

Not applicable.

(Amortization of goodwill and unamortized outstanding balance of goodwill by reportable segment)

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Reportable segment					Elimination or Total (unallocated)	Total
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Subtotal		
Amortization for the current year	119,304	-	3,119	-	122,423	-	122,423
Unamortized outstanding balance at the end of the current year	2,177,292	-	25,998	-	2,203,290	-	2,203,290

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

(Thousands of yen)

	Reportable segment					Elimination or Total (unallocated)	Total
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Subtotal		
Amortization for the current year	119,304	-	4,159	-	123,463	-	123,463
Unamortized outstanding balance at the end of the current year	2,057,988	-	21,838	-	2,079,826	-	2,079,826

(Gain on bargain purchase by reportable segment)

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Not applicable.

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

Not applicable.

[Per share information]

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net assets per share 1,027.33 yen	Net assets per share 1,094.66 yen
Profit per share 114.59 yen	Profit per share 116.11 yen
No diluted profit per share is presented for the fiscal year because there are no potentially dilutive securities	No diluted profit per share is presented for the fiscal year because there are no potentially dilutive securities

(Note) Basis of calculations

1. Net assets per share

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Fiscal year ended March 31, 2016 (As of March 31, 2016)
Total net assets, as stated on the consolidated balance sheets (thousands of yen)	36,262,183	38,699,937
Net assets associated with common stock (thousands of yen)	34,964,833	37,381,955
Major components of the difference (thousands of yen): non-controlling interests	1,297,350	1,317,982
Number of shares of common stock issued and outstanding (shares)	41,180,306	41,180,306
Number of shares of common stock as treasury stock (shares)	7,145,600	7,030,880
Number of shares of common stock used in the calculation of net assets per share (shares)	34,034,706	34,149,426

2. Profit per share

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Profit attributable to owners of parent (thousands of yen)	3,892,051	3,958,215
Amounts not attributable to owners of common stock (thousands of yen)	-	-
Profit associated with common stock attributable to owners of parent (thousands of yen)	3,892,051	3,958,215
Average number of shares of common stock during the year (shares)	33,963,852	34,091,478

3. The Company's shares in the employees' ESOP trust accounts were recorded as treasury stock under shareholders' equity. In calculation of the average number of shares for determining profit per share and in calculation of the number of shares issued and outstanding for determining net assets per share, they were counted as treasury stock, an item to be excluded.

In calculating profit per share for the term, the average number of shares of the excluded treasury stock was 424,041 for the previous fiscal year, and 293,939 for the current fiscal year. In calculating net assets per share, the number of shares of the excluded treasury stock at the end of the term was 351,200 for the previous fiscal year, and 235,500 for the current fiscal year.

4. The Company conducted 2-for-1 stock split on October 1, 2015. The figures for profit per share and net income per share have been calculated assuming that the stock split had occurred at the beginning of the prior fiscal year.

[Important subsequent events]

Not applicable.

3. Non-consolidated financial statements

(1) Non-consolidated balance sheets

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Fiscal year ended March 31, 2016 (As of March 31, 2016)
ASSETS		
Current assets		
Cash and deposit	5,082,208	8,202,578
Notes receivable – trade	55,394	49,313
Accounts receivable – trade	7,167,385	8,187,475
Supplies	12,451	23,335
Prepaid expenses	358,141	383,705
Accounts receivable – other	19,228	8,784
Short-term loans receivable	2,055,104	1,073,420
Advances paid	171,122	148,055
Deferred tax assets	138,617	158,436
Other	34,258	79,022
Allowance for doubtful accounts	(3,180)	(3,160)
Total current assets	15,090,734	18,310,967
Non-current assets		
Property, plant and equipment		
Buildings	4,524,976	4,799,510
Accumulated depreciation	(2,429,990)	(2,578,400)
Buildings, net	2,094,985	2,221,110
Structures	83,942	123,120
Accumulated depreciation	(48,713)	(55,080)
Structures, net	35,229	68,040
Machinery and equipment	6,130	6,130
Accumulated depreciation	(6,129)	(6,129)
Machinery and equipment, net	0	0
Vehicles	64,863	60,244
Accumulated depreciation	(41,105)	(35,286)
Vehicles, net	23,757	24,957
Tools, furniture and fixtures	723,364	763,459
Accumulated depreciation	(401,796)	(453,534)
Tools, furniture and fixtures, net	321,568	309,925
Land	988,496	988,496
Lease assets	581,773	593,473
Accumulated depreciation	(408,458)	(469,839)
Lease assets, net	173,314	123,633
Construction in progress	156,341	22,050
Total property, plant and equipment	3,793,693	3,758,213
Intangible assets		
Telephone subscription right	15,330	15,576
Software	136,854	335,369
Lease assets	21,123	15,803
Software in progress	100,015	-
Total intangible assets	273,323	366,750

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Fiscal year ended March 31, 2016 (As of March 31, 2016)
Investments and other assets		
Investment securities	7,519,174	6,887,507
Stocks of subsidiaries and affiliates	8,842,642	8,911,308
Long-term loans receivable	27,724	32,719
Long-term loans receivable from subsidiaries and affiliates	446,164	420,515
Long-term prepaid expenses	230	86
Prepaid pension cost	134,426	381,582
Lease and guarantee deposits	789,363	849,412
Membership	383,542	350,460
Insurance funds	14,400	14,400
Claims provable in bankruptcy, claims provable in rehabilitation and other	23,124	25,354
Building for rent	107,470	107,470
Accumulated depreciation	(37,372)	(39,416)
Building for rent, net	70,098	68,054
Land for rent	53,739	53,739
Long-term time deposits	300,000	100,000
Other	68,374	76,797
Allowance for doubtful accounts	(89,122)	(57,754)
Total investments and other assets	18,583,884	18,114,183
Total non-current assets	22,650,901	22,239,147
TOTAL ASSETS	37,741,635	40,550,115

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	Fiscal year ended March 31, 2015 (As of March 31, 2015)	Fiscal year ended March 31, 2016 (As of March 31, 2016)
LIABILITIES		
Current liabilities		
Notes payable – trade	28,022	26,134
Accounts payable – trade	4,651,362	5,477,820
Current portion of long-term loans payable	741,000	742,870
Lease obligations	69,714	61,191
Accounts payable – other	447,432	380,418
Income taxes payable	337,661	522,090
Accrued consumption taxes	744,865	345,264
Accrued salaries	479,766	520,176
Accrued social insurance	181,195	197,809
Deposits received	152,794	127,323
Deposits received from subsidiaries and affiliates	1,600,000	1,400,000
Advances received	88,155	125,303
Provision for bonuses	259,800	279,227
Other	85,692	90,302
Total current liabilities	9,867,464	10,295,931
Non-current liabilities		
Long-term loans payable	3,667,870	2,925,000
Lease obligations	127,944	80,911
Deferred tax liabilities	794,456	809,075
Provision for directors' retirement benefits	559,740	-
Long-term guarantee deposited	265,796	313,470
Asset retirement obligations	107,432	123,052
Other	62,489	864,343
Total non-current liabilities	5,585,729	5,115,853
TOTAL LIABILITIES	15,453,194	15,411,784
NET ASSETS		
Shareholders' equity		
Capital stock	3,000,000	3,000,000
Capital surplus		
Legal capital surplus	498,800	498,800
Other capital surplus	119,172	119,172
Total capital surplus	617,972	617,972
Retained earnings		
Legal retained earnings	251,200	251,200
Other retained earnings		
General reserve	12,310,000	12,310,000
Retained earnings brought forward	8,709,745	11,301,242
Total retained earnings	21,270,945	23,862,442
Treasury stock	(5,270,659)	(5,169,531)
Total shareholders' equity	19,618,258	22,310,883
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,670,182	2,827,447
Total valuation and translation adjustments	2,670,182	2,827,447
TOTAL NET ASSETS	22,288,441	25,138,330
TOTAL LIABILITIES AND NET ASSETS	37,741,635	40,550,115

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(2) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net sales		
Service revenue	51,899,450	55,457,709
Net sales of goods	353,363	374,328
Total net sales	52,252,813	55,832,038
Cost of sales		
Cost of service sales	43,430,928	45,958,140
Cost of goods sold	275,633	292,874
Total cost of sales	43,706,561	46,251,014
Gross profit	8,546,251	9,581,023
Selling, general and administrative expenses		
Promotion expenses	11,967	13,344
Advertising expenses	184,793	253,653
Directors' compensations	281,738	371,907
Salaries and allowances	2,179,131	2,397,719
Bonuses	362,416	353,636
Provision for bonuses	121,369	135,242
Directors' retirement benefits	2,590	460
Provision for directors' retirement benefits	67,060	5,120
Retirement benefit expenses	49,833	19,181
Legal welfare expenses	416,897	462,158
Welfare expenses	28,487	28,134
Training expenses	12,766	15,778
Offering expenses	21,427	23,947
Conference expenses	3,912	4,387
Entertainment expenses	122,296	133,812
Traveling and transportation expenses	313,364	326,732
Vehicle expenses	86,088	89,291
Communication expenses	96,621	95,911
Utilities expenses	45,312	44,917
Supplies expenses	21,956	24,862
Stationery expenses	219,631	224,453
Taxes and dues	53,483	61,366
Enterprise tax	68,980	116,972
Depreciation	258,955	292,942
Repair expenses	7,615	6,750
Insurance expenses	236,084	298,437
Rent expenses	406,567	462,077
Book expenses	7,143	7,873
Membership fee	13,919	16,883
Commission fee	251,111	300,380
Contribution	16,385	15,906
Provision of allowance for doubtful accounts	(235)	3,798
Miscellaneous expenses	110,011	251,146
Total selling, general and administrative expenses	6,079,686	6,859,188
Operating income	2,466,565	2,721,835

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(Thousands of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Non-operating income		
Interest income	62,993	44,108
Dividends income	1,153,262	1,645,438
Rent income	37,927	36,642
Dividends income of insurance	30,417	25,446
Business advisory fee	36,000	36,000
Miscellaneous income	22,322	24,664
Total non-operating income	1,342,923	1,812,300
Non-operating expenses		
Interest expenses	55,794	45,657
Loss on sales of investment securities	-	3,015
Rent expenses	43,998	45,125
Loss on sales and retirement of non-current assets	2,906	949
Loss on foreign exchange	-	79,784
Miscellaneous loss	19,297	19,267
Total non-operating expenses	121,997	193,799
Ordinary income	3,687,491	4,340,336
Extraordinary income		
Gain on sales of investment securities	-	327,518
Total extraordinary income	-	327,518
Extraordinary loss		
Loss on valuation of investment securities	-	49,999
Loss on valuation of shares of subsidiaries	29,269	26,603
Total extraordinary loss	29,269	76,603
Profit before income taxes	3,658,222	4,591,250
Income taxes – current	946,662	1,087,477
Income taxes – deferred	48,227	(4,976)
Total income taxes	994,890	1,082,500
Profit	2,663,331	3,508,750

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(3) Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at the beginning of current period	3,000,000	498,800	119,172	617,972	251,200	12,310,000	6,782,986	19,344,186
Cumulative effect of changes in accounting policies							19,991	19,991
Restated balance	3,000,000	498,800	119,172	617,972	251,200	12,310,000	6,802,977	19,364,177
Changes of items during period								
Dividends from surplus (year-end)							(378,284)	(378,284)
Dividends from surplus (interim)							(378,278)	(378,278)
Profit							2,663,331	2,663,331
Purchase of treasury stock								
Disposal of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	-	1,906,767	1,906,767
Balance at the end of current period	3,000,000	498,800	119,172	617,972	251,200	12,310,000	8,709,745	21,270,945

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(5,390,831)	17,571,327	1,458,154	1,458,154	19,029,482
Cumulative effect of changes in accounting policies		19,991			19,991
Restated balance	(5,390,831)	17,591,318	1,458,154	1,458,154	19,049,473
Changes of items during period					
Dividends from surplus (year-end)		(378,284)			(378,284)
Dividends from surplus (interim)		(378,278)			(378,278)
Profit		2,663,331			2,663,331
Purchase of treasury stock	(4,929)	(4,929)			(4,929)
Disposal of treasury stock	125,100	125,100			125,100
Net changes of items other than shareholders' equity			1,212,027	1,212,027	1,212,027
Total changes of items during period	120,171	2,026,939	1,212,027	1,212,027	3,238,967
Balance at the end of current period	(5,270,659)	19,618,258	2,670,182	2,670,182	22,288,441

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

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Legal retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at the beginning of current period	3,000,000	498,800	119,172	617,972	251,200	12,310,000	8,709,745	21,270,945
Changes of items during period								
Dividends from surplus (year-end)							(481,402)	(481,402)
Dividends from surplus (interim)							(429,816)	(429,816)
Profit							3,508,750	3,508,750
Decrease by corporate division							(6,034)	(6,034)
Purchase of treasury stock								
Disposal of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	-	2,591,496	2,591,496
Balance at the end of current period	3,000,000	498,800	119,172	617,972	251,200	12,310,000	11,301,242	23,862,442

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(5,270,659)	19,618,258	2,670,182	2,670,182	22,288,441
Changes of items during period					
Dividends from surplus (year-end)		(481,402)			(481,402)
Dividends from surplus (interim)		(429,816)			(429,816)
Profit		3,508,750			3,508,750
Decrease by corporate division		(6,034)			(6,034)
Purchase of treasury stock	(1,671)	(1,671)			(1,671)
Disposal of treasury stock	102,799	102,799			102,799
Net changes of items other than shareholders' equity			157,265	157,265	157,265
Total changes of items during period	101,128	2,692,624	157,265	157,265	2,849,889
Balance at the end of current period	(5,169,531)	22,310,883	2,827,447	2,827,447	25,138,330