

Summary of Business Results for the Year Ended March 31, 2017

[Japan GAAP] (Consolidated)

May 12, 2017

Company **Miroku Jyoho Service Co., Ltd.**

Listed on the TSE 1st Section

Stock Code 9928

URL: <http://www.mjs.co.jp>

Representative Hiroki Koreeda, President and CEO

Contact Keishi Terasawa, Director, Managing Executive Officer and CFO,

General Manager of Business Management Department

TEL: +81-3-5361-6369

Expected date of annual shareholders' meeting: June 29, 2017

Expected starting date of dividend payment: June 30, 2017

Expected date of filing of annual securities report: June 30, 2017

Preparation of supplementary financial document: Yes

Results briefing: Yes (for analysts)

(Rounded down to million yen)

1. Consolidated business results for the year ended March 2017 (April 1, 2016 through March 31, 2017)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2017	26,225	11.0	4,103	35.0	4,010	30.7	2,616	37.3
Year ended Mar. 2016	23,636	5.6	3,039	20.4	3,068	18.6	1,906	8.4

(Note) Comprehensive income: Year ended March 2017: 2,411 million yen (23.6%)

Year ended March 2016: 1,950 million yen (97.3%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2017	83.46	79.82	18.2	19.2	15.6
Year ended Mar. 2016	60.00	57.25	14.0	15.5	12.9

(Reference) Investment earnings/loss on equity-method: Year ended March 2017: -138 million yen

Year ended March 2016: -8 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2017	21,823	14,864	67.9	474.72
As of Mar. 2016	19,882	14,059	70.2	443.22

(Reference) Shareholders' equity: As of March 2017: 14,807 million yen

As of March 2016: 13,962 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 2017	3,819	-1,589	-1,418	6,235
Year ended Mar. 2016	2,139	-711	-1,683	5,423

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
Year ended Mar. 2016	Yen -	Yen 0.00	Yen -	Yen 17.00	Yen 17.00	Million yen 535	% 28.3	% 4.0
Year ended Mar. 2017	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00	Million yen 779	% 30.0	% 5.4
Year ending Mar. 2018 (forecast)	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00		% 27.3	

3. Forecast of consolidated business results for the year ending March 2018

(April 1, 2017 through March 31, 2018)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Sept. 30, 2017	13,500	3.2	2,200	5.2	2,200	4.6	1,430	5.7	45.84
Year ending Mar. 2018	27,300	4.1	4,400	7.2	4,400	9.7	2,860	9.3	91.69

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates and restatement
 (i) Changes in accounting policies associated with revision of accounting standards: Yes
 (ii) Changes in accounting policies other than (i): None
 (iii) Changes in accounting estimates: None
 (iv) Restatement: None
- (3) Shares outstanding (common stock)
 (i) Number of shares outstanding at the end of period (treasury stock included):
 As of March 2017 34,806,286 shares As of March 2016 34,806,286 shares
 (ii) Treasury stock at the end of period:
 As of March 2017 3,613,741 shares As of March 2016 3,304,743 shares
 (iii) Average number of stock during period:
 Year ended March 2017 31,348,608 shares Year ended March 2016 31,773,418 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended March 2017 (April 1, 2016 through March 31, 2017)

(1) Non-consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2017	23,880	7.0	3,812	30.3	3,839	28.0	2,441	28.5
Year ended Mar. 2016	22,321	5.6	2,925	25.5	2,998	24.0	1,900	15.3

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2017	77.89	74.49
Year ended Mar. 2016	59.83	57.08

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2017	20,564	14,010	68.1	448.92
As of Mar. 2016	18,964	13,342	70.3	423.17

(Reference) Shareholders' equity: As of March 2017: 14,003 million yen
 As of March 2016: 13,330 million yen

2. Forecast of non-consolidated business results for the year ending March 2018

(April 1, 2017 through March 31, 2018) (% change from the previous corresponding period)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Sept. 30, 2017	12,190	1.5	2,130	4.5	1,420	4.5	45.52
Year ending Mar. 2018	24,300	1.8	4,000	4.2	2,660	8.9	85.28

*** Financial summary is not subject to auditing.**

*** Explanation regarding appropriate use of business forecasts and other special instructions**

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

○ Contents of the attached document

1. Results of operations	4
(1) Outline of results of operations for the fiscal year under review	4
(2) Outline of financial position for the fiscal year under review	6
2. Basic concepts related to selection of accounting standards	7
3. Consolidated financial statements	8
(1) Consolidated balance sheet	8
(2) Consolidated statement of income and statement of comprehensive income	10
Consolidated statement of income	10
Consolidated statement of comprehensive income	11
(3) Consolidated statement of changes in net assets	12
(4) Consolidated statement of cash flows	14

1. Results of operations

(1) Outline of results of operations for the fiscal year under review

(i) Results of operations

In the fiscal year ended in March 2017, the Japanese economy continued to be on a gradual recovery trend, with continued improvement in corporate earnings and employment and income conditions. However, the outlook remained uncertain, given concern over the policies of the new U.S. administration in addition to the issue of Britain's exit from the EU.

In the software and information service industries, there are expectations for increases in capital investment, including IT related investment, backed by improving corporate earnings, and the business environment is in improvement mode.

In this management environment the Company's Group entered the final year of its third medium term management plan (from fiscal year 2014 to fiscal year 2016), and implemented initiatives for further growth. The plan's theme is "Challenging new value creation," in which the management vision is described as follows: "MJS Group's goal is to achieve constant and rapid growth in corporate value by becoming more competitive in current business sectors while creating innovative forms of value by targeting new business opportunities."

In existing businesses, Miroku Joho Service sought to maintain relationships with existing customers and increase satisfaction by improving sales power and product and service capabilities. The Group also sought to expand its customer base by developing new customers, thereby expanding service income and further reinforcing the earnings foundation.

In the sales aspect, Miroku Joho Service continued to hold a wide range of seminars and training sessions nationwide, such as MJS Solution Seminar & Fair under the sponsorship of the Company, taking up topics of high interest among customers such as efficient accounting operations, explanations of tax revision/international tax, business succession and Fintech. In addition, Miroku Joho Service focused on the cultivation of new customers through active promotion and advertising campaigns, including TV commercials and web marketing activities to increase the brand strength of Miroku Joho Service.

In the development aspect, the Group improved and expanded the functions of products and services appropriate to customer needs and also analyzed various technical trends and environmental changes such as cloud computing, FinTech and AI (artificial intelligence) and continuously conducted research and development to further increase product competitiveness. The core ERP products have gradually become compatible with cloud computing and strengthened the functions of the FinTech field. Further, for the creation of new cloud services, the Group constructed the BtoB Cloud Platform, bizsky, and developed the Rakutasu series for the transfer/salary payment of cloud services to support small/mid-sized companies in improving business efficiency and reducing costs, and worked on increasing services in the FinTech field.

Meanwhile, the Group has been establishing a base for actively promoting services to support the business succession and revival of small/mid-sized companies nationwide in collaboration with the Company's subsidiary MJS M&A Partners Co., Ltd. and with the cooperation of accounting office accountants, and concluded partner agreements with more than 2,000 accounting firms. Additionally, the Group has worked on increasing the corporate value of Group companies including bizocean Co., Ltd., which was spun off in April last year, and on further strengthening the Group management.

The Group sought to provide customers with optimum management and information systems and high-quality services, maintain and expand its customer base, and strove to establish a new earnings foundation driven by new business, generating further profits and increasing the corporate value.

By activities like this, net sales in the consolidated fiscal year under review posted a record high, with income levels also posting record highs for the sixth straight term. Consolidated net sales were 26,225 million yen (up 11.0% from one year earlier), operating income was 4,103 million yen (up 35.0% from one year earlier), ordinary income was 4,010 million yen (up 30.7% from one year earlier) and net income attributable to owners of parent was 2,616 million yen (up 37.3% from one year earlier).

Results of operations in product categories were as follows.

(System installation contract sales)

Hardware sales were 2,822 million yen, up 0.8% from one year earlier. Software sales were 10,281 million yen, up 14.9% from one year earlier. Useware sales were 3,241 million yen, up 10.5% from one year earlier.

As a result, total system installation contract sales were 16,345 million yen, up 11.3% from one year earlier.

* "System installation contract sales" are the total of sales recorded when a system is newly installed. These sales consist of hardware, software and useware (system installation support services, etc.) sales.

(Service revenues)

Sales from the Total Value Service (TVS), which is a comprehensive maintenance service for tax accountant and CPA firms, increased 1.4% from one year earlier to 1,877 million yen. Software utilization revenues increased 20.0% from one year earlier to 1,211 million yen due to growth in utilization revenues for low-priced software used by tax accountant and CPA firms. Corporate software operations support service revenues increased 10.2% from one year earlier to 3,898 million yen because of an increase in the number of companies with the contract for the service as a result of focusing on the cultivation of new

customers. Hardware and network maintenance service revenues increased 6.2% from one year earlier to 1,287 million yen and sales from supplies and office products decreased 2.8% from one year earlier to 675 million yen.

As a result, service revenues increased 7.7% from one year earlier to 8,949 million yen.

* “Service revenues” are consistent revenues received primarily from fees for the continuous provision of services. These revenues consist of software maintenance services, hardware and network maintenance services, software utilization fees, and sales of supplies and office products.

YoY sales

(Million yen, %)

	Previous fiscal year		Current fiscal year		YoY	
	From April 1, 2015 to March 31, 2016		From April 1, 2016 to March 31, 2017		Change	YoY
	Sales	Pct.	Sales	Pct.		
Hardware	2,801	11.9	2,822	10.8	21	0.8
Software	8,949	37.9	10,281	39.2	1,332	14.9
Ueware	2,932	12.4	3,241	12.4	308	10.5
System introduction contract sales	14,683	62.1	16,345	62.3	1,662	11.3
TVS	1,851	7.8	1,877	7.2	26	1.4
Software utilization fees	1,009	4.3	1,211	4.6	202	20.0
Software operational support services	3,538	15.0	3,898	14.9	359	10.2
HW/NW maintenance services	1,211	5.1	1,287	4.9	75	6.2
Supplies and office products	695	2.9	675	2.6	(19)	(2.8)
Service revenues	8,307	35.1	8,949	34.1	642	7.7
Others	645	2.7	929	3.5	283	44.0
Total	23,636	100.0	26,225	100.0	2,589	11.0

(ii) Future outlook

Looking ahead, Japan’s economy is expected to remain on a gradual recovery trend overall, with expected improvement in corporate earnings and employment/income conditions partly attributable to economic stimulus measures implemented by the government. However, the outlook for the economy will remain uncertain due to the impact of the uncertainty of overseas economies and changes in the financial and capital market. In the software and information service industries, there are expectations for steady expansion in IT investment demand in conjunction with corporate earnings improvement.

The Group has established management targets for FY2020 of sales of 50.0 billion yen, ordinary income margin of 30%, and ROE of 30% on a consolidated basis. To aim for rapid business expansion and high profitability with a medium-term viewpoint, the Group will cultivate new customers to further expand the customer base as well as emphasizing and working on the improvement of management efficiency and the strengthening of the management foundation of the entire Group, such as increasing productivity through the optimization of the cost structure, strengthening the foundation to move forward with new business, and maximizing group synergy, for the fiscal year ending March 31, 2018.

The forecast for consolidated performance in the fiscal year ending in March 2018 is as follows.

	1 st half	Full year
Net sales	13,500 million yen	27,300 million yen
Operating income	2,200 million yen	4,400 million yen
Ordinary income	2,200 million yen	4,400 million yen
Net income attributable to owners of parent	1,430 million yen	2,860 million yen

(2) Outline of financial position for the fiscal year under review

(i) Assets, liabilities and net assets

Assets

Current assets were 11,523 million yen at the end of March 2017, an increase of 1,402 million yen from one year earlier. The main factors were increases of 811 million yen in cash and deposits, 537 million yen in notes and accounts receivable-trade and 80 million yen in deferred tax assets, and decreases of 28 million yen in merchandise and 21 million yen in work in process.

Fixed assets were 10,300 million yen at the end of the fiscal year under review, an increase of 538 million yen from the end of the previous fiscal year. The main factors were increases of 582 million yen in intangible fixed assets and 6 million yen in investments and other assets, and a decrease of 50 million yen in tangible fixed assets.

As a result, total assets were 21,823 million yen at the end of March 2017, up 1,941 million yen from one year earlier.

Liabilities

Current liabilities were 6,174 million yen at the end of March 2017, up 1,174 million yen from a year earlier. The main factors were increases of 57 million yen in income in advance, 24 million yen in short-term debt, 103 million yen in current portion of long-term debt, 489 million yen in accrued income taxes, 219 million yen in reserve for bonuses and 144 million yen in accrued consumption tax.

Fixed liabilities were 785 million yen at the end of March 2017, down 37 million yen from a year earlier. The main factors were an increase of 98 million yen in long-term debt and decreases of 116 million yen in deferred tax liability and 15 million yen in lease obligation.

As a result, total liabilities were 6,959 million yen, up 1,136 million yen from the end of the previous fiscal year.

Net assets

Net assets were 14,864 million yen at the end of March 2017, an increase of 805 million yen from a year earlier. The main factors were net income attributable to owners of parent of 2,616 million yen, offset by an increase of 982 million yen in treasury stock and the payment of dividends of surplus of 535 million yen.

As a result, the equity ratio was 67.9% (compared with 70.2% a year earlier).

(ii) Cash flows

There was a net increase of 811 million yen in cash and cash equivalents from the end of the previous fiscal year, to 6,235 million yen.

The cash flows in the fiscal year under review and factors relating to each are as follows.

(Operating activities)

Net cash provided by operating activities was 3,819 million yen (compared with 2,139 million yen one year earlier). This was mainly due to net income before income taxes of 3,944 million yen, depreciation and amortization of 506 million yen, a 219 million yen increase in reserve for bonuses, a 102 million yen decrease in inventories and a 144 million yen increase in accrued consumption tax resulting in cash inflows, and a 540 million yen increase in accounts receivable and income taxes paid of 1,078 million yen resulting in cash outflows.

(Investing activities)

Net cash used in investing activities was 1,589 million yen (compared with 711 million yen one year earlier). This was mainly due to payments for acquisition of tangible fixed assets of 246 million yen, payments for acquisition of intangible fixed assets of 977 million yen and payments for acquisition of investment securities of 325 million yen resulting in cash outflows.

(Financing activities)

Net cash used in financing activities was 1,418 million yen (compared with 1,683 million yen one year earlier). This was mainly due to proceeds from short-term debt of 2,240 million yen, proceeds from long-term debt of 600 million yen and proceeds from exercise of stock option of 64 million yen resulting in cash inflows, and repayment of short-term debt of 2,225 million yen, repayment of long-term debt of 398 million yen, payments for acquisition of treasury stock of 1,139 million yen, and dividends paid of 534 million yen resulting in cash outflows.

(Reference) Cash flow-related indicators

	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Shareholders' equity ratio	59.9%	63.6%	67.8%	70.2%	67.9%
Shareholders' equity ratio on a market value basis	70.4%	65.7%	113.1%	165.9%	262.8%
Years of debt redemption	6.9 years	0.6 years	0.5 years	0.5 years	0.4 years
Instant coverage ratio	7.0	76.5	131.2	161.8	371.4

(Notes) Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/Total assets

Years of debt redemption: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses paid

1. All indicators are calculated using consolidated financial results.
2. Total market capitalization is calculated by multiplying the final share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (excluding treasury stock).
3. Cash flows from operating activities refer to net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. Interest expenses paid refer to interest expenses paid on the Consolidated Statements of Cash Flows.

2. Basic concepts related to selection of accounting standards

To secure inter-company and year-to-year comparability, the Group prepares the Company's consolidated financial statements based on "Regulations related to consolidated financial statement terminology, stock and preparation methods (excluding Chapters 7 and 8" (Finance Ministry Ordinance 28, 1976).

As for application of international accounting standards, the policy is appropriate response taking account of the domestic and overseas situations.

3. Consolidated financial statements

(1) Consolidated balance sheet

(Thousand yen)

	Previous fiscal year (March 31, 2016)	Current fiscal year (March 31, 2017)
Assets		
Current assets		
Cash and deposits	5,654,061	6,465,959
Notes and accounts receivable-trade	2,629,161	3,166,361
Merchandise	648,438	619,800
Work in process	278,762	256,824
Supplies	42,596	34,665
Prepaid expenses	408,529	454,775
Deferred tax assets	262,152	343,093
Others	202,053	187,910
Allowance for doubtful accounts	-5,367	-6,070
Total current assets	10,120,388	11,523,320
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,635,811	2,668,730
Accumulated depreciation	-1,635,559	-1,668,087
Buildings and structures (net amount)	1,000,251	1,000,642
Land	2,728,197	2,728,197
Lease asset	98,967	98,967
Accumulated depreciation	-40,313	-57,459
Lease asset (net amount)	58,653	41,508
Others	1,090,608	1,030,116
Accumulated depreciation	-834,405	-807,764
Others (net amount)	256,203	222,351
Total tangible fixed assets	4,043,306	3,992,699
Intangible fixed assets		
Goodwill	27,833	80,000
Software	799,604	760,728
Software development in progress	258,443	827,908
Others	14,948	14,969
Total intangible fixed assets	1,100,829	1,683,606
Investments and other assets		
Investment securities	3,499,697	3,476,296
Long-term loans receivable from subsidiaries and associates	–	19,481
Long-term prepaid expenses	163,821	169,808
Deferred tax assets	26,931	37,475
Others	932,116	929,403
Allowance for doubtful accounts	-4,864	-8,143
Total investments and other assets	4,617,702	4,624,321
Total fixed assets	9,761,838	10,300,627
Total assets	19,882,226	21,823,947

(Thousand yen)

	Previous fiscal year (March 31, 2016)	Current fiscal year (March 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	687,457	790,957
Short-term debt	550,000	574,500
Current portion of long-term debt	298,000	401,200
Lease obligation	19,245	15,945
Accrued amount payable	656,589	564,447
Accrued expenses	347,754	408,888
Accrued income taxes	597,612	1,086,996
Income in advance	947,267	1,005,107
Reserve for bonuses	358,155	577,605
Reserve for returned goods unsold	99,216	89,368
Others	438,710	659,034
Total current liabilities	5,000,009	6,174,050
Fixed liabilities		
Long-term debt	300,000	398,200
Lease obligation	47,105	31,159
Deferred tax liability	403,673	287,510
Liabilities related to retirement benefits	19,505	19,183
Asset retirement obligation	18,541	18,967
Others	34,360	30,410
Total fixed liabilities	823,185	785,432
Total liabilities	5,823,195	6,959,483
Net assets		
Shareholders' equity		
Capital	3,198,380	3,198,380
Capital surplus	3,013,389	3,011,534
Retained earnings	8,155,355	10,148,334
Treasury stock	-1,486,315	-2,468,340
Total shareholders' equity	12,880,809	13,889,909
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	1,083,332	918,331
Unrealized holding gain (loss) on hedges	-2,137	-588
Total accumulated other comprehensive income	1,081,195	917,743
Stock acquisition rights	12,207	7,267
Non-controlling interests	84,818	49,543
Total net assets	14,059,031	14,864,464
Total liabilities and net assets	19,882,226	21,823,947

(2) Consolidated statement of income and statement of comprehensive income
(Consolidated statement of income)

(Thousand yen)

	Previous fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Net sales	23,636,438	26,225,671
Cost of sales	8,216,784	8,846,075
Gross profit	15,419,654	17,379,595
Provision of reserve for returned goods unsold	72,759	99,216
Reversal of reserve for returned goods unsold	99,216	89,368
Gross profit-net	15,393,197	17,389,444
Selling, general and administrative expenses		
Sales promotional expenses	1,346,129	1,339,200
Provision of allowance for doubtful accounts	201	5,430
Salaries and allowances	4,667,505	4,959,251
Provision of reserve for bonuses for employees	284,981	468,121
Retirement benefit expenses	394,900	259,775
Others	5,659,773	6,254,308
Total selling, general and administrative expenses	12,353,492	13,286,087
Operating income	3,039,704	4,103,356
Non-operating revenues		
Interest income	8,371	7,445
Dividend income	16,490	16,593
Dividend income of insurance	358	18,366
Others	33,621	23,894
Total non-operating revenues	58,841	66,300
Non-operating expenses		
Interest expenses	13,107	10,217
Investment loss on equity method	8,228	138,665
Payment commissions	7,622	7,668
Others	1,236	2,743
Total non-operating expenses	30,195	159,294
Ordinary income	3,068,351	4,010,362
Extraordinary profit		
Gain on sale of investment securities	–	230
Gain on step acquisitions	8,483	–
Others	446	28
Total extraordinary profit	8,930	259
Extraordinary loss		
Loss on disposal of fixed assets	4,550	3,227
Impairment loss	2,541	23,351
Loss on valuation of investment securities	60,622	27,037
Loss on change in equity	–	7,323
Others	–	5,061
Total extraordinary loss	67,714	66,001
Net income before income taxes	3,009,567	3,944,619
Income taxes-current	1,063,961	1,505,011
Income taxes-deferred	43,991	-135,368
Total income taxes	1,107,952	1,369,643
Net income	1,901,614	2,574,976
Net income attributable to non-controlling interests	-4,636	-41,429
Net income attributable to owners of parent	1,906,251	2,616,406

(Consolidated statement of comprehensive income)

(Thousand yen)

	Previous fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Net income	1,901,614	2,574,976
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	47,744	-165,001
Unrealized holding gain (loss) on hedges	1,628	1,549
Other comprehensive income total	49,373	-163,451
Comprehensive income	1,950,988	2,411,524
(Breakdown)		
Comprehensive income attributable to owners of parent	1,955,624	2,452,954
Comprehensive income attributable to non-controlling interests	-4,636	-41,429

(3) Consolidated statements of changes in net assets

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

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	3,198,380	3,013,389	6,765,171	-679,223	12,297,717
Changes in current fiscal year					
Dividends from surplus			-485,938		-485,938
Net income attributable to owners of parent			1,906,251		1,906,251
Acquisition of treasury stock				-900,602	-900,602
Disposition of treasury stock			-30,129	93,511	63,382
Changes in items other than shareholders' equity (net amount)					
Total changes in current fiscal year	-	-	1,390,183	-807,091	583,092
Balance at end of current fiscal year	3,198,380	3,013,389	8,155,355	-1,486,315	12,880,809

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Unrealized holding gain (loss) on hedges	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	1,035,588	-3,766	1,031,821	17,147	-	13,346,686
Changes in current fiscal year						
Dividends from surplus						-485,938
Net income attributable to owners of parent						1,906,251
Acquisition of treasury stock						-900,602
Disposition of treasury stock						63,382
Changes in items other than shareholders' equity (net amount)	47,744	1,628	49,373	-4,940	84,818	129,252
Total changes in current fiscal year	47,744	1,628	49,373	-4,940	84,818	712,344
Balance at end of current fiscal year	1,083,332	-2,137	1,081,195	12,207	84,818	14,059,031

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

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	3,198,380	3,013,389	8,155,355	-1,486,315	12,880,809
Changes in current fiscal year					
Dividends from surplus			-535,526		-535,526
Net income attributable to owners of parent			2,616,406		2,616,406
Acquisition of treasury stock				-1,139,218	-1,139,218
Disposition of treasury stock			-87,900	157,193	69,293
Capital increase of consolidated subsidiaries		-1,854			-1,854
Changes in items other than shareholders' equity (net amount)					
Total changes in current fiscal year	—	-1,854	1,992,979	-982,024	1,009,099
Balance at end of current fiscal year	3,198,380	3,011,534	10,148,334	-2,468,340	13,889,909

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Unrealized holding gain (loss) on hedges	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	1,083,332	-2,137	1,081,195	12,207	84,818	14,059,031
Changes in current fiscal year						
Dividends from surplus						-535,526
Net income attributable to owners of parent						2,616,406
Acquisition of treasury stock						-1,139,218
Disposition of treasury stock						69,293
Capital increase of consolidated subsidiaries						-1,854
Changes in items other than shareholders' equity (net amount)	-165,001	1,549	-163,451	-4,940	-35,275	-203,666
Total changes in current fiscal year	-165,001	1,549	-163,451	-4,940	-35,275	805,433
Balance at end of current fiscal year	918,331	-588	917,743	7,267	49,543	14,864,464

(4) Consolidated statement of cash flow

(Thousand yen)

	Previous fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Net income before income taxes	3,009,567	3,944,619
Depreciation and amortization	477,697	506,705
Amortization of goodwill	14,195	24,554
Impairment loss	2,541	23,351
Increase (decrease) in allowance for doubtful accounts	-129	3,982
Increase (decrease) in reserve for bonuses for employees	-96,895	219,449
Increase (decrease) in reserve for returned goods unsold	26,457	-9,848
Increase (decrease) in liabilities related to retirement benefits	-1,165	-321
Interest income and dividend income	-24,861	-24,039
Interest expenses	13,107	10,217
Share of (profit) loss of entities accounted for using equity method	8,228	138,665
Loss (gain) on sale of investment securities	-	-230
Loss (gain) on valuation of investment securities	60,622	27,037
Loss (gain) on disposal or sale of fixed assets	4,550	3,227
Loss (gain) on step acquisitions	-8,483	-
Loss (gain) on change in equity	-	7,323
Decrease (increase) in accounts receivables	368,430	-540,732
Decrease (increase) in inventories	-331,682	102,716
Increase (decrease) in accounts payable	16,051	103,500
Others	-258,041	358,221
Subtotal	3,280,191	4,898,399
Income taxes paid	-1,140,625	-1,078,580
Cash flows from operating activities	2,139,566	3,819,818
Cash flows from investing activities		
Payments for time deposits	-230,064	-230,068
Proceeds from withdrawal of time deposits	230,060	230,064
Payments for acquisition of tangible fixed assets	-124,636	-246,118
Payments for acquisition of intangible fixed assets	-287,792	-977,115
Payments for acquisition of investment securities	-405,981	-325,251
Proceeds from sale of investment securities	-	230
Proceeds from redemption of investment securities	100,000	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-28,877	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	96,767	-
Payments for insurance reserve fund	-5,359	-5,362
Purchase of long-term prepaid expenses	-17,403	-13,056
Payments of loans receivable from subsidiaries and associates	-	-70,000
Interest and dividends received	24,894	24,056
Others	-63,473	23,339
Cash flows from investing activities	-711,867	-1,589,282

(Thousand yen)

	Previous fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Proceeds from short-term debt	2,240,000	2,240,000
Repayment of short-term debt	-2,340,000	-2,225,000
Proceeds from long-term debt	300,000	600,000
Repayment of long-term debt	-522,400	-398,600
Proceeds from exercise of stock option	58,467	64,015
Proceeds from share issuance to non-controlling shareholders	–	4,300
Payments for acquisition of treasury stock	-900,602	-1,139,218
Dividends paid	-485,862	-534,608
Interest paid	-13,225	-10,285
Others	-19,498	-19,245
Cash flows from financing activities	-1,683,122	-1,418,641
Increase (decrease) in cash and cash equivalents	-255,423	811,894
Cash and cash equivalents at beginning of year	5,679,420	5,423,997
Cash and cash equivalents at end of year	5,423,997	6,235,891