

Summary of Financial Results for the Fiscal Year Ending March 31, 2017
[Japanese Standards] (Consolidated)

Stock exchange listings: Tokyo

Company name: Sato Restaurant Systems Company Limited

Securities code: 8163

URL: <http://www.sato-restaurant-systems.co.jp>

Representative: Masahiko Shigesato, President & Chief Executive Officer

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Scheduled date of ordinary general meeting of shareholders: June 29, 2017

Scheduled date of payment of dividend: June 30, 2017

Scheduled date of filing securities report: June 30, 2017

Preparation of supplementary references regarding financial results: No

Holding the briefing of financial results: Yes (For institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Financial results of the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)**(1) Consolidated operating Results**

(Percentages indicate changes from previous year)

	Net Sales		Operating profit		Ordinary profit		Current net profit attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ending March 2017	43,354	8.2	405	△25.1	416	15.3	△234	--
FY ending March 2016	40,061	5.5	542	△54.2	361	△72.8	6	△99.2

(Note) Comprehensive profit: FY ending March 2017: -80 million yen, FY ending March 2016: -126 million yen (%)

	Net profit per share	Diluted net profit per share	Ratio of net profit to equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
FY ending March 2017	△7.05	--	△1.6	1.4	0.9
FY ending March 2016	0.21	--	0.1	1.4	1.4

(Reference) Equity in net profit of affiliates: FY ending March 2017: million yen, FY ending March 2016: million yen

(2) Consolidated financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ending March 2017	31,443	14,284	45.1	426.82
FY ending March 2016	27,820	14,531	51.8	434.35

(Reference) Shareholder's equity: FY ending March 2017: 14.174 million yen, FY ending March 2016: 14.424 million yen

(3) Consolidated cash flow Position

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
FY Ending March 2017	1,637	△4,333	2,697	8,532
FY Ending March 2016	1,261	△1,579	3,246	8,616

2. Dividends

(Record date)	Annual dividends					Total dividends (consolidated)	Dividend ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY Ending March 2016	--	--	--	5.00	5.00	166	2,331.2	1.3
FY Ending March 2017	--	--	--	5.00	5.00	166	--	1.2
FY ending March 2018 (forecast)	--	--	--	5.00	5.00	--	36.9	--

3. Consolidated performance forecasts for fiscal year ending March 2018 (April 1, 2017 - March 31, 2018)

(Percentages indicate changes from the same period or the same quarter of the previous year.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen
2Q (cumulative total)	22,200	9.4	450	654.5	400	--	280	--	8.43
Full term	45,000	3.8	1,100	171.0	1,100	163.9	450	--	13.55

※Notes

(1) Changes in important subsidiaries during the current period

(changes in specific subsidiaries resulting in modification of the scope of consolidation): Yes

New company: 1 company, Miyamoto Munashi Co., Ltd.

Excluded company: (company name)

(Annotation) For details, please see page 20 of attached material, 5. Notes regarding consolidated financial statements (concerning mergers and others).

(2) Changes in accounting principles; Changes and restatements of accounting estimates

1) Changes in accounting principles caused by revision of accounting standards:	None
2) Changes other than 1):	None
3) Changes in accounting estimates:	None
4) Restatements:	None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury stock)

FY Ending March 2017: 33,209,080 shares

FY Ending March 2016: 33,209,080 shares

2) Number of treasury stock at the end of the period

FY Ending March 2017: 262 shares

FY Ending March 2016: 212 shares

3) Average number of shares outstanding during the period

FY Ending March 2017: 33,208,842 shares

FY Ending March 2016: 32,055,055 shares

FY ending March 2017	33,209,080 shares	FY ending March 2016	33,209,080 shares
FY ending March 2017	262 shares	FY ending March 2016	212 shares
FY ending March 2017	33,208,842 shares	FY ending March 2016	32,055,055 shares

(Reference) Outline of Unconsolidated Business Results

Unconsolidated business results for the Fiscal Year Ending March 2017 (April 1, 2016 - March 31, 2017)

(1) Unconsolidated operating results

(Percentages represent changes from previous year; △ means decrease)

	Net Sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY Ending March 2017	34,145	2.9	18	△83.8	201	26.4	△219	--
FY Ending March 2016	33,173	14.1	113	△84.6	159	△82.7	11	△98.2

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
FY Ending March 2017	△6.62		--	
FY Ending March 2016	0.35		--	

(2) Unconsolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
FY Ending March 2017	28,509		13,948		48.9		420.01	
FY Ending March 2016	25,723		14,183		55.1		427.11	

(Reference) Owned capital: FY Ending March 2017: 13,948 million yen
FY Ending March 2016: 14,183 million yen

※This report is not subjected to an audit.

※An explanation on the appropriate use of the earnings forecast and other special matters

The earnings forecast and other statements involving future projections in this report are based on current information obtained by the company and on certain presumptions deemed reasonable, but may differ substantially from the actual performance of company due to various factors.

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1. Operating Results

(1) Analysis on Operating Results

① Consolidated performance

(Unit: million yen)

	FY ending March 2016			FY ending March 2017		
	Performance	Amount change from previous year	Percentage change from previous year	Performance	Amount change from previous year	Percentage change from previous year
Net sales	40,061	2,091	5.5%	43,354	3,293	8.2%
Operating profit	542	△641	△54.2%	405	△136	△25.1%
Ordinary profit	361	△968	△72.8%	416	55	15.3%
Current net profit attributable to shareholders of parent company	6	△833	△99.2%	△234	△240	--

This consolidated accounting year, the financial results of Miyamoto Munashi Co., Ltd. and TWO SIX Corporation, which became wholly owned subsidiaries as of September 1, 2016, have been consolidated into that of the Company for the 7-month period from September 1, 2016, to March 31, 2017. (Miyamoto Munashi is the surviving company of the March 1, 2017 merger of the two.)

Net sales rose due to an expanded presence with the opening of new stores and the added revenue from Miyamoto Munashi.

Operating profit fell from a year earlier because of advisory expenses arising from share acquisition for the merger.

Ordinary profit increased from the previous year because non-operating profit from foreign-exchange gains was posted.

Transfers have taken place due to impairment loss on fixed assets, loss on evaluation of investment in overseas joint ventures and asset purchase of Sushi-han.

Lump-sum payment to employees was calculated as an extraordinary loss. As a result, net loss attributable to shareholders of parent company totaled 234 million yen.

② Store Opening Measures

(Unit: number of stores)

Name of business	Previous consolidated fiscal year-end	Branch opening	Store opening	Current consolidated fiscal year-end	Branch opening plans for the current consolidated fiscal year
Washoku Sato	201 (-)	2 (-)	1 (-)	202 (-)	4 (-)
Tendon Tempura Honpo Santen	22 (-)	18 (1)	-- (-)	40 (1)	25 (5)
Sushi-han *	14 (-)	-- (-)	1 (-)	13 (-)	-- (-)
Meotozenzai *2	-- (-)	1 (-)	-- (-)	1 (-)	-- (-)
Nigiri Chojiro	53 (-)	4 (-)	-- (-)	57 (-)	6 (-)
Nigiri Chujiro	6 (-)	-- (-)	-- (-)	6 (-)	-- (-)
Miyakobito	18 (17)	-- (-)	3 (3)	15 (14)	-- (-)
Meshiya Miyamoto Munashi	-- (-)	*3 69 (7)	-- (-)	69 (7)	-- (-)
Katsuya	28 (14)	8 (5)	-- (-)	36 (19)	11 (6)
Domestic total	342 (31)	102 (13)	5 (3)	439 (41)	46 (11)
Overseas stores	6 (5)	1 (-)	1 (1)	6 (4)	-- (-)
Total domestic and overseas	348 (36)	103 (13)	6 (4)	445 (45)	46 (11)

Figures within parentheses indicate the number of franchises and branches, or if overseas, joint ventures.

※1 13 Sushi-han restaurants were purchased by Umenohana Co., Ltd. as of April 1, 2017.

※2 The main Houzenji restaurant of Sushi-han and the adjacent Meotozenzai branch were part of the same category, but after the former closed on October 3, 2016, Meotozenzai was given its own category, independent of Sushi-han.

※3 The number of newly opened branches of Meshiya Miyamoto Munashi represents the full acquisition of the shares of Miyamoto Munashi, and accounted for in the consolidated figures.

③ Other Measures

Washoku Sato restaurants switched to domestically produced vegetables for all-you-can-eat shabu shabu, and began offering Satosuki, all-you-can-eat sukiyaki, from August in an effort to sell high-value added products. This resulted in a higher sales composition for the all-you-can-eat menu and greater spending per customer, which improved sales in existing stores surpass the figure of the previous year. The restaurants have also launched an alcohol/drink bar experimentally as part of measures for the next term.

The Santen group continued its expansion both in location and form, increasing its numbers to 40 branches nationwide with the opening of the Narumi branch (Aichi Prefecture) in May, the first one in the Chubu region, followed by the first franchise store in Mikawa-Anjo (Aichi Prefecture) in August and the AEON Mall Yono store (Saitama Prefecture) in the food court of the shopping Center in October.

Nigiri Chojiro group celebrated its 15th anniversary with a promotional campaign offering seasonal dishes. It also launched goods connected to those promotional efforts. In March, the Chojiro Hozenji branch opened in Hozenji, Osaka Namba, bringing the total number of urban-style Chojiro restaurants popular with foreign tourists to 4.

As indicated in the report from February 29, 2017 that announced the absorption-type company split agreement with Sushi-han, and a share transfer agreement with Umenohana, 13 Sushi-han restaurants were taken over by Sushi-han Co., Ltd. and all of its shares were transferred to Umenohana Co., Ltd.

Our group belongs to a single segment of the food service business, therefore we have omitted references to the segment's performance.

(2) Analysis on Financial Position

Net asset at the end of this fiscal year was 31,443 million yen (an increase of 3,622 million yen from the previous consolidated fiscal year).

Current assets were 1,096 million yen (an increase of 141 million yen from the previous consolidated fiscal year). This is mainly due to an increase in raw material and supplies worth 113 million yen.

Fixed assets saw an increase to 20,449 million yen (an increase of 3,395 million yen from the previous consolidated fiscal year). This was primarily due to an increase in the number of stores with the acquisition of income associated with a transfer of the consolidated subsidiaries, which account for 155 million yen. Other factors include an increase of 375 million yen in intangible fixed assets and 417 million yen in buildings and other structures (net amount).

Current liabilities increased to 7,592 million yen (an increase of 240 million yen from the previous consolidated fiscal year), mostly because of a 425 million yen increase in bonds payable within one year and a 350 million yen reduction in current portion of long-term debt payable.

Fixed liabilities rose to 9,565 million yen (an increase of 3,629 million yen from the previous consolidated fiscal year) due mainly to a 3,335 million yen increase in bonds payable.

Net assets fell to 14,284 million yen, down 246 million yen from the previous consolidated fiscal year.

(3) Cash Flow Condition

Cash and cash equivalents (to be referred to as capital) declined 84 million yen from the previous consolidated fiscal year to 8,632 million yen.

Cash flow conditions through the end of this fiscal year and the factors are as stated below:

(Cash flow from operating activities)

Capital gained as a result of operating activities totaled 1,637 million yen, compared with 1,261 million yen of the previous consolidated fiscal year. This figure is mainly composed of 152 million yen of current net profit before income tax and other adjustment, and 1,466 million yen of depreciation cost.

(Cash flow by investment activities)

Capital spent on investment totaled 4,333 million yen, compared with 1,579 million yen of the previous consolidated fiscal year. That amount is composed of a 2,381 million yen to acquire shares of subsidiaries that resulted in modifications of the consolidation scope, and 1,333 million yen in expenses to acquire tangible fixed assets.

(Cash flow by financial activities)

Capital acquired as a result of financing totaled 2,697 million yen, compared with 3,246 million yen of the previous consolidated fiscal year. This is mainly due to the issuance of bonds worth 3,858 million yen, and a net loss of 583 million yen in long-term loans.

(Reference) Changes in cash flow-related index

	FY Ending March 2013	FY Ending March 2014	FY Ending March 2015	FY Ending March 2016	FY Ending March 2017
Equity ratio (%)	46.3	39.6	42.5	51.8	45.1
Equity ratio based on market value (%)	84.2	91.4	123.4	94.1	89.0
Ratio of cash flow to interest-bearing debt (year)	4.6	7.9	3.0	6.0	6.6
Interest coverage ratio (-fold)	9.3	7.5	17.7	9.1	12.65

Equity ratio: Equity /Total assets

Equity ratio based on market value: Market capitalization/Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payment

Notes:

1. Aggregate market value is calculated based on the number of shares issued, excluding treasury stock.
2. Cash flow from operating activities is used.
3. Interest-bearing liabilities include all the liabilities listed on the balance sheet for which interests have been paid.

(4) Forecast

The economy of our nation is expected to follow a gentle trend toward a recovery influenced by corporate profits and improvements in employment conditions. However, weaknesses in real income accompanied with rising prices will likely continue to suppress consumer spending. Also, with tightness in the labor market due to worker shortages becoming pronounced, and the increase in labor costs this entails having a serious impact on corporate profits, the business environment is expected to remain difficult.

Despite those circumstances, as stated in our mid-term business plan, our group will strive to become an important social entity worthy of a company with a 100-year history.

(Store openings)

As for branch openings, 2 are planned for Washoku Sato, 13 for Tendon Tempura Honpo Santen (5 are franchises), 3 for Nigiri Chojiro, 1 from Miyamoto Munashi, 5 from Katsuya (3 are franchises), and one is planned for Washoku Sato business in Taiwan. A total of 25 new restaurant openings are planned for the domestic and overseas markets.

(Sales measures)

The Washoku Sato group is planning on incorporating a self-service style alcohol bar/drink bar called Sato Bar Sato Cafe to further enhance diners' experience at the family restaurants. We are developing this as the next popular item after Sato-shabu and Sato-suki and to cultivate a new image to be spread among customers.

With Santen, we are anticipating reaching 50 stores in the next term, and to coincide with that expansion preparation period, focusing on renovation the existing stores for further profitability.

At Nigiri Chojiro group, we will continue opening new stores mainly in the Kansas area and boost our market share as the region's top gourmet conveyor belt sushi restaurant.

In attempt to increase its sales, Meshiya Miyamoto Munashi restaurants are renovating existing stores and carrying new products to attract more customers. We will seek purchasing synergy to achieve higher gross profit and boost the earning power of its restaurants.

At Katsuya, directly managed restaurants and franchises will continue opening in the Kansai region, while existing restaurants will seek ways to boost their profitability.

(Other measures)

While moving forward to succeed in new endeavors, our founding brand Sushi-han's business was transferred April 1, 2017, to Umenohana Co., Ltd. in order to boost productivity through selective and concentrated business practices.

As part of our goal toward strong governance and corporate transparency, we have decided to become a company with audit and supervisory committee from late June in 2017, based on approval at the general shareholders' meeting.

Furthermore, seeing the need to flexibly adapt to changes in the marketplace, we have decided to separate our management strategy function from our business executive function as this expedites our decision-making process. Also, in order to nurture management personnel and operate a business that can respond with agility, we are considering a switch to a holding company as of October 1, 2017.

Among the issues the group overall has to tackle in the coming term include, creating a better work environment and, through better management, conducting appropriate investment plans based on demand projections for greater profitability.

(Performance Outlook)

As of now, the consolidate business results for the next term are expected to be: 45 billion yen for net sales, 1.1 billion yen for operating profit, 1.1 billion yen for ordinary profit, and 450 million yen for net profit attributable to shareholders of parent company.

The above consolidate business forecast contains projections for extraordinary profits that accompany share transfers announced April 3, 2017, in "The notice about posting extraordinary profits due to changes in subsidiaries (progress of previous disclosure)."

(5) Basic principle of profit allocation and dividends for the current/next term

Our basic thoughts on profit allocation is to determine it according to performance. We do not hold the view that a consistent dividend payout must be maintained, but rather, the utmost stable level must be paid out. As for the retained earnings, they will be allocated toward new store investment, renovation of existing restaurants and such as we fortify our corporate structure. Based on the above-mentioned policies, we have strengthened our financial structure by reorganizing our business to boost profitability. Comprehensively taking into consideration future business prospects and retained earnings, we have determined that the dividend for the end of the term will be 5.00 yen per share. As for dividend in the next term, we are planning a payout of 5.00 yen per share at the end of the term.

As specified under the articles of incorporation decided at the 43rd annual meeting of the shareholders held June 29, 2011, "Pursuant to Article 459, Paragraph 1 of the Companies Act of Japan, surplus funds can be directed toward dividend payment upon resolution of the board of directors".

Furthermore, the allocation of surplus funds for the current fiscal year is as follows:

Date of resolution	Total amount of dividend (thousand yen)	Dividend per share (yen)
Board of Directors May 12, 2017	166,044	5.00

2. Corporate Group

Our group is composed of the Company and its six affiliates whose main business is operating restaurants. Our group's business content and relationship with the Company and systematic chart of the business are described below.

(1) Our Group's Business Content and Relationship with the Company

[Restaurant operation]

We operate restaurants that serve mainly Japanese food.

Foods Net Co., Ltd. owns and manages 57 locations of Nigiri Chojiro (including CHOJIRO), 1 Miyakobito restaurant and 6 Nigiri Chujiro restaurants in the Kansai and Kanto regions.

Miyamoto Munashi Co., Ltd. owns and operates 62 Meshiya Miyamoto Munashi restaurants in the Kansai, Chubu and Chugoku regions.

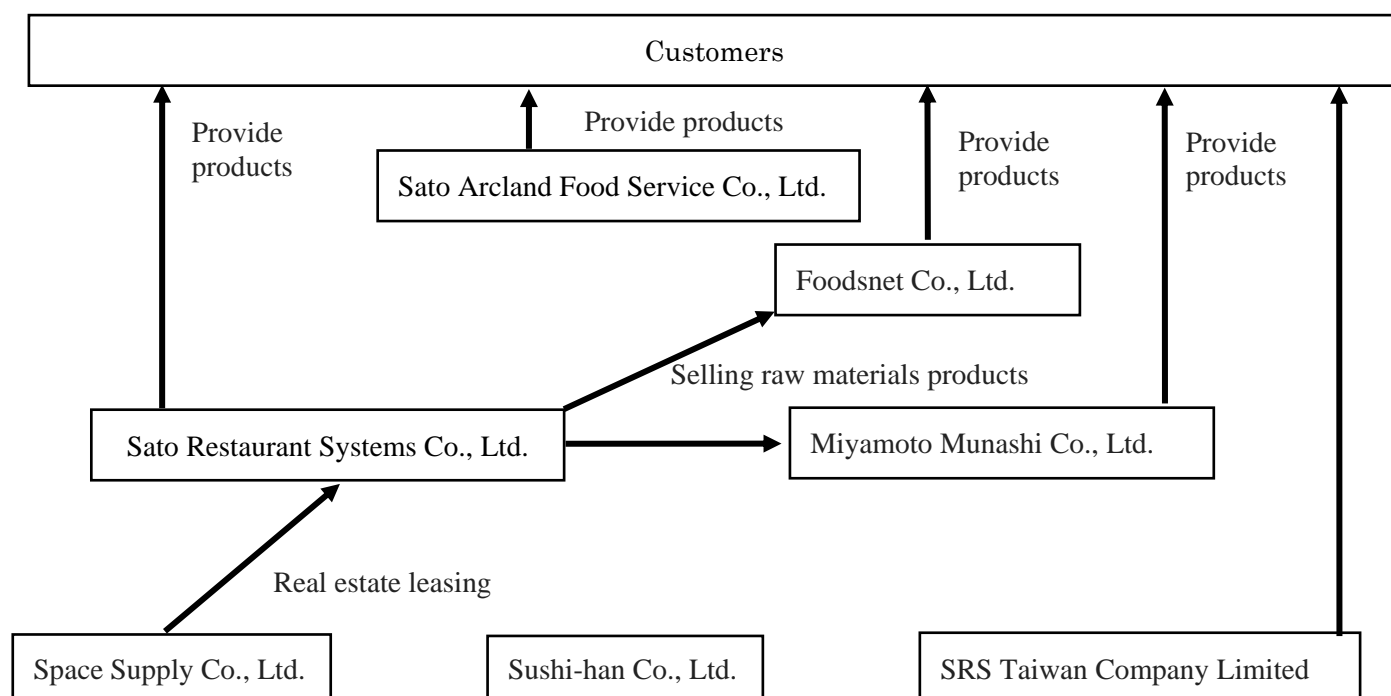
Sato Arcland Food Service Co., Ltd. owns and operates 17 Katsuya restaurants in the Kansai region. In Taiwan, the SRS Taiwan Company Limited owns and operates 2 Washoku Sato restaurants.

[Others]

Space Supply Co., Ltd. is primarily involved in the leasing of real estate.

Sushi-han Co., Ltd was established February 15, 2017, with the goal of succeeding the Sushi-han restaurant business, then transferred all of the company's shares to Umenohana as of April 1, 2017, with the goal of succeeding by an absorption-type split method.

(2) Systematic diagram of the business



3. Basic Idea for the Selection of Accounting Standards

Our group will follow Japanese accounting standards for the time being. But with changes in foreign ownership of our companies' shares and the trend among other domestic companies of adopting International Financial Reporting Standards, we will consider the adoption of IFRS at the appropriate time.

4. Consolidated Financial Statements and Annotation

(1) Consolidated Balance Sheets

(Thousand yen; △ means decrease)

	Previous Consolidated Fiscal Year (March 31, 2016)	Current Consolidated Fiscal Year (March 31, 2017)
Assets		
Current assets		
Cash and deposits	8,616,381	8,532,038
Accounts receivable	603,001	701,877
Commodities	41,279	38,432
Raw materials and supplies	710,854	824,721
Deferred tax assets	312,739	216,754
Others	481,583	593,173
Total current assets	10,765,840	10,906,999
Fixed assets		
Tangible fixed assets		
Buildings and structures	17,644,900	18,451,765
Cumulative depreciation	*3 △14,892,714	*3 △15,281,820
Buildings and structures (net)	*2 2,752,185	*2 3,169,945
Machinery, equipment and vehicles	738,969	757,842
Cumulative depreciation	*3 △631,411	*3 △640,403
Machinery, equipment and vehicles (net)	107,558	117,438
Land	*2, *4 4,742,506	*2, *4 4,742,506
Leased assets	1,839,803	2,086,317
Cumulative depreciation	*3 △659,886	*3 △813,116
Leased assets (net)	1,179,916	1,273,200
Construction in progress	28,341	1,546
Others	3,242,428	3,567,144
Cumulative depreciation	*3 △2,679,506	*3 △2,829,829
Others (net)	562,922	737,314
Total tangible fixed assets	9,373,431	10,041,952
Intangible fixed assets		
Goodwill	1,116,373	2,621,590
Others	977,751	1,353,616
Intangible fixed assets	2,094,124	3,975,206
Investment and other assets		
Investment securities	*1, *2 805,407	*1, *2 1,036,523
Long-term loans	833,744	1,028,180
Guarantee deposits	3,039,010	3,309,339
Deferred tax assets	445,963	561,214
Others	475,766	508,972
Allowance for doubtful accounts	△13,505	△11,947
Total investments and other assets	5,586,386	6,432,284
Total fixed assets	17,053,942	20,449,443
Deferred assets	649	86,814
Total assets	27,820,432	31,443,256

(Thousand yen; Δ means decrease)

	Previous Consolidated Fiscal Year (March 31, 2016)	Current Consolidated Fiscal Year (March 31, 2017)
Liabilities		
Current liabilities		
Accounts payable	1,179,980	1,374,812
Bonds payable within one year	50,000	475,000
Current portion of long-term loans payable	*2 2,437,500	*2 2,086,780
Lease obligations	221,793	145,051
Accounts payable-other	2,137,639	2,031,837
Income taxes payable	230,746	411,451
Reserve for bonuses	272,916	281,843
Provision for loss on store closing	8,599	--
Others	812,967	786,011
Total current liabilities	7,352,143	7,592,787
Fixed liabilities		
Bonds	--	3,335,000
Long-term loans payable	*2 3,759,945	*2 3,528,177
Lease obligations	1,055,259	1,260,110
Deferred tax liabilities for land revaluation	*4 274,908	*4 252,387
Deferred tax liabilities	83,745	262,188
Provision for directors' retirement benefits	29,578	29,578
Asset retirement obligations	510,772	649,700
Others	222,218	248,432
Total fixed liabilities	5,936,428	9,565,576
Total liabilities	13,288,571	17,158,364
Net assets		
Shareholders' equity		
Capital stock	8,532,856	8,532,856
Capital surplus	4,981,675	4,981,675
Retained earnings	1,400,978	1,000,894
Treasury stock	Δ 173	Δ 214
Total shareholders' equity	14,915,337	14,515,211
Accumulated other comprehensive profit		
Valuation difference on available-for-sale securities	108,976	236,621
Revaluation reserve for land	*4 Δ 600,061	*4 Δ 577,541
Total accumulated other comprehensive profit	Δ 491,085	Δ 340,919
Non-controlling interests	107,608	110,600
Total net assets	14,531,860	14,284,892
Total liabilities and net assets	27,820,432	31,443,256

(2) Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive profit
(Consolidated Profit and Loss Statement)

(Thousand yen; △ means decrease)

	Previous Consolidated Fiscal Year (Apr.1, 2015 - Mar.31, 2016)	Current Consolidated Fiscal Year (Apr.1, 2016 - Mar.31, 2017)
Net sales	40,061,632	43,354,985
Cost of sales	13,864,299	14,885,417
Gross profit	26,197,333	28,469,567
Selling, general and administrative expenses		
Directors' compensation	174,280	185,400
Salaries and allowances	11,992,955	13,095,295
Employees' bonuses	284,954	287,756
Provision for bonuses	268,467	278,038
Welfare expenses	1,005,468	1,121,662
Retirement benefit expenses	207,339	229,237
Utilities expenses	1,678,394	1,729,141
Supplies expenses	1,130,375	1,186,236
Rent expenses	4,048,411	4,369,134
Repair expenses	439,064	515,904
Depreciation	1,360,673	1,454,448
Miscellaneous expenses	2,974,872	3,473,567
Amortization of goodwill	89,909	137,831
Total selling, general and administrative expenses	25,655,166	28,063,655
Operating profit	542,166	405,912
Non-operating income		
Interest income	14,189	14,989
Dividends income	17,762	17,752
Rental income	100,153	70,817
Foreign exchange gains	--	87,241
Miscellaneous income	50,295	55,127
Total non-operating income	182,400	245,928
Non-operating expenses		
Interest expenses	138,821	129,449
Rental expenses on real estates	81,227	64,769
Foreign exchange loss	65,798	--
Stock issuance cost	28,261	--
Miscellaneous loss	49,031	40,728

(Thousand yen; △ means decrease)

	Previous Consolidated Fiscal Year (Apr.1, 2015 - Mar.31, 2016)	Current Consolidated Fiscal Year (Apr.1, 2016 - Mar.31, 2017)
Total non-operating expenses	363,140	234,947
Ordinary profit	361,427	416,893
Extraordinary loss		
Loss on retirement of fixed assets	*1 17,510	*1 22,702
Loss on sales of fixed assets	*2 13,128	--
Loss on valuation of investment securities	--	59,315
Loss on cancellation of leasehold contracts	5,541	410
Impairment loss	*3 68,256	*3 132,172
Provision for loss on store closing	8,599	--
Transferred lump sum	--	48,517
Loss on store closing	--	888
Total extraordinary loss	113,036	264,007
Current net profit before income tax and other adjustments	248,390	152,885
Corporate tax, residential tax and business tax	339,772	337,326
Income tax adjustment	△70,257	46,607
Total income tax	269,514	383,934
Net loss for the period	△21,124	△231,048
Net profit/loss attributable to interest of minority shareholders	△27,999	2,992
Net profit/loss attributable to shareholders of parent company	6,875	△234,040

(Consolidated comprehensive profit statement)

(Thousand yen; Δ means decrease)

	Previous Consolidated Fiscal Year (Apr.1, 2015 - Mar.31, 2016)	Current Consolidated Fiscal Year (Apr.1, 2016 - Mar.31, 2017)
Net loss for this period	Δ 21,124	Δ 231,048
Other comprehensive profit		
Valuation difference on available-for-sale securities	Δ 119,441	127,644
Revaluation reserve for land	14,374	22,520
Total other comprehensive profit	* Δ 105,067	*150,165
Comprehensive profit	Δ 126,191	Δ 80,882
(detail)		
Comprehensive profit for shareholders of parent company	Δ 98,191	Δ 83,874
Comprehensive profit attributable to minority shareholders	Δ 27,999	2,992

(3) Consolidated Statements of Shareholders' Equity

Previous Consolidated Fiscal Year (Apr.1, 2015 - Mar.31, 2016)

(Thousand yen; △ means decrease)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	6,361,756	2,810,575	1,535,148	△129	10,707,350
Change of items during the period					
Issuance of new shares	2,171,100	2,171,100			4,342,200
Dividend of surplus			△141,044		△141,044
Net profit/loss attributable to shareholders of parent company			6,875		6,875
Purchase of treasury stock				△43	△43
Changes of items other than shareholders' equity (net)					
Total changes of items during the period	2,171,100	2,171,100	△134,169	△43	4,207,986
Balance at the end of current period	8,532,856	4,981,675	1,400,978	△173	14,915,337

	Accumulated other comprehensive profit			Interest of minority shareholders	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive profit		
Balance at the beginning of current period	228,418	△614,436	△386,018	135,607	10,456,940
Changes of items during the period					
Issuance of new shares					4,342,200
Dividend of surplus					△141,044
Net profit/loss attributable to shareholders of parent company					6,875
Purchase of treasury stock					△43
Changes of items other than shareholders' equity (net)	△119,441	14,374	△105,067	△27,999	△133,066
Total change of items during the period	△119,441	14,374	△105,067	△27,999	4,074,920
Balance at the end of current period	108,976	△600,061	△491,085	107,608	14,531,860

Current Consolidated Fiscal Year (Apr.1, 2016 - Mar.31, 2017)

(Thousand yen; △ means decrease)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	8,532,856	4,981,675	1,400,978	△173	14,915,337
Changes of items during the period					
Issuance of new shares					
Dividend of surplus			△166,044		△166,044
Net profit/loss attributable to shareholders of parent company			△234,040		△234,040
Purchase of treasury stock				△41	△41
Changes of items other than shareholders' equity (net)					
Total change of items during the period			△400,084	△41	△400,126
Balance at the end of current period	8,532,856	4,981,675	1,000,894	△214	14,515,211

	Accumulated other comprehensive profit			Interest of minority shareholders	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive profit		
Balance at the beginning of current period	108,976	△600,061	△491,085	107,608	14,531,860
Changes of items during the period					
Issuance of new shares					
Dividend of surplus					△166,044
Net profit/loss attributable to shareholders of parent company					△234,040
Purchase of treasury stock					△41
Changes of items other than shareholders' equity (net)	127,644	22,520	150,165	2,992	153,157
Total change of items during the period	127,644	22,520	150,165	2,992	△246,968
Balance at the end of current period	236,621	△577,541	△340,919	110,600	14,284,892

(4) Consolidated Cash Flow Statement

(Thousand yen; △ means decrease)

	Previous Consolidated Fiscal Year (Apr.1, 2015 - Mar.31, 2016)	Current Consolidated Fiscal Year (Apr.1, 2016 - Mar.31, 2017)
Cash flow from operating activities		
Net profit before income taxes	248,390	152,885
Depreciation	1,369,980	1,466,348
Amortization of goodwill	89,909	137,831
Impairment loss	68,256	132,172
Increase/decrease in reserve for bonuses (△ means decrease)	△199,050	8,927
Increase/decrease in allowance for doubtful accounts (△ means decrease)	△1,637	△1,558
Increase/decrease in provision for directors' retirement benefits (△ means decrease)	△1,825	--
Increase/decrease in provision for loss on store closing (△ means decrease)	8,599	△8,599
Interest and dividends income	△31,951	△32,741
Interest expenses	138,821	129,449
Profit/loss on valuation of investment securities (△ means profit)	--	59,315
Profit/loss on sales of fixed assets (△ means profit)	13,128	--
Loss on retirement of fixed assets	17,510	22,702
Loss on cancellation of leasehold contracts	5,541	--
Transferred lump sum	--	48,517
Loss on store closing	--	888
Increase/decrease on trade receivables (△ means increase)	△61,168	△98,876
Increase/decrease in inventories (△ means increase)	△64,090	△100,383
Increase/decrease on accounts payable (△ means decrease)	68,313	194,832
Increase/decrease in accrued accounts (△ means decrease)	450,095	△215,479
Increase/decrease in consumption tax refunds receivable (△ means decrease)	△349,803	△17,182
Others	87,094	85,754
Subtotal	1,856,114	1,964,804
Interest and dividend income received	17,608	17,723
Interest expenses paid	△140,702	△128,682
Income tax refund	--	40,865
Income taxes paid	△471,389	△257,326
Cash flow from operating activities	1,261,631	1,637,384
Cash flow from investment activities		
Expense from payment of fixed-term deposits	△1,000,000	△333,986
Proceeds from withdrawal of fixed-term deposits	992,719	365,541
Expenses acquiring tangible fixed assets	△867,749	△1,333,077
Proceeds from sales of tangible fixed assets	4,382	825
Expenses from purchasing investment securities	△21,147	△9,842
Expenses from acquiring intangible fixed assets	△242,834	△206,850
Proceeds from sales of intangible fixed assets	24,443	--
Expenses from acquiring shares in a subsidiary resulting in change in scope of consolidation	--	*2 △2,381,665
Expenses from purchasing stocks of subsidiaries and affiliates	△118,288	△116,230
Expenses from payment of guarantee deposits	△102,535	△87,097
Proceeds from collection of guarantee deposits	105,422	66,741
Expenses from payment of construction assistance fund receivables	△278,437	△249,312
Proceeds from collection of construction assistance fund receivables	95,466	89,987

Others	△170,874	△138,165
Cash flow from investment activities	△1,579,430	△4,333,129
Cash flow from financial activities		
Proceeds from long-term loans payable	2,000,000	2,050,000
Expenses from repayment of long-term loans payable	△2,605,139	△2,633,023
Expenses from repayment of finance lease obligations	△221,011	△222,427
Proceeds from issuance of bonds	--	3,858,819
Expenses from redemption of bonds	△100,000	△190,000
Proceeds from issuance of stocks	4,313,938	--
Expenses from acquisition of treasury stock	△43	△41
Dividends paid	△141,044	△166,044
Cash flow from financial activities	3,246,698	2,697,282
Effect of exchange rate fluctuation on cash and cash equivalents	155,174	△85,880
Increase/decrease in cash and cash equivalents (△ means decrease)	3,084,073	△84,343
Balance of cash and cash equivalents at the beginning of the period	5,532,308	8,616,381
Balance of cash and cash equivalents at the end of the period	*1 8,616,381	*1 8,532,038