

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

[Japan GAAP] (Consolidated)

May 9, 2017

C o m p a n y	JP-HOLDINGS, INC.	Listed on the TSE 1
Stock Code	2749	URL: http://www.jp-holdings.co.jp
Representative	Kazuhiro Ogita, President and Representative Director	
C o n t a c t	Mika Matsumiya, General Manager of Administration Div.	T E L: +81-52-933-5419
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 institutional investors, analysts and individual investors)	

(Rounded down to million yen)

1. Consolidated business results for the fiscal 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	22,800	10.9	1,263	-31.1	1,445	-23.3	677	-43.3
Year ended Mar. 2016	20,552	15.0	1,834	28.2	1,884	15.2	1,195	19.1

(Note) Comprehensive income:

Year ended March 2017: 691 million yen (-38.8%)

Year ended March 2016: 1,130 million yen (16.3%)

	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	8.06	-	9.9	6.3	5.5
Year ended Mar. 2016	14.32	-	19.4	9.3	8.9

(Reference) Investment earnings/loss on equity-method:

Year ended March 2017: - million yen

Year ended March 2016: - 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. 31, 2017	24,191	7,161	29.6	84.52
As of Mar. 31, 2016	21,519	6,570	30.5	78.68

(Reference) Shareholders' equity:

As of March 31, 2017: 7,157 million yen

As of March 31, 2016: 6,566 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	1,878	-3,305	1,646	4,017
Year ended Mar. 2016	1,804	-2,449	1,553	3,798

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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 2016	-	0.00	-	5.00	5.00	439	34.9	6.8
Year ended Mar. 2017	-	0.00	-	2.50	2.50	219	31.0	3.1
Year ending Mar. 2018 (forecast)	-	0.00	-	3.00	3.00		32.4	

(Note) The total amount of dividends for the fiscal year ended March 2017 includes 7 million yen of dividend on the company's share held by Trust & Custody Services Bank, Ltd. as trust property of "Stock Benefit Trust (Employee Stock Ownership Plan)".

3. Forecast of consolidated business results for the fiscal 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
Year ending Mar. 2018	26,125	14.6	1,157	-8.4	1,400	-3.1	777	14.8	9.25

*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

- ① Changes in accounting policies associated with revision of accounting standards: : None
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement : None

(3) Shares outstanding (common stock)

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

As of March 31, 2017 87,849,400 shares

As of March 31, 2016 87,849,400 shares

② Treasury stock at the end of period:

As of March 31, 2017 3,164,106 shares

As of March 31, 2016 4,394,106 shares

③ Average number of stock during period

Year ended March 31, 2017 84,093,963 shares

Year ended March 31, 2016 83,455,294 shares

(Note) The number of treasury stock deducted for the calculation of the number of treasury stock at the end of period and the average number of stock during period for the fiscal year ended March 2017 includes the company's shares held by Trust & Custody Services Bank, Ltd. as trust property of "Stock Benefit Trust (Employee Stock Ownership Plan)".

(Reference) Summary of non-consolidated business results**1. Non-consolidated business results for the fiscal 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	1,530	28.1	463	3.9	738	24.6	606	42.6
Year ended Mar. 2016	1,194	15.5	446	-7.2	592	-22.3	425	-28.3

	Net income per share		Diluted net income per share	
	Yen		Yen	
Year ended Mar. 2017	7.21		-	
Year ended Mar. 2016	5.10		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Mar. 31, 2017	17,720		3,825		21.6		45.18	
As of Mar. 31, 2016	15,243		3,301		21.7		39.56	

(Reference) Shareholders' equity:

As of March 31, 2017: 3,825 million yen

As of March 31, 2016: 3,301 million yen

*** Financial summary is not subject to auditing procedures***** 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. Actual results may differ significantly from the forecasts due to various factors.
- The company plans to hold results briefing for institutional investors and analysts on May 10, 2017 (Wednesday) and briefing for individual investors on May 27, 2017 (Saturday). After the results briefing, the company will promptly post presentation materials distributed at the results briefing on the company website. Please confirm the results briefing schedule and other information on the company website.

○Table of Contents of the Appendix

1. Summary of Operating Results.....	2
(1) Summary of operating results for the current fiscal year	2
(2) Summary of financial condition in the current fiscal year	3
(3) Summary of cash flow in the current fiscal year.....	4
(4) Future outlook.....	6
2. Basic Policies regarding the Selection of Accounting Standards	6
3. Consolidated Financial Statements and Major Notes.....	7
(1) Consolidated Balance Sheet.....	7
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.....	9
(3) Consolidated Statements of Changes in Shareholders' Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes on the Consolidated Financial Statements	15
(Notes on going concern assumption)	15
(Additional information)	15
(Segment Information)	15
(Per-stock Information)	16
(Significant events after the reporting period).....	16

1. Summary of Operating Results

(1) Summary of operating results for the current fiscal year

The Japanese economy during the current consolidated fiscal year was in the phase of gradual recovery as consumer spending has been firm due to improved employment and income situations. However, the situation remains uncertain, with the global economy being highly volatile as the worry over the economic slowdown in the emerging Asian countries including China persists and this is compounded by the Brexit problem and the influence of the US presidential election.

In the nursery service environment, there is a nationwide tendency to increase the number of nursery schools at a local authority level to reduce the number of children on waiting lists. The government's "Acceleration Plan for Reducing Wait-listed Children" aimed at increasing the employment rate of women, is now proposing a net increase of childcare capacity at 530,000 persons (including the capacity increase of the business-led childcare projects), therefore the market size is looking to increase continually.

The number of children on waiting lists in Japan is 23,553 as of April 2016 (up 386 year on year). This problem continues to attract a great deal of interest from the society, as the government postpones the target date to completely eliminate the children on waiting lists until the end of 2019 along with an increase in the number of active women.

In such an environment, our group managed to newly open 13 nursery schools (Tokyo 3, Kanagawa 1, Aichi 2, Miyagi 1, Yamagata 1, Fukushima 1, Shiga 1, Osaka 1, Fukuoka 1, Okinawa 1), 8 school clubs (Tokyo 6, Aichi 2), 3 children's houses (Tokyo 1, Aichi 2), and a private school club (Tokyo 1).

In addition to the above, our group obtained the stocks of Sotetsu Amenity Life K.K. on September 30, 2016 and turned it into our subsidiary as Amenity Life Inc. Accordingly we are now operating the following additional facilities: 4 nursery schools (GENKIDS Ryokuen-toshi Nursery School, GENKIDS Seya Nursery School, GENKIDS Izumi-chuo Nursery School, GENKIDS Hoshikawa Nursery School), and 3 private school clubs (Elfikids Futamatagawa, Elfikids Ryokuen-toshi, Elfikids Turugamine).

As a result, as of the end of March 2017, the total number of our nursery schools stands at 172; school clubs at 63; children's houses at 12; and private school clubs at 4, at a grand total of 251 childcare support facilities.

Incidentally, the Ryuhoku Nursery School that we had been operating since April 2013 was relocated and reopened in July 2016 as the licensed Asc Ryuhoku Nursery School.

In summary, our group's consolidated sales were 22,800 million yen (up 10.9% year on year), operating income 1,263 million yen (down 31.1% year on year) and ordinary income 1,445 million yen (down 23.3% year on year), therefore the net income attributable to owners of parent is 677 million yen (down 43.3% year on year).

(2) Summary of financial condition in the current fiscal year

The financial condition at the end of the current consolidated fiscal year reported the total assets of 24,191 million yen (up 2,672 million yen from the end of the previous fiscal year).

Current assets were 7,254 million yen (up 300 million yen from the end of the previous fiscal year): this was mainly because the cash and cash deposits grew by 239 million yen and other assets grew by 135 million yen, while the accounts receivable decreased by 71 million yen.

Fixed assets totaled 16,936 million yen (up 2,371 million yen from the end of the previous fiscal year). This was due to an increase in the following assets among others: buildings and structures (949 million yen); long-term loans (294 million yen); goodwill (288 million yen); investment securities (316 million yen); intangible fixed assets (222 million yen); investment and other assets (112 million yen); and deferred tax assets (149 million yen).

Total liabilities were 17,030 million yen (up 2,081 million yen from the end of the previous fiscal year).

Current liabilities were 6,421 million yen (up 471 million yen from the end of the previous fiscal year) and this is due to an increase in the following among others: current portion of long-term loans payable (314 million yen); others (157 million yen); note and accounts payable (139 million yen); allowance for bonuses (64 million yen); and a decrease in the accrued consumption taxes, etc. (200 million yen).

Fixed liabilities were 10,608 million yen (up 1,610 million yen from the end of the previous fiscal year) and this is due to an increase in the following among others: long-term debt (1,398 million yen); liabilities related to retirement benefits (93 million yen); asset retirement obligations (79 million yen); and others (40 million yen).

Total net assets at the end of the current consolidated fiscal year were 7,161 million yen (up 590 million yen from the end of the previous fiscal year) and this is due to an increase in the following among others: retained earnings (238 million yen); valuation difference on available-for-sale securities, etc. (18 million yen); and a decrease in treasury stock (338 million yen).

(3) Summary of cash flow in the current fiscal year

Cash and cash equivalents (hereinafter referred to as “the funds”) for the current consolidated fiscal year were 1,878 million yen from the funds obtained through operating activities; 3,305 million yen paid out in investing activities; and 1,646 million yen obtained through financing activities, totaling 4,017 million yen, up 218 million yen from the end of the previous fiscal year.

The cash flow situations and their reasons for the current consolidated fiscal year are as follows:

[Cash flows from operating activities]

The funds obtained through operating activities were 1,878 million yen (1,804 million yen during the previous consolidated fiscal year).

This is due to the following: net income before income taxes and others (1,051 million yen); depreciation costs (653 million yen); impairment loss (391 million yen); decrease in accounts receivable (207 million yen); and increase in note and accounts payable and accrued expenses (204 million yen); but there was the payment of corporate tax, etc. (783 million yen).

Compared to the previous consolidated fiscal year, the funds obtained increased by 74 million yen. This is, while the net income before income taxes and others decreased by 744 million yen, there was an increase in the following: accounts receivable (392 million yen); impairment loss (307 million yen); and note and accounts payable and accrued expenses (118 million yen).

[Cash flows from investing activities]

Total expenditures of the funds towards the investing activities were 3,305 million yen (2,449 million yen during the previous consolidated fiscal year).

This is due to the following, despite the income through the collection of long-term loans receivable (201 million yen): expenditure towards purchase of property, plant and equipment (2,023 million yen); long-term loan expenditures (515 million yen); expenditures towards obtaining investment securities (367 million yen); and expenditures towards obtaining investments in subsidiaries resulting in change in scope of consolidation (349 million yen).

Compared to the previous consolidated fiscal year, the fund expenditures increased by 855 million yen. This is, while the revenue from the sales and redemption of investment securities decreased by 300 million yen, there was an increase in the following: expenditures towards obtaining investments in subsidiaries resulting in change in scope of consolidation (349 million yen) and expenditure towards intangible fixed assets obtained (130 million yen).

[Cash flows from financing activities]

Total increase of the funds from the financing activities was 1,646 million yen (1,553 million yen during the previous consolidated fiscal year).

This is due to an increase in the following, despite the income through long-term debt (5,062 million yen) and the disposal of treasury stock (369 million yen): repayments of long-term loans (3,348 million yen) and payment of dividends (436 million yen).

Compared to the previous consolidated fiscal year, the funds increased by 92 million yen. This is, while the revenue from the disposal of treasury shares increased by 369 million yen and the income through long-term debt increased by 216 million yen, there was an increase in the following: expenditures towards repayment of long-term debt (390 million yen) and the payment of dividends (102 million yen).

The related index of our group's cash flow is as follows:

	FY3/15	FY3/16	FY3/17
Shareholders' equity ratio (%)	30.2	30.5	29.6
Shareholders' equity ratio against current price (%)	154.1	159.0	98.0
Cash flow to interest-bearing debts ratio (years)	7.3	6.3	7.0
Interest coverage ratio (x)	32.9	49.4	36.5

Notes:

Shareholders' equity ratio = shareholders' equity/total assets

Shareholders' equity ratio against current price = total current stock price/total assets

Cash flow to interest-bearing debts ratio = interest-bearing debts/cash flow

Interest coverage ratio = cash flow/interest payment

[Note 1] All calculated based on consolidated fiscal amounts.

[Note 2] Total current stock price calculated based on the total number of stocks issued *minus* treasury shares.

[Note 3] Cash flow here signifies operating cash flow.

[Note 4] Interest-bearing debts here include all the debts that incur interests and appropriated on the consolidated balance sheet.

(4) Future outlook

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; therefore they are not meant to guarantee the realization of such forecasts by our company.

The details of the nursery facilities that were newly commissioned during the fiscal year ended March 2017 and operational as of April 1, 2017 by our group are as follows:

Nursery schools: 10 schools

Miyagi 1; Tokyo 5; Kanagawa 2; Fukuoka 1; Okinawa 1

School clubs: 8 clubs

Tokyo 8

Private school club: 1 club

Kanagawa 1

Separate from the above facilities, we have transformed, relocated and reopened the existing Tokyo licensed nursery schools (Asc Kagurazaka Nursery School and Asc Hibarigaoka Nursery School) as the licensed nursery schools.

Additionally, we are planning to open another licensed nursery school after July 2017.

The forecast for the consolidated business performance of the next fiscal year includes the further increased sales due to the increase in the number of children accepted, while improved treatments and strengthened recruitment activities for childcare workers as well as the new business projects will incur increased costs, resulting in a reduced ordinary income.

Therefore the forecast of the consolidated business performance of the next fiscal year is as follows: net sales 26,125 million yen; operating income 1,157 million yen; and ordinary income 1,400 million yen.

2. Basic Policies regarding the Selection of Accounting Standards

Our group produces the financial statements based on the Japanese standard, while taking into consideration the comparabilities of various financial statement terms as well as those of various companies. Incidentally, the application of international accounting standards will be appropriately enforced, in consideration of various situations inside and outside Japan.

[Consolidated Financial Statements and Major Notes]

[Consolidated Balance Sheet]

(Thousand yen)

	Previous Fiscal Year (March 31, 2016)	Current Fiscal Year (March 31, 2017)
Assets		
Current assets		
Cash and deposits	3,777,936	4,017,591
Notes and accounts receivable-trade	41,839	50,552
Investment securities	21,027	-
Inventories	98,453	108,701
Deferred tax assets	442,078	441,601
Accounts receivable - other	1,770,729	1,698,958
Other	802,493	937,974
Allowance for doubtful accounts	-549	-766
Total current assets	6,954,010	7,254,615
Fixed assets		
Tangible fixed assets		
Buildings and structures	8,404,192	10,296,859
Accumulated depreciation and impairment loss	-2,448,271	-3,391,122
Buildings and structures, net	5,955,921	6,905,736
Machinery, equipment and vehicles	9,148	5,665
Accumulated depreciation	-4,130	-1,370
Machinery, equipment and vehicles, net	5,017	4,294
Tools, furniture and fixtures	484,281	614,965
Accumulated depreciation and impairment loss	-284,812	-381,429
Tools, furniture and fixtures, net	199,469	233,536
Land	980,894	980,894
Construction in progress	1,759,076	1,694,631
Total tangible fixed assets	8,900,378	9,819,092
Intangible fixed assets		
Goodwill	-	288,666
Other	12,135	234,792
Total intangible fixed assets	12,135	523,458
Investments and other assets		
Investment securities	313,534	629,836
Long-term loans receivable	2,881,772	3,176,073
Guarantee deposits	1,628,547	1,701,345
Deferred tax assets	164,472	313,730
Other	679,407	791,899
Allowance for doubtful accounts	-15,213	-18,574
Total investments and other assets	5,652,521	6,594,310
Total fixed assets	14,565,035	16,936,862
Total assets	21,519,046	24,191,477

(Thousand yen)

	Previous Fiscal Year (March 31, 2016)	Current Fiscal Year (March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	191,107	214,960
Current portion of long-term loans payable	2,935,368	3,250,349
Accounts payable – other	691,961	831,399
Income taxes payable	364,677	164,448
Accrued consumption taxes	67,491	51,182
Reserve for bonuses	334,000	398,839
Asset retirement obligation	23,892	10,726
Deferred tax liabilities	-	577
Other	1,341,386	1,498,695
Total current liabilities	5,949,884	6,421,178
Fixed liabilities		
Long-term loans payable	8,457,330	9,855,493
Deferred tax liabilities	2,240	1,668
Net defined benefit liability	377,714	471,565
Long-term accounts payable - other	4,950	3,700
Asset retirement obligation	156,505	235,619
Other	-	40,923
Total fixed liabilities	8,998,740	10,608,970
Total liabilities	14,948,625	17,030,149
Net assets		
Shareholders' equity		
Capital	1,603,955	1,603,955
Capital surplus	1,449,544	1,449,544
Retained earnings	4,798,586	5,037,085
Treasury stock	-1,208,168	-869,918
Total shareholders' equity	6,643,918	7,220,667
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-52,792	-34,596
Deferred gains or losses on hedges	-	852
Remeasurements of defined benefit plans	-24,742	-29,580
Total accumulated other comprehensive income	-77,534	-63,324
Non-controlling interests	4,036	3,985
Total net assets	6,570,420	7,161,328
Total liabilities and net assets	21,519,046	24,191,477

[Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]
[Consolidated Statement of Income]

(Thousand yen)

	Previous Fiscal Year (April 1, 2015– March 31, 2016)	Current Fiscal Year (April 1, 2016– March 31, 2017)
Net sales	20,552,867	22,800,084
Cost of sales	16,898,400	19,054,064
Gross profit	3,654,466	3,746,020
Selling, general and administrative expenses	1,819,495	2,482,035
Operating income	1,834,970	1,263,984
Non-operating revenues		
Interest income	57,337	85,298
Guarantee commission received	5,467	65,608
Subsidy income	57,894	86,518
Other	15,578	14,421
Total non-operating revenues	136,277	251,847
Non-operating expenses		
Interest expenses	38,716	49,808
Commission fee	22,795	9,339
Rights on issuance of new shares	16,314	-
Physically handicapped employment levy	6,950	4,625
Other	2,177	6,149
Total non-operating expenses	86,953	69,923
Ordinary income	1,884,295	1,445,908
Extraordinary income		
Gain on sales of fixed assets	-	400
Extraordinary income	-	400
Extraordinary loss		
Loss on retirement of fixed assets	4,270	3,415
Loss on impairment long-lived asset of facilities	37,534	391,040
Loss on impairment long-lived asset of Tokyo branch	45,943	-
Total extraordinary loss	87,748	394,455
Income before income taxes and others	1,796,546	1,051,852
Corporate, inhabitant and enterprise taxes	703,274	502,942
Income taxes-deferred	-102,069	-128,775
Total income taxes	601,204	374,166
Net income	1,195,342	677,686
Net loss attributable to non-controlling interests	-74	-51
Net income attributable to owners of parent	1,195,416	677,737

[Consolidated Statement of Comprehensive Income]

(Thousand yen)

	Previous Fiscal Year (April 1, 2015– March 31, 2016)	Current Fiscal Year (April 1, 2016– March 31, 2017)
Net income	1,195,342	677,686
Other comprehensive income		
Valuation difference on available-for-sale securities	-53,571	18,195
Deferred gains or losses on hedges	-	852
Remeasurements of defined benefit plans	-11,535	-4,838
Total other comprehensive income	-65,107	14,210
Comprehensive income	1,130,234	691,896
(Breakdown)		
Comprehensive income attributable to owners of parent	1,130,309	691,947
Comprehensive income attributable to non-controlling interests	-74	-51

[Consolidated Statements of Changes in Shareholders' Equity]

Previous Fiscal Year (April 1, 2015–March 31, 2016)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,000,000	845,589	3,936,990	-258	5,782,322
Changes of items during the period					
Issuance of new shares	603,955	603,955			1,207,910
Dividends from surplus			-333,821		-333,821
Net income attributable to owners of parent			1,195,416		1,195,416
Purchase of treasury stock				-1,207,910	-1,207,910
Disposal of treasury stock				-	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	603,955	603,955	861,595	-1,207,910	861,595
Balance at the end of current period	1,603,955	1,449,544	4,798,586	-1,208,168	6,643,918

	Total accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	779	-	-13,206	-12,427	4,111	5,774,006
Changes of items during the period						
Issuance of new shares						1,207,910
Dividends from surplus						-333,821
Net income attributable to owners of parent						1,195,416
Purchase of treasury stock						-1,207,910
Disposal of treasury stock						-
Net changes of items other than shareholders' equity	-53,571	-	-11,535	-65,107	-74	-65,182
Total changes of items during the period	-53,571	-	-11,535	-65,107	-74	796,413
Balance at the end of current period	-52,792	-	-24,742	-77,534	4,036	6,570,420

[Consolidated Statements of Changes in Shareholders' Equity]

Current Fiscal Year (April 1, 2016–March 31, 2017)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,603,955	1,449,544	4,798,586	-1,208,168	6,643,918
Changes of items during the period					
Issuance of new shares	-	-			-
Dividends from surplus			-439,238		-439,238
Net income attributable to owners of parent			677,737		677,737
Purchase of treasury stock				-	-
Disposal of treasury stock				338,250	338,250
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	238,499	338,250	576,749
Balance at the end of current period	1,603,955	1,449,544	5,037,085	-869,918	7,220,667

	Total accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	-52,792	-	-24,742	-77,534	4,036	6,570,420
Changes of items during the period						
Issuance of new shares						-
Dividends from surplus						-439,238
Net income attributable to owners of parent						677,737
Purchase of treasury stock						-
Disposal of treasury stock						338,250
Net changes of items other than shareholders' equity	18,195	852	-4,838	14,210	-51	14,159
Total changes of items during the period	18,195	852	-4,838	14,210	-51	590,908
Balance at the end of current period	-34,596	852	-29,580	-63,324	3,985	7,161,328

[Consolidated Statement of Cash Flows]

(Thousand yen)

	Previous Fiscal Year (April 1, 2015– March 31, 2016)	Current Fiscal Year (April 1, 2016– March 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,796,546	1,051,852
Depreciation and amortization	605,292	653,659
Impairment loss	83,477	391,040
Amortization of goodwill	-	15,192
Increase (decrease) in allowance for doubtful accounts	-1,414	3,578
Increase (decrease) in provision for bonuses	-	38,070
Increase (decrease) in provision for directors' bonuses	-55,000	-
Increase (decrease) in liabilities relating to retirement benefits	45,830	58,998
Increase (decrease) in provision for directors' retirement benefits	-61,140	-
Interest and dividends income	-57,547	-87,919
Interest expenses	38,716	49,808
Loss (gain) on sale of investment securities	-	3,102
Loss (gain) on sales of fixed assets	-	-400
Loss on retirement of fixed assets	4,270	3,415
Decrease (increase) in notes and accounts receivable-trade	16,181	-5,190
Decrease (increase) in inventories	43,852	-10,248
Decrease (increase) in accounts receivable - other	-184,802	207,645
Decrease (increase) in accrued consumption taxes	-80,897	-14,327
Decrease (increase) in notes and accounts payable-trade	-18,752	23,852
Decrease (increase) in accounts payable - other and accrued expenses	85,444	204,142
Increase (decrease) in accrued consumption taxes	-3,271	-16,308
Increase (decrease) in advances received	245,646	47,819
Decrease (increase) in other current assets	-18,605	9,293
Decrease (increase) in other fixed assets	-23	18,130
Increase (decrease) in other current liabilities	10,338	31,521
Increase (decrease) in other fixed liabilities	4,950	11,676
Subtotal	2,499,092	2,688,407
Interest and dividends income received	18,167	24,120
Interest expenses paid	-36,507	-51,410
Income taxes paid	-676,733	-783,076
Net cash provided by (used in) operating activities	1,804,019	1,878,041

(Thousand yen)

	Previous Fiscal Year (April 1, 2015– March 31, 2016)	Current Fiscal Year (April 1, 2016– March 31, 2017)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-1,971,194	-2,023,401
Purchase of intangible assets	-2,084	-132,696
Proceeds from sales of property, plant and equipment	12,450	400
Proceeds from sales and redemption of investment securities	300,000	-
Proceeds from cancellation of investment securities	8,144	97,692
Purchase of investment securities	-296,771	-367,651
Payments for guarantee deposits	-187,577	-115,920
Proceeds from collection of guarantee deposits	41,957	51,957
Payments of long-term loans receivable	-504,000	-515,300
Collection of long-term loans receivable	190,730	201,518
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-349,337
Other payments	-41,136	-152,732
Net cash provided by (used in) investing activities	-2,449,480	-3,305,471
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	-	1,500,000
Repayments of short-term loans payable	-	-1,500,000
Proceeds from long-term loans payable	4,845,910	5,062,000
Repayments of long-term loans payable	-2,958,090	-3,348,855
Repayments of finance lease obligations	-884	-
Proceeds from issuance of common shares	1,207,910	-
Cash dividends paid	-333,819	-436,275
Proceeds from disposal of treasury shares	-	369,189
Purchase of treasury shares	-1,207,910	-
Net cash provided by (used in) financing activities	1,553,116	1,646,058
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	907,654	218,627
Cash and cash equivalents at beginning of period	2,891,309	3,798,964
Cash and cash equivalents at end of period	3,798,964	4,017,591

(5) Notes on the consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Additional information)

[Application of policy regarding the retrieval of the deferred tax assets]

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

We have started utilizing the “policy regarding the retrieval of the deferred tax assets” (Corporate Accounting Standards Policy No.26, March 28, 2016) since the current consolidated fiscal year.

[Trading regarding the stock distribution trust (employee stock ownership disposal type)]

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

At our company, we have a “stock distribution trust (employee stock ownership disposal type)” (hereinafter referred to as “this system”) to improve the welfare of our employees as well as to provide the incentive for the added corporate value.

(1) Summary of trading

This system is an incentive plan to return the stock appreciation merits of our company to all employees who are members of the “JP Employees Stock Ownership” (hereinafter referred to as “the stock ownership”).

In this system, our company is bound by the stock distribution trust contract (employee stock ownership disposal type) (hereinafter referred to as “this trust contract”) with our company as the trustor and Mizuho Trust & Banking Co., Ltd. as the trustee. The trust set up in accordance with this trust contract is referred to as “this trust.”

Additionally, Mizuho Trust & Banking Co., Ltd. is bound by the re-trust contract with Trust & Custody Services Bank, Ltd. (hereinafter referred to as “Trust E Bank”) with the said bank as the re-trustee to re-trust the management of the trust assets such as securities.

In the future, Trust E Bank will obtain in bulk the stocks of our company that are to be acquired by the stock ownership in advance, and it will sell the stocks according to the stock purchases by the stock ownership. Should the equivalent amount to the profit from sales of stocks accumulate in this trust’s assets through the sale by Trust E Bank to the stock ownership before the termination of the trust, this will be distributed to the members of the stock ownership who fulfill the beneficiary qualifications as the residuary assets. Our company guarantees the trust banks’ loans to obtain the treasury shares; therefore, should there be a residuary liability equivalent to the loss on the sales of stocks due to the reasons such as nosedive of our share prices at the completion of the trust, our company will compensate for the said liability according to the guarantee contract.

(2) Own stocks remaining in the trust

Our company appropriates the own shares remaining in the trust as the treasury shares as part of the net assets through the book value of the trust (except for the incidental expenses). The book value and the number of stocks of the treasury shares are 1,207,910 thousand yen and 4,392,400 stocks at the end of the previous consolidated fiscal year, and 869,660 thousand yen and 3,162,400 stocks at the end of the current consolidated fiscal year.

(3) Book value of debts appropriated by the gross price method

End of the previous consolidated fiscal year: 1,207,910 thousand yen

End of the current consolidated fiscal year: 915,102 thousand yen

(Segment Information)

As our group operates within one single segment (nursery service), we have omitted the descriptions as such.

(Per-stock Information)

	Previous Fiscal Year (April 1, 2015– March 31, 2016)	Current Fiscal Year (April 1, 2016– March 31, 2017)
Net assets per share	78.68 yen	84.52 yen
Net income per share	14.32 yen	8.06 yen

Notes:

1. Diluted net income per share is omitted as there are no dilutive shares.
2. The own stocks remaining in the trust as appropriated as the treasury stock in the capital stock are, according to the calculation of net income per share, included as the treasury shares that are deducted from the mid-term average number of stocks, and according to the calculation of net assets per share, are included in the number of treasury shares that are deducted from the total number of stocks issued at the end of term. According to the calculation of net income per share, mid-term average number of said treasury shares deducted was 3,753,731 stocks during the current consolidated fiscal year. According to the calculation of net assets per share, the number of deducted end-of-term treasury shares was 3,162,400 stocks at the end of the current consolidated fiscal year.
3. The basis for calculating net income per share is as follows:

	Previous Fiscal Year (April 1, 2015– March 31, 2016)	Current Fiscal Year (April 1, 2016– March 31, 2017)
Net income (thousand yen)	1,195,416	677,737
Amount not belonging to ordinary stockholders (thousand yen)	N/A	N/A
Net income regarding the ordinary shares (thousand yen)	1,195,416	677,737
Mid-term average number of ordinary shares (stocks)	83,455,294	84,093,963

(Significant events after the reporting period)

Not applicable