

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017 [Japanese GAAP] (Consolidated)

November 11, 2016
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.
 Code Number: 6059 URL: <http://www.uchiyama-gr.jp>
 Representative: Fumiharu Uchiyama, President and Representative Director
 Contact Point: Takehiro Yamamoto, Senior Managing Director and Manager of Business Planning Office
 Phone: (093) 551-0002
 Scheduled Date of Dividend Payment Start: December 5, 2016
 Scheduled Date of Financial Statements Filing: November 14, 2016
 Supplementary materials for Financial Results: Yes
 Investor conference for Financial Results: Yes (For institutional investor and analysts)

(Amounts are rounded down to the nearest one million yen)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – September 30, 2016)

(1) Consolidated Financial Results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of patent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2017 2Q	12,135	3.5	216	182.1	350	118.3	209	(53.0)
FY 2016 2Q	11,727	1.0	76	(89.8)	160	(80.7)	445	(7.0)

(Note) Comprehensive income FY 2017 2Q: ¥203 million (-47.2%) FY 2016 2Q: 384 million (-21.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2017 2Q	10.79	10.77
FY 2016 2Q	20.60	20.57

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY 2017 2Q	30,480	15,038	49.3
FY 2016	30,912	15,285	49.4

(Reference) Equity capital: FY 2017 2Q: ¥15,038 million FY 2016: ¥15,284 million

2. Dividends

	Dividends per share				
	End of the 1Q	End of the 2Q	End of the 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2016	—	5.00	—	5.00	10.00
FY 2017	—	5.00			
FY 2017 (forecast)			—	5.00	10.00

(Note) Changes from the latest dividend forecast: None

The company will factor in the profit earned between April 1, 2016 and September 30, 2016 to the possible amount for distribution, and will prepare provisional financial statements with September 30, 2016 being the settlement date.

At the board meeting held today a vote has been taken on the aforementioned financial statements, and regarding the allotment of surplus (interim dividends) with September 30, 2016 as the reference date.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% of change from previous year for full year, same quarter of the previous year for 2Q)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of patent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	25,618	7.2	898	597.8	907	179.5	614	(37.5)	30.77

(Note) Changes from the latest financial forecast: None

*Notes

(1) Changes in significant subsidiaries (changes of specified subsidiaries resulting in changes in scope of consolidation) during the current term: None

(2) Application of the accounting procedures for producing quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements:

- 1) Changes in accounting policies due to revisions of accounting standards: Yes
- 2) Changes in accounting policies due to reasons other than above 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

Note: For details, please see the section “2. Notes on Summary Information (Notes) (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement” on page 4 of the Appendix.

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2017 2Q	21,618,800 shares	FY 2016	21,618,800 shares
2) Number of treasury stock at end of term	FY 2017 2Q	2,287,776 shares	FY 2016	1,652,676 shares
3) Average number of shares	FY 2017 2Q	19,408,894 shares	FY 2016 2Q	21,618,424 shares

* Information Regarding Implementation of Auditing Procedures

- The auditing procedures of the Financial Instruments and Exchange Act do not apply to this financial notice, and at the time of release it is being audited using procedures for financial statements.

* Statement regarding the proper use of financial forecasts and other remarks

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable. Actual financial results may significantly vary due to various factors. For assumptions used in forecasting financial results and precautions in using the financial projections, please refer to “Analysis Concerning Future Forecasts Including Consolidated Financial Projections” on page 3 of the Appendix.
- A meeting for explaining the businesses and results to individual investors will be held when necessary. For the schedule of the meeting, etc., please see the website of the company.

oTable of contents of the appendix

1. Analysis Concerning Results of Operations and Financial Condition	2
(1) Analysis Concerning Results of Operations.....	2
(2) Analysis Concerning Financial Situation	3
(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections	4
2. Notes on Summary Information (Notes)	5
(1) Important Transfers in Subsidiaries during the Consolidated Cumulative Second Quarter of This Fiscal Year.....	5
(2) Special Accounting Policies Applied in Preparation of the Quarterly Consolidated Financial Statements	5
(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement	5
(4) Additional Information	5
3. Consolidated Financial Statements.....	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
(3) Consolidated Statements of Cash Flows	10
(4) Notes Regarding Consolidated Financial Statements.....	12
(Notes regarding premise of a going concern).....	12
(Notes on significant changes in the amount of shareholders' equity).....	12
(Segment information, etc.).....	12

1. Analysis Concerning Results of Operations and Financial Condition

(1) Analysis Concerning Results of Operations

Future-related items mentioned in this document are based on the information available at our corporate group as of the last day of the current quarter of the consolidated accounting period, and include uncertain contents. Please keep in mind that they may be different from actual results.

(1) Performance situation

In the second quarter of the current consolidated fiscal year, the Japanese economy saw the deceleration of business results and a slump in the stock market due to the advancing appreciation of the yen, and both corporate profits and consumer spending were weak. In addition, despite the fact that the situation is gradually returning to normal after the Kumamoto Earthquake in mid-April, there are worries for the future of the global economy due to the UK's withdrawal from the EU and the deceleration of emerging nations' economies, including China, and the uncertain situation is still continuing.

Amid this business environment, our corporate group has carried out sales activities, etc. actively based on our business strategies in each segment. In addition, we made efforts to improve the added values of our services, by planning and implementing various measures for boosting synergetic effects among Nursing Care, Karaoke, and Restaurant Businesses.

As for expenditures, we streamlined our business administration by reducing costs, to stabilize our business performance. As a result, sales of the second quarter of the current consolidated fiscal year were 12,135,802 thousand yen (up 3.5% Year-on-Year (YoY)), operating income was 216,194 thousand yen (up 182.1% YoY), and ordinary income was 350,085 thousand yen (up 118.3% YoY). In the second quarter of the previous consolidated fiscal year, there was an extraordinary income of 557,283 thousand yen from the sale and leaseback of one paid elderly nursing home, and proceeds on sale of noncurrent assets, including karaoke equipment and land. However, as there was no extraordinary income in the second quarter of the current consolidated fiscal year, profit attributable to owners of patent decreased by 235,882 thousand yen to 209,449 thousand yen (down 53.0% YoY).

The results of each segment were as follows.

1) Nursing Care Business

For the Nursing Care Business segment, three new "Sawayaka Ai-no-ie" day service centers for after school support for children with disabilities were established, and our corporate group established its first office, "Home Nursing Station Yahata" in September. Accordingly, the number of sales footholds as of the end of the second quarter is 75 (141 offices). At existing facilities, we aimed to stabilize occupancy ratio and reduce the number of vacant rooms by promoting the cementing of cooperation with nearby hospitals and home care support offices by visiting them. We also announced that we would welcome elderly victims of the Kumamoto Earthquake, which occurred in mid April, free of charge, and a total of 38 victims moved into our facilities. As a result, sales were 7,039,309 thousand yen (up 13.2% YoY) and segment income was 509,545 thousand yen (up 91.0% YoY).

2) Karaoke Business

For the Karaoke Business segment, we strived to increase customers for all-you-can-drink courses, etc. and mobile-service members for smartphones, to increase repeat customers, and utilized the informative websites for restaurants actively, to attract customers. However, in the wake of the Kumamoto Earthquake in April, 3 restaurants in Kumamoto Prefecture were closed for about 1 week, and customers in the entire Kyushu region decreased. As a result, sales were 4,002,710 thousand yen (down 5.1% YoY) and segment income was 249,870 thousand yen (down 17.5% YoY). In the second quarter of the current consolidated fiscal year, we did not open any new stores, but closed one store. Accordingly, the number of stores is 96 as of the end of this quarter.

3) Restaurant Business

For the Restaurant Business segment, 2 restaurants changed its business type. Also, 1 restaurant was opened and 3 restaurants were closed down. Consequently, the number of restaurants as of the end of the second quarter is 23 in Japan,

and 3 outside Japan. As for existing restaurants, customers were decreasing, and so we strived to increase them with a limited offer, and made efforts to meet the demand for banquets, etc. by visiting each enterprise, to increase corporate customers. However, one restaurant was closed for about 1 week due to the Kumamoto Earthquake, like the Karaoke Business, and the number of customers was on a decline. As a result, sales were 882,344 thousand yen (down 6.7% YoY) and segment loss was 33,369 thousand yen (segment loss was 46,873 thousand yen during the same term last year).

4) Real Estate Business

For the Real Estate Business segment, our corporate group's core businesses activities are sales/purchase of real estate properties for sale and intermediary work for rental properties. As a result, sales were 100,138 thousand yen (down 53.3% YoY) and segment income was 26,857 thousand yen (down 56.8% YoY).

5) Other businesses

In the Other businesses segment, mainly in the hotel business, the company made efforts to increase guests, secure bookings for parties, promote day trips for bathing, etc. However, in April the business was greatly affected by the Kumamoto Earthquake, and the number of guests decreased. As a result, sales were 111,299 thousand yen (down 16.2% YoY) and segment loss was 14,381 thousand yen (segment loss was 1,125 thousand yen during the same term last year).

(2) Analysis Concerning Financial Situation

1) Status of assets, liabilities and net assets

Total assets as of the end of the second quarter of this consolidated fiscal year came to 30,480,988 thousand yen, down 431,420 thousand yen from the end of the previous consolidated fiscal year.

Current assets came to 13,161,856 thousand yen, down 937,059 thousand yen from the end of the previous consolidated fiscal year. This is mainly because cash and deposit and current assets (other) decreased.

Noncurrent assets came to 17,319,131 thousand yen, up 505,638 thousand yen from the end of the previous consolidated fiscal year. This is mainly because buildings and structures, land, and property, plant and equipment (other) increased.

Liabilities as of the end of the second quarter of this consolidated fiscal year came to 15,442,282 thousand yen, down 184,371 thousand yen from the end of the previous consolidated fiscal year.

Current liabilities came to 6,091,040 thousand yen, down 341,487 thousand yen from the end of the previous consolidated fiscal year. This is mainly because notes and accounts payable-trade, short-term loans payable, and current portion of long-term loans payable decreased.

Noncurrent liabilities came to 9,351,242 thousand yen, down 157,116 thousand yen from the end of the previous consolidated fiscal year. This is mainly because long-term loans payable increased and noncurrent liabilities (other) decreased.

Net assets as of the end of the second quarter of this consolidated fiscal year came to 15,038,705 thousand yen, down 247,049 thousand yen from the end of the previous consolidated fiscal year. This is mainly because retained earnings arising from profit attributable to owners of parent and treasury stock increased.

Consequently, the equity ratio as of the end of the second quarter of this consolidated fiscal year was 49.3%.

As for the liquidity of funds, the current ratio as of the end of the second quarter of this consolidated fiscal year was 216.1%. We will boost this ratio, in order to secure sufficient liquidity.

2) Situation of cash flow

Cash and cash equivalent (hereinafter referred to as "funds") during the end of the second quarter of the current consolidated fiscal year stood at 8,542,558 thousand yen, down 758,782 thousand yen from the previous consolidated fiscal year.

The status of each cash flow is as follows:

(Cash flow from operating activities)

Funds obtained by operating activities were 575,696 thousand yen (funds obtained in the same period of the previous year

were 641,725 thousand yen). The major breakdown of income was 337,445 thousand yen of net income before income taxes, 575,071 thousand yen of depreciation and amortization. The major breakdown of expenditure was 271,461 thousand yen of increase in inventories and 108,231 thousand yen of increase in notes and accounts receivable-trade.

(Cash flow from investing activities)

Funds used in investing activities were 1,267,848 thousand yen (funds obtained in the same period of the previous year were 123,345 thousand yen). The major breakdown of expenditure was 1,018,019 thousand yen of purchase of property, plant and equipment and 172,662 thousand yen of payments of loans receivable.

(Cash flow from financing activities)

Funds used in financing activities were 61,021 thousand yen (funds used in the same period of the previous year were 1,206,037 thousand yen). The major breakdown of income was 1,620,000 thousand yen of proceeds from long-term loans payable and 229,251 thousand yen of proceeds from trust account for purchase of treasury stock. The major breakdown of expenditure was 1,293,447 thousand yen of repayment of long-term loans payable, 304,727 thousand yen of repayments of installment payables and 194,400 thousand yen of decrease in short-term loans payable.

(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

As for the consolidated financial projections for the term ending March 2017, there are no changes to the estimated values announced on May 10, 2016.

2. Notes on Summary Information (Notes)

(1) Important Transfers in Subsidiaries during the Consolidated Cumulative Second Quarter of This Fiscal Year

None

(2) Special Accounting Policies Applied in Preparation of the Quarterly Consolidated Financial Statements

None

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

In line with a revision of corporation tax law, “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Practical Solution Report No.32 of June 17, 2016) has been applied since the first quarter. Along with this, the depreciation method for facilities attached to buildings and structures that were acquired after April 1, 2016 has been changed from the declining balance method to the straight-line method.

The impact of this change on consolidated financial statements for the current second quarter is minor.

(4) Additional Information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

“Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 of March 28, 2016)” has been applied since the first quarter of this consolidated fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY ended March 31, 2016 (As of March 31, 2016)	2Q of FY ending March 31, 2017 (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	9,771,970	9,013,230
Notes and accounts receivable-trade	1,551,065	1,659,297
Securities	-	5,013
Merchandise	64,795	63,670
Real estate for sale	948,994	1,220,918
Supplies	39	174
Other	1,773,223	1,209,904
Allowance for doubtful accounts	(11,173)	(10,351)
Total current assets	14,098,916	13,161,856
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,494,227	7,724,809
Land	3,346,595	3,521,632
Other, net	1,114,630	1,206,445
Total property, plant and equipment	11,955,453	12,452,887
Intangible assets	55,202	52,525
Investments and other assets		
Other	4,890,712	4,890,947
Allowance for doubtful accounts	(87,875)	(77,229)
Total investments and other assets	4,802,837	4,813,717
Total noncurrent assets	16,813,493	17,319,131
Total assets	30,912,409	30,480,988
Liabilities		
Current liabilities		
Notes and accounts payable-trade	343,831	293,049
Short-term loans payable	819,813	625,413
Current portion of bonds	35,000	17,500
Current portion of long-term loans payable	2,371,843	2,265,403
Income taxes payable	107,819	158,730
Provision for bonuses	217,384	230,104
Provision for point card certificates	387,858	348,289
Provision for shareholder benefit program	10,175	-
Asset retirement obligation	8,333	12,268
Other	2,130,468	2,140,282
Total current liabilities	6,432,527	6,091,040
Noncurrent liabilities		
Long-term loans payable	7,032,679	7,465,672
Asset retirement obligation	199,340	212,106
Other	1,962,105	1,673,463
Total noncurrent liabilities	9,194,125	9,351,242
Total liabilities	15,626,653	15,442,282

(Thousands of yen)

	FY ended March 31, 2016 (As of March 31, 2016)	2Q of FY ending March 31, 2017 (As of September 30, 2016)
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,676,892	2,676,892
Retained earnings	11,213,028	11,322,646
Treasury stock	(815,511)	(1,166,007)
Total shareholders' equity	15,297,345	15,056,467
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,186)	(19,289)
Foreign currency translation adjustment	650	1,527
Total accumulated other comprehensive income	(12,536)	(17,761)
Non-controlling interests in income	946	-
Total net assets	15,285,755	15,038,705
Liabilities and net assets	30,912,409	30,480,988

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

Consolidated Statements of Income

The second quarter of this consolidated fiscal year

(Thousands of yen)

	2Q of FY ended March 31, 2016 (April 1, 2015- September 30, 2015)	2Q of FY ending March 31, 2017 (April 1, 2016- September 30, 2016)
Net sales	11,727,077	12,135,802
Cost of sales	10,854,483	11,067,197
Gross profit	872,594	1,068,605
Selling, general and administrative expenses		
Provision for bonuses	7,284	6,731
Taxes and dues	228,387	250,998
Provision of allowance for doubtful accounts	2,278	115
Other	557,994	594,565
Total selling, general and administrative expenses	795,944	852,410
Operating income	76,649	216,194
Non-operating income		
Interest income	7,270	3,354
Dividends income	1,276	28
Subsidy income	48,268	78,946
Other	99,242	121,170
Total non-operating income	156,057	203,499
Non-operating expenses		
Interest expenses	66,504	45,815
Foreign exchange losses	530	15,357
Other	5,310	8,436
Total non-operating expenses	72,345	69,608
Ordinary income	160,361	350,085
Extraordinary income		
Gain on sales of noncurrent assets	476,813	-
Gain on sales of investment securities	59,864	-
Gain on bargain purchase	20,605	-
Total extraordinary income	557,283	-
Extraordinary loss		
Impairment loss	38,081	12,639
Total extraordinary loss	38,081	12,639
Income before income taxes	679,564	337,445
Income taxes-current	175,847	117,903
Income taxes-deferred	60,854	11,952
Total income taxes	236,702	129,855
Net income	442,861	207,590
Net profit (loss) attributable to non-controlling interests	(2,469)	(1,858)
Net profit attributable to owners of parent	445,331	209,449

Consolidated Statements of comprehensive income

The second quarter of this consolidated fiscal year

(Thousands of yen)

	2Q of FY ended March 31, 2016 (April 1, 2015- September 30, 2015)	2Q of FY ending March 31, 2017 (April 1, 2016- September 30, 2016)
Net income	442,861	207,590
Other comprehensive income		
Valuation difference on available-for-sale securities	(58,650)	(6,102)
Foreign currency translation adjustment	425	1,788
Total other comprehensive income	(58,224)	(4,313)
Comprehensive income	384,637	203,277
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	386,889	204,223
Comprehensive income attributable to non-controlling interests	(2,252)	(946)

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	2Q of FY ended March 31, 2016 (April 1, 2015- September 30, 2015)	2Q of FY ending March 31, 2017 (April 1, 2016- September 30, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	679,564	337,445
Depreciation and amortization	609,157	575,071
Impairment loss	38,081	12,639
Increase (decrease) in allowance for doubtful accounts	1,357	(11,467)
Increase (decrease) in provision for bonuses	2,663	12,719
Increase (decrease) in provision for point card certificates	83,086	(39,569)
Increase(decrease) in allowance for shareholders' benefits	(12,050)	(10,175)
Loss (gain) on sales of noncurrent assets	(476,813)	-
Loss (gain) on sales of investment securities	(59,864)	-
Gain on bargain purchase	(20,605)	-
Interest and dividends income	(8,546)	(3,382)
Interest expenses	66,504	45,815
Decrease (increase) in notes and accounts receivable-trade	(53,397)	(108,231)
Decrease (increase) in inventories	4,063	(271,461)
Increase (decrease) in accrued consumption taxes	(59,396)	67,772
Increase (decrease) in notes and accounts payable-trade	(35,334)	(51,534)
Other	(49,582)	36,555
Subtotal	708,886	592,198
Interest and dividends income received	5,645	1,128
Interest expenses paid	(64,856)	(45,898)
Income taxes paid	(133,754)	(88,079)
Income taxes refund	125,804	116,347
Net cash provided by (used in) operating activities	641,725	575,696
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,290,252)	(1,018,019)
Proceeds from sales of property, plant and equipment	1,639,395	-
Purchase of intangible assets	(767)	(848)
Purchase of investment securities	(500,000)	-
Proceeds from sales of investment securities	120,408	-
Proceeds from redemption of investment securities	-	2,890
Payments into time deposits	(457,425)	(42)
Proceeds from withdrawal of time deposits	952,813	-
Payments for lease and guarantee deposits	(71,861)	(26,563)
Proceeds from collection of lease and guarantee deposits	1,656	26,773
Payments for transfer of business	(215,000)	-
Payments of loans receivable	(3,640)	(172,662)
Collection of loans receivable	18,950	19,142
Other	(70,933)	(98,516)
Net cash provided by (used in) investing activities	123,345	(1,267,848)

(Thousands of yen)

	2Q of FY ended March 31, 2016 (April 1, 2015- September 30, 2015)	2Q of FY ending March 31, 2017 (April 1, 2016- September 30, 2016)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	561,000	(194,400)
Proceeds from long-term loans payable	1,181,117	1,620,000
Repayment of long-term loans payable	(2,428,718)	(1,293,447)
Redemption of bonds	(17,500)	(17,500)
Repayments of lease obligations	(687)	(433)
Repayments of installment payables	(393,165)	(304,727)
Payments made to trust account for acquisition of treasury stock	-	229,251
Cash dividends paid	(108,033)	(99,764)
Other	(50)	-
Net cash provided by (used in) financing activities	(1,206,037)	(61,021)
Effect of exchange rate change on cash and cash equivalents	22	(5,608)
Net increase (decrease) in cash and cash equivalents	(440,943)	(758,782)
Cash and cash equivalents at beginning of year	11,007,118	9,301,340
Cash and cash equivalents at end of year	10,566,174	8,542,558

(4) Notes Regarding Consolidated Financial Statements

(Notes regarding premise of a going concern)

Nothing is applicable.

(Notes on significant changes in the amount of shareholders' equity)

Based on the resolution at the meeting of the board of directors held on November 19, 2015, we acquired 635,100 treasury shares in the second quarter of this consolidated fiscal year. As a result, the amount of treasury shares increased by 350,496 thousand yen in the second quarter of this consolidated fiscal year, and the amount of treasury shares as of the end of the second quarter of this consolidated fiscal year is 1,166,007 thousand yen.

(Segment information, etc.)

[Segment information]

I. Cumulative period through the consolidated second quarter of the previous fiscal year (April 1 – September 30, 2015)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Thousands of yen)

	Reporting segments					Others (Note) *1	Total	Adjustment Amount*2	Consolidated balance sheet amount*3
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	6,216,980	4,216,943	945,635	214,630	11,594,190	132,887	11,727,077	—	11,727,077
Internal sales or transferred amount among the segments	—	134	20,386	5,555	26,076	—	26,076	(26,076)	—
Total	6,216,980	4,217,078	966,022	220,185	11,620,266	132,887	11,753,154	(26,076)	11,727,077
Segment income (loss)	266,826	302,939	(46,873)	62,190	585,083	(1,125)	583,957	(507,307)	76,649

(Note) 1. The classification “other business” refers to business segments that are not included in reporting segments, and includes hotel business and communication business.

2. The segment income (loss) adjustments amount, -507,307 thousand yen, includes 226,581 thousand yen in elimination of intersegment transactions and -733,889 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating losses calculated in consolidated quarterly statements of income.

2. Information on impairment of non-current assets and goodwill etc. for each reporting segment

(Important impairment loss related to noncurrent assets)

Regarding stores that closed down and stores scheduled for relocation or closing in the second quarter of the current consolidated fiscal year, there was an impairment loss of 16,301 thousand yen in the “Karaoke Business,” and 21,779 thousand yen in the “Restaurant Business.”

(Important negative goodwill profit)

In the “Nursing Care Business” segment, in the second quarter of the current consolidated fiscal year, 20,605 thousand yen in profit was generated from negative goodwill, due to the acquisition of one nursing facility operated by Yorozyua Ltd. in Oita City, Oita Prefecture on September 30, 2015.

II. Cumulative period through the consolidated second quarter of current fiscal year (April 1 – September 30, 2016)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Thousands of yen)

	Reporting segments					Others (Note) *1	Total	Adjustment Amount*2	Consolidated balance sheet amount*3
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	7,039,309	4,002,710	882,344	100,138	12,024,503	111,299	12,135,802	—	12,135,802
Internal sales or transferred amount among the segments	—	196	21,156	100	21,452	—	21,452	(21,452)	—
Total	7,039,309	4,002,906	903,501	100,238	12,045,955	111,299	12,157,255	(21,452)	12,135,802
Segment income (loss)	509,545	249,870	(33,369)	26,857	752,903	(14,381)	738,522	(522,327)	216,194

(Note) 1. The classification “other business” refers to business segments that are not included in reporting segments, and includes hotel business.

2. The segment income (loss) adjustments amount, -522,327 thousand yen, includes 236,232 thousand yen in elimination of intersegment transactions and -758,560 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating losses calculated in consolidated quarterly statements of income.

2. Information on impairment of non-current assets and goodwill etc. for each reporting segment

(Important impairment loss related to noncurrent assets)

Regarding stores that closed down and stores scheduled for relocation or closing in the second quarter of the current consolidated fiscal year, there was an impairment loss of 268 thousand yen in the “Karaoke Business,” and 12,371 thousand yen in the “Restaurant Business.”