

Summary of Financial Statements for the Fiscal Year Ended March 31, 2017 (Japan GAAP)

May 12, 2017

GEO HOLDINGS CORPORATION

Securities Code: 2681

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Scheduled date of the Annual General Shareholders Meeting: June 28, 2017

Scheduled date to submit annual securities report: June 29, 2017

Scheduled date to start dividend payment: June 29, 2017

Supplementary material on financial results: Yes

Briefing on this annual financial results : Yes (to analysts and institutional investors)

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(Amounts less than million yen are discarded.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

(The percentages indicate the rates of increase or decrease from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal Year ended:	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
March 31, 2017	268,079	0.1	8,662	(47.7)	9,040	(49.3)	4,223	(60.0)
March 31, 2016	267,910	(0.9)	16,552	73.2	17,824	77.7	10,563	44.0

(Note) Comprehensive income: 4,303 million yen (decrease of 58.7%) for fiscal year ended March 31, 2017
10,431 million yen (increase of 42.5%) for fiscal year ended March 31, 2016

	Earnings per share (yen)	Fully diluted earnings per share (yen)	Return on equity (%)	Ratio of ordinary profit to total assets (%)	Ratio of operating profit to net sales (%)
Fiscal Year ended:					
March 31, 2017	87.47	87.18	6.4	6.9	3.2
March 31, 2016	205.78	204.62	16.5	13.8	6.2

(Reference) Equity in net income of affiliates: 10 million yen for fiscal year ended March 31, 2017
12 million yen for fiscal year ended March 31, 2016

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Book value per share
	(Millions of yen)	(Millions of yen)	%	(yen)
As of March 31, 2017	130,768	67,711	51.7	1,399.06
As of March 31, 2016	130,207	64,961	49.8	1,344.16

(Reference) Shareholders' equity: As of March 31, 2017: 67,562 million yen
As of March 31, 2016: 64,848 million yen

(3) Consolidated statement of cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal Year ended:				
March 31, 2017	8,786	(8,082)	(3,182)	36,908
March 31, 2016	19,807	(4,209)	(10,125)	39,386

2. Dividends

	Dividend per share (yen)					Total dividend paid	Dividend payout ratio (consolidated)	Ratio of dividends to shareholders' equity
(Record dates)	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual	(Millions of yen)	%	%
Fiscal Year ended March 31, 2016	-	16	-	17	33	1,660	16.0	2.6
Fiscal Year ended March 31, 2017	-	17	-	17	34	1,641	38.9	2.4
Fiscal Year ending March 31, 2018 (Forecast)	-	17	-	17	34		36.5	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(The percentages indicate the rates of increase or decrease from the previous year for full year, and from the same period of the previous year for quarter.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	yen
2nd quarter (cumulative)	127,000	3.3	3,300	(20.3)	3,500	(21.7)	1,600	(33.8)	33.13
Full year	273,000	1.8	8,500	(1.9)	9,000	(0.5)	4,500	6.6	93.18

Notes

- (1) Changes in important subsidiaries during the fiscal year ended March 31, 2017 (changes in Specified Subsidiaries accompanying a change in the scope of consolidation): None
- (2) Changes in accounting principles or changes in accounting estimates or retrospective restatements.
 - 1) Changes in accounting principles due to amendments to accounting standards, etc.: Yes
 - 2) Changes in accounting principles other than 1): None
 - 3) Changes in estimates used for accounting: None
 - 4) Retrospective restatements: None
- (3) Number of shares outstanding (common stock)
 - 1) Number of shares outstanding (including treasury stock):

As of March 31, 2017	48,291,200 shares
As of March 31, 2016	48,244,200 shares
 - 2) Number of treasury shares:

As of March 31, 2017	0
As of March 31, 2016	0
 - 3) Average number of outstanding shares:

During the fiscal year ended March 31, 2017	48,276,086 shares
During the fiscal year ended March 31, 2016	51,331,465 shares

(Reference) Unconsolidated Results for the Fiscal Year Ended March 31, 2017
(from April 1, 2016 to March 31, 2017)

(1) Unconsolidated operating results

(The percentages indicate the rate of increase or decrease from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal Year ended:	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
March 31, 2017	6,906	7.9	1,115	(1.8)	972	(39.3)	670	(54.6)
March 31, 2016	6,403	(6.4)	1,135	(29.3)	1,602	(12.5)	1,476	(33.9)

	Earnings per share (yen)	Fully diluted earnings per share (yen)
Fiscal Year Ended:		
March 31, 2017	13.88	13.83
March 31, 2016	28.76	28.59

(2) Unconsolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(yen)
As of March 31, 2017	78,925	36,403	45.9	750.75
As of March 31, 2016	82,892	37,206	44.7	768.87

(Reference) Shareholders' equity: As of March 31, 2017 36,254 million yen
As of March 31, 2016 37,093 million yen

*This summary is not subject to the audit procedures.

*Explanation regarding appropriate use of financial forecasts and other special remarks

The forward-looking statements included in this summary such as financial forecasts are based on currently available information and certain assumptions which we deem to be reasonable as of the date of this summary. There is no guarantee that the Company will achieve those targets. Actual results may differ significantly from these forecasts due to various factors. Please see "1. Overview of Results of Operations, etc." on page 2 of the Attachments for the basis of forecasts and notes on reliance on forecasts.

Table of Contents for the Attachments

1. Overview of Results of Operations, etc.....	2
(1) Overview of Operating Results.....	2
(2) Overview of consolidated financial position.....	4
(3) Basic policy in distributing profits and dividends for the current and next fiscal year.....	5
2. The GEO Group Companies	5
3. Basic idea in selection of the accounting standards	8
4. Consolidated Financial Statements	9
(1) Consolidated Balance Sheets	9
(2) Consolidated Income Statement and Statement of Comprehensive Income	11
Consolidated Income Statement.....	11
Statement of Comprehensive Income	12
(3) Consolidated Statements of Change in Net Assets	13
(4) Consolidated Statements of Cash Flows	15
(5) Notes to consolidated financial statements	16
(Going concern assumptions)	16
(Changes in accounting principles).....	16
(Additional information).....	16
(Segment information).....	16
(Per share information (in yen)).....	18
(Subsequent events after the current period).....	18

1. Overview of Results of Operations, etc.

(1) Overview of Operating Results

(i) Results for the current fiscal year

As an overview of the operating environment of the group for the current fiscal year, in the media shop, the market trends are evolving from packaged software industry to network industry as it could be seen in the video distribution system, which was already active in the overseas market, becoming more active in Japan and competition becoming fierce due to participation of more companies, and the emergence of smart phones that accelerated diversification of choices of how consumers opt to spend their time, .

In reuse shop, the market presumably exceeded 1.6 trillion yen due to active internet transactions between individuals and internet sales. The further growth of this market would increase recognition of and accelerate the solid growth of “reuse.”

In addition, in telecommunication equipment as merchandise common to both the media and reuse businesses, simultaneously with the increased activation of the mobile market from the Ministry of Internal Affairs and Communications’ promotion of fair smart phone cost and emergence of MVNO companies, the demands for “low cost smart phones” are increasing and the market is rapidly expanding.

In such an environment, our group focused on expanding our sales network and market share through attempts to adapting to the changing environment with our policy to “offer joy to everyday life.”

As a result, sales for the current fiscal year resulted in 268,079 million yen (0.1% increase from the previous fiscal year) reflecting softer rental sales from the effect of the Rio Olympics and other reasons but with the contribution to sales of reuse merchandise that increased solidly despite of the effect of typhoons and lingering summer heat, the sale of new goods from the year-end shopping season, and launch of new model game device. Because the composition of sales changed from the previous fiscal year, gross profit ratio declined by 1.6%, operating profit resulted in 8,662 million yen (47.7% decrease from the previous fiscal year) and ordinary profit resulted in 9,040 million yen (49.3% decrease from the previous fiscal year) from the effect of active sales promotion activities and personnel costs and rents accompanying increase in the opening of reuse stores, , and extraordinary losses of 1,862 million yen, etc. were incurred relating to impairment losses on stores, profit attributable to owners of parent resulted in 4,223 million yen (60.0% decrease from the previous fiscal year).

The results for major businesses are as follows.

		Fiscal Year ended March 31, 2017 (Millions of yen)	Increase from the previous fiscal year (%)
Rental		71,250	90.8%
Reuse goods	Media	49,577	101.9%
	Non-media	39,621	108.2%
New goods		81,419	105.5%

The group's stores and facilities as at the end of the current fiscal year are as follows.

	Directly managed stores		Distributors		Franchise stores		Total	
		Increase (decrease) from the previous fiscal year end		Increase (decrease) from the previous fiscal year end		Increase (decrease) from the previous fiscal year end		Increase (decrease) from the previous fiscal year end
Total number of GEO group stores and facilities	1,579	50	101	7	125	(7)	1,805	50
Media	1,062	8	101	7	76	(9)	1,239	6
GEO mobile (mobile dedicated stores)	16	5					16	5
Reuse	506	41			49	2	555	43
Warehouse	11	1					11	1

Notes:

1. The numbers of stores are counted based on each store name.
2. The stores that rent DVDs and sell and purchase home game related items are counted as media stores (store names: GEO, GEO mobile).
3. GEO mobile means mobile store that does not operate within a media store.
4. The stores that sell and purchase clothing, home electronics and other items are counted as reuse stores (store names: Second Street, Super Second Street, 2nd Outdoor, Jumble Store, etc.).

(ii) Future forecast

As forecast for the next fiscal year, it is anticipated that demands for reuse and mobile-related merchandise will increase solidly while rental will remain sluggish. Also, SG&A is anticipated to increase from personnel costs and rents accompanying increase in the opening of reuse stores. Accordingly, as forecast for the next fiscal year, we anticipate a net sales of 273,000 million yen (1.8% increase from the previous fiscal year), operating profit of 8,500 million yen (1.9% decrease from the previous fiscal year), ordinary profit of 9,000 million yen (0.5% decrease from the previous fiscal year), and profit attributable to owners of parent of 4,500 million yen (6.6% increase from the previous fiscal year).

(2) Overview of consolidated financial position

[Cash Flows]

Cash and cash equivalents (“cash”) at the end of the current fiscal year decreased by 2,478 million yen from the end of the previous fiscal year and resulted in 36,908 million yen.

The situations of each cash flow and their major factors for the current fiscal year are as follows.

(Cash flows from operating activities)

As a result of operating activities, cash increased 8,786 million yen (where this increased 19,807 million yen in the previous fiscal year).

The major factors for this increase are profit before income taxes of 7,064 million yen, depreciation of 5,303 million yen, and increase in notes and accounts payable of 3,690 million yen while we paid income taxes of 8,208 million yen.

(Cash flows from investing activities)

As a result of investing activities, cash decreased 8,082 million yen (where this decreased 4,209 million yen in the previous fiscal year).

The major factors for this decrease are expenditures of 5,412 million yen from purchasing property, plant and equipment.

(Cash flows from financing activities)

As a result of financing activities, cash decreased 3,182 million yen (where this decreased 10,125 million yen in the previous fiscal year).

The major factors for this decrease are and payments of cash dividends of 1,636 million yen while there were proceeds from long-term loans payable of 7,000 million yen while we repaid long-term loans payable of 8,333 million yen.

(Reference: Trends in cash flow indices)

	Fiscal Year ended March 31, 2015	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Shareholders' equity ratio (%)	49.4	49.8	51.7
Shareholders' equity ratio at market value (%)	54.1	69.3	45.1
Years of debt redemption (years)	1.7	1.4	3.0
Interest coverage ratio (ratio)	75.39	86.12	43.66

- * Shareholders' equity ratio = Shareholders' equity/ Total assets
Shareholders' equity ratio at market value = Market capitalization/Total assets
Years of debt redemption=Interest-bearing liabilities/Operating cash flows
Interest coverage ratio=Operating cash flows/Interest expenses

1) All indices are based on figures in the consolidated financial statements.

- 2) Market capitalization is calculated by multiplying the stock price at the end of the fiscal year by the number of shares issued at the end of the fiscal year.
- 3) The amount of the operating cash flows used in the above calculations is the figure for the operating cash flows in the consolidated statement of cash flows. The amount of the interest-bearing liabilities is the sum of all liabilities on which interest is paid among the liabilities accounted in the consolidated balance sheet. The amount of interest expenses is the amount of interest expenses paid in the consolidated statement of cash flows.

(3) Basic policy in distributing profits and dividends for the current and next fiscal year

One of the Company's top management priorities is to return profit to shareholders. For this purpose, the Company will continue to endeavor to establish a sound managerial base and improve profitability. The Company's policy is to pay dividends that reflect the performance and the Company currently pays dividends twice a year at interim and year-end as dividend of surplus.

The dividend of surplus is decided by the shareholders meeting for the year-end dividend and by the board of directors for the interim dividend.

Pursuant to the above basic policy, an interim dividend of 17 yen per share was paid and an year-end dividend of 17 yen is scheduled to be paid.

The Company paid dividends as follows over the recent five (5) years.

(per share in yen)

	Fiscal Year ended				
	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017
I n t e r i m	1,500	1,600	16	16	17
Y e a r - e n d	1,600	16	16	17	17
T o t a l	3,100	—	32	33	34

In accordance with the above policy, the Company is scheduled to pay an interim dividend of 17 yen per share and an year-end dividend of 17 yen per share which results in an annual dividend of 34 yen per share for the fiscal year ending March 31, 2018.

2. The GEO Group Companies

The GEO group is comprised of the GEO HOLDINGS CORPORATION, 19 subsidiaries, and an affiliate. The group mainly operates stores that rent, purchase and sell used goods, and sell new goods of mainly packaged software to the general public (the "media shop"), stores that sell and purchase used clothes, variety goods and home electronics and others (the "reuse shop"), and amusement facilities.

In addition, the group is also advancing into the wholesale business of these merchandise, and operation of on-line services and internet shop.

The group companies and their businesses

(As of March 31, 2017)

Type of company	Business	Operating Company
Holding company	Planning and administration of group management	GEO HOLDINGS CORPORATION (the Company)
Operating companies	Operation of media shop, reuse shop, and amusement facilities	GEO CORPORATION

	Others	Assist Co., Ltd. Entertainment Network Frontier Inc. EISYS, inc. GEO INTERACTIVE CORPORATION GEO CONSULTING CORPORATION GEO NETWORKS CORPORATION GEO BUSINESS SUPPORT Co., Ltd. GEO payment service corporation Family Book co., Ltd. RETAIL COMM INC. World mobile corporation
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A company accounted for by the equity-method:

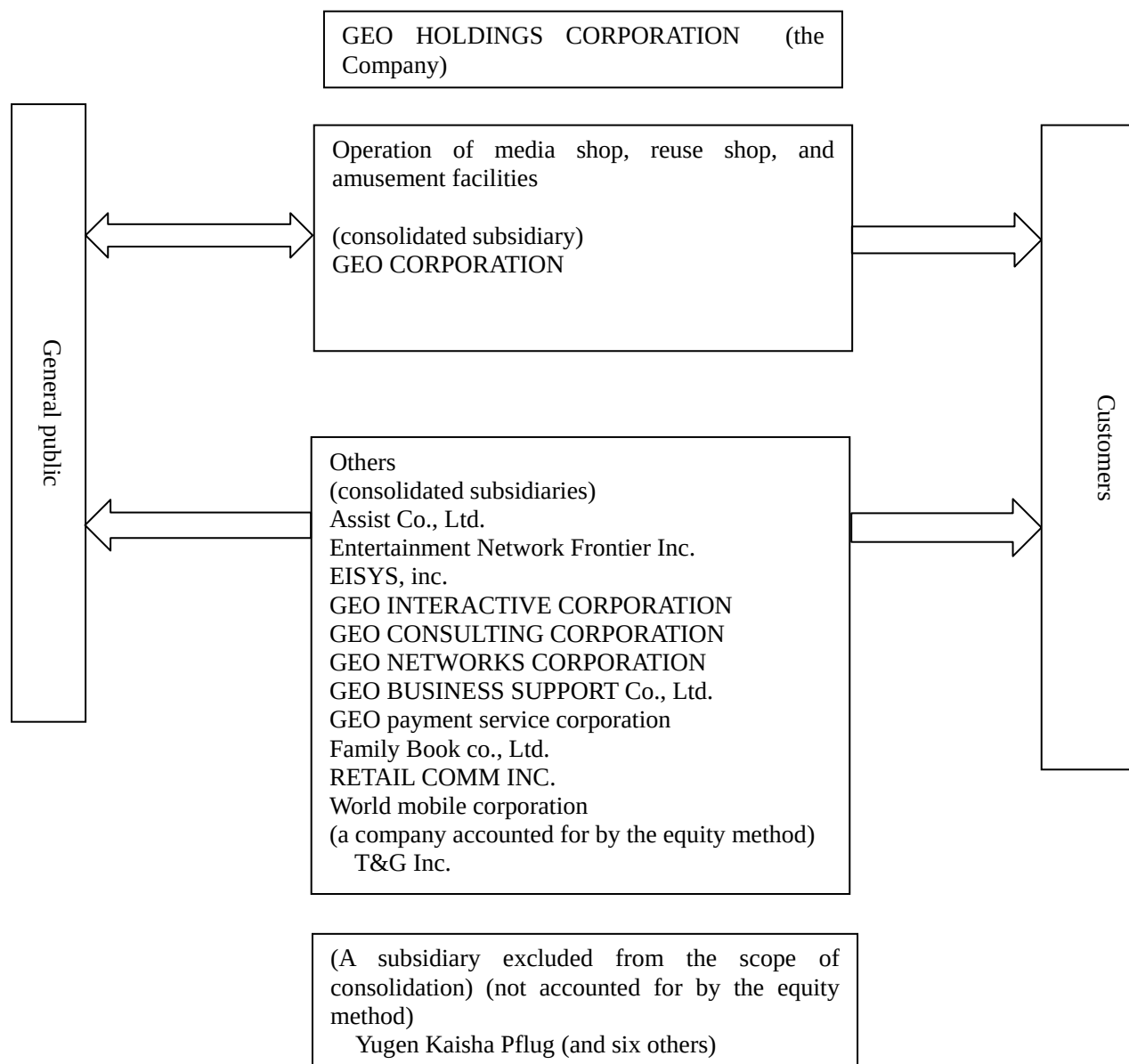
T&G Inc.

A subsidiary excluded from the scope of consolidation (not accounted for by the equity method):

Yugen Kaisha Pflug (and six others)

The group's flow chart of business is as follows.

As of March 31, 2017



3. Basic idea in selection of the accounting standards

Because we currently do not operate overseas, we decided to prepare our financial statements on a consolidated basis based on Japanese accounting standards for the time being because there is no inconvenience in management and that it would be possible to compare the results of performance year by year.

We will, however, consider adopting international accounting standards as appropriate in consideration of various circumstances.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	37,683	34,087
Notes and accounts receivable - trade	4,100	4,595
Securities	—	2,101
Merchandise	24,894	25,773
Deferred tax assets	2,156	1,700
Other	5,462	7,945
Allowance for doubtful accounts	(281)	(123)
Total current assets	74,015	76,081
Non-current assets		
Property, plant and equipment		
Rental assets	100,974	98,544
Accumulated depreciation	(95,154)	(93,633)
Rental assets, net	5,820	4,910
Buildings and structures	40,872	42,515
Accumulated depreciation	(27,470)	(29,032)
Buildings and structures, net	13,402	13,482
Land	5,844	5,464
Other	27,015	27,748
Accumulated depreciation	(19,072)	(20,509)
Other, net	7,943	7,238
Total property, plant and equipment	33,010	31,097
Intangible assets	1,865	2,049
Investments and other assets		
Investment securities	926	1,281
Long-term loans receivable	2,250	1,591
Lease and guarantee deposits	14,905	15,319
Deferred tax assets	3,342	2,993
Other	1,222	1,209
Allowance for doubtful accounts	(1,332)	(856)
Total investments and other assets	21,315	21,539
Total non-current assets	56,192	54,687
Total assets	130,207	130,768

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	12,631	16,322
Current portion of long-term loans payable	8,333	6,072
Current portion of bonds	149	49
Provision for bonuses	1,665	1,787
Other	14,951	9,748
Total current liabilities	37,731	33,980
Non-current liabilities		
Bonds payable	105	56
Long-term loans payable	19,509	20,437
Lease obligations	1,612	1,514
Deferred tax liabilities	23	22
Provision for loss on subleases	15	194
Asset retirement obligations	4,406	5,064
Other	1,841	1,787
Total non-current liabilities	27,514	29,076
Total liabilities	65,246	63,056
Net assets		
Shareholders' equity		
Capital stock	8,871	8,896
Capital surplus	3,283	3,309
Retained earnings	52,542	55,125
Total shareholders' equity	64,697	67,331
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166	243
Deferred gains or losses on hedges	(15)	(12)
Total accumulated other comprehensive income	150	231
Subscription rights to shares	113	149
Total net assets	64,961	67,711
Total liabilities and net assets	130,207	130,768

(2) Consolidated Income Statement and Statement of Comprehensive Income

Consolidated Income Statement

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	267,910	268,079
Cost of sales	151,798	156,082
Gross profit	116,112	111,996
Selling, general and administrative expenses	99,559	103,334
Operating profit	16,552	8,662
Non-operating income		
Interest and dividend income	49	42
Real estate rent	1,268	1,284
Other	1,043	540
Total non-operating income	2,361	1,867
Non-operating expenses		
Interest expenses	230	201
Rent expenses on real estates	759	786
Provision for loss on subrent	0	188
Other	99	313
Total non-operating expenses	1,089	1,489
Ordinary profit	17,824	9,040
Extraordinary income		
Gain on sales of investment securities	—	47
Total extraordinary income	—	47
Extraordinary losses		
Impairment loss	1,319	1,862
Other	13	162
Total extraordinary losses	1,333	2,024
Profit before income taxes	16,491	7,064
Income taxes - current	5,779	2,066
Income taxes - deferred	147	774
Total income taxes	5,927	2,841
Profit	10,563	4,223
Profit attributable to owners of parent	10,563	4,223

Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	10,563	4,223
Other comprehensive income		
Valuation difference on available-for-sale securities	(116)	77
Deferred gains or losses on hedges	(15)	3
Total other comprehensive income	(131)	80
Comprehensive income	10,431	4,303
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,431	4,303

(3) Consolidated Statements of Change in Net Assets

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,615	6,090	49,998	(1,979)	62,724
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	255	255			511
Dividends of surplus			(1,677)		(1,677)
Profit attributable to owners of parent			10,563		10,563
Purchase of treasury shares				(7,425)	(7,425)
Retirement of treasury shares		(3,062)	(6,341)	9,404	—
Net changes of items other than shareholders' equity					
Total changes of items during period	255	(2,806)	2,544	1,979	1,972
Balance at end of current period	8,871	3,283	52,542	—	64,697

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of current period	282	—	282	206	63,214
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares					511
Dividends of surplus					(1,677)
Profit attributable to owners of parent					10,563
Purchase of treasury shares					(7,425)
Retirement of treasury shares					—
Net changes of items other than shareholders' equity	(116)	(15)	(131)	(93)	(225)
Total changes of items during period	(116)	(15)	(131)	(93)	1,747
Balance at end of current period	166	(15)	150	113	64,961

(For the fiscal year ended March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,871	3,283	52,542	—	64,697
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	25	25			51
Dividends of surplus			(1,640)		(1,640)
Profit attributable to owners of parent			4,223		4,223
Net changes of items other than shareholders' equity					
Total changes of items during period	25	25	2,582	—	2,633
Balance at end of current period	8,896	3,309	55,125	—	67,331

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of current period	166	(15)	150	113	64,961
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares					51
Dividends of surplus					(1,640)
Profit attributable to owners of parent					4,223
Net changes of items other than shareholders' equity	77	3	80	36	116
Total changes of items during period	77	3	80	36	2,749
Balance at end of current period	243	(12)	231	149	67,711

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	16,491	7,064
Depreciation	5,051	5,303
Rental assets depreciation	10,377	8,648
Impairment loss	1,319	1,862
Interest and dividend income	(49)	(42)
Interest expenses	230	201
Decrease (increase) in inventories	(899)	(700)
Purchase of Rental assets	(9,320)	(7,857)
Increase (decrease) in notes and accounts payable - trade	(874)	3,690
Increase (decrease) in accounts payable - other and accrued expenses	1,119	(521)
Increase (decrease) in accrued consumption taxes	(1,607)	(537)
Other, net	(732)	62
Subtotal	21,105	17,173
Interest and dividend income received	39	22
Interest expenses paid	(229)	(201)
Income taxes paid	(1,107)	(8,208)
Net cash provided by (used in) operating activities	19,807	8,786
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,819)	(5,412)
Purchase of intangible assets	(1,054)	(971)
Payments of loans receivable	(521)	(1,183)
Collection of loans receivable	2,801	492
Other, net	383	(1,008)
Net cash provided by (used in) investing activities	(4,209)	(8,082)
Cash flows from financing activities		
Increase in short-term loans payable	9,000	9,900
Decrease in short-term loans payable	(9,000)	(9,900)
Proceeds from long-term loans payable	6,000	7,000
Repayments of long-term loans payable	(7,097)	(8,333)
Purchase of treasury shares	(7,425)	-
Cash dividends paid	(1,678)	(1,636)
Other, net	75	(212)
Net cash provided by (used in) financing activities	(10,125)	(3,182)
Net increase (decrease) in cash and cash equivalents	5,472	(2,478)
Cash and cash equivalents at beginning of period	33,914	39,386
Cash and cash equivalents at end of period	39,386	36,908

(5) Notes to consolidated financial statements

(Going concern assumptions)

None

(Changes in accounting principles)

(Application of the practical solution on a change in depreciation method due to Tax Reform 2016)

Accompanying the above tax reform, we applied to our current fiscal year the “Practical solution on a change in depreciation method due to Tax Reform 2016” (PITF No. 32 of June 17, 2016) where we changed the depreciation method of building and accompanying facilities and structures acquired on and after April 1, 2016 from declining-balance method to straight-line method.

As a result, operating profit, ordinary profit and profit before income taxes for the current fiscal year increased respectively by 126 million yen.

(Additional information)

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

We applied from the current fiscal year the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan Guidance No. 26, revised on March 28, 2016).

(Segment information)

a. Segment information

For the previous fiscal year (from April 1, 2015 to March 31, 2016) and the current fiscal year (from April 1, 2016 to March 31, 2017):

Description is omitted because the group reports only through one segment, i.e., retail services.

b. Related information

For the previous fiscal year (from April 1, 2015 to March 31, 2016) and the current fiscal year (from April 1, 2016 to March 31, 2017):

1. Information based on products and services:

Description is omitted because the group reports only through one segment, i.e., retail services.

2. Information based on region:

(1) Net sales:

Description is omitted because net sales towards outside customers in Japan exceed 90% of the net sales indicated in the consolidated income statement.

(2) Property, plant and equipment:

Description is omitted because we do not own any property, plant and equipment outside Japan.

c. Information on impairment loss on fixed assets for each reporting segment:

For the previous fiscal year (from April 1, 2015 to March 31, 2016) and the current fiscal year (from April 1, 2016 to March 31, 2017):

Description is omitted because the group reports only through one segment, i.e., retail services.

d. Information on amortization and unamortized balance of goodwill for each reporting segment:

For the previous fiscal year (from April 1, 2015 to March 31, 2016) and the current fiscal year (from April 1, 2016 to March 31, 2017):

Description is omitted because the group reports only through one segment, i.e., retail services.

e. Information on gain on negative goodwill for each reporting segment:

For the previous fiscal year (from April 1, 2015 to March 31, 2016) and the current fiscal year (from April 1, 2016 to March 31, 2017):

Description is omitted because the group reports only through one segment, i.e., retail services.

(Per share information (in yen))

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Shareholders' equity per share	1,344.16	1,399.06
Earnings per share	205.78	87.47
Fully diluted earnings per share	204.62	87.18

(Notes)

1. The basis for calculating the shareholders' equity per share is as follows.

(Millions of yen except share information)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Total net assets	64,961	67,711
Amount to be deducted from total net assets	113	149
(Stock acquisition rights in the above)	(113)	(149)
(Non-controlling interests in the above)	(—)	(—)
Net assets at the end of the fiscal year attributable to common shares	64,848	67,562
Number of common shares at the end of the fiscal year used for calculating the shareholders' equity per share	48,244,200	48,291,200

2. The basis for calculating the earnings per share and fully diluted earnings per share is as follows.

(Millions of yen except share information)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Earnings per share		
Profit attributable to owners of parent	10,563	4,223
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent for common shares	10,563	4,223
Average number of shares outstanding during the fiscal year	51,331,465	48,276,086
Fully diluted earnings per share		
Adjustments to profit attributable to owners of parent	—	
Increase in the number of common shares	291,797	160,109
(Subscription rights to shares included in the above as number of shares)	(291,797)	(160,109)
Description of potential shares that were not included in calculating the fully diluted earnings per share due to them having no dilutive effect	306,500 shares subject to the Company's stock option (for the 10th subscription rights to rights)	374,000 shares subject to the Company's stock options (for the 10th stock acquisition rights and the 11th stock acquisition rights)

(Subsequent events after the current period)

(Issue of stock options (subscription rights to rights))

The Company, at its board of directors meeting held on April 26, 2017, resolved to submit to the Company's 29th Annual General Shareholders Meeting to be held on June 28, 2017 a proposal to delegate to the Company's board of directors the decision on the terms for offering subscription rights to shares as stock options to the directors of the Company's affiliates and to the employees of the Company and the Company's affiliates pursuant to the provisions of Article 236, Article 238, and Article 239 of the Companies Act.

For details, please see our news release dated April 26, 2017 entitled "Notice concerning issuance of stock options (subscription rights to shares)."