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# Summary of Financial and Business Results for FY16/2 H1

October 14, 2015

**Ichigo Inc.** (JASDAQ, 2337)
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Submission of the Quarterly Report (*Shihanki Hokokusho*): October 15, 2015 (expected)
Dividend Payment: N/A
Supplemental Materials to Financial and Business Results: Yes
Financial and Business Results Briefing: Yes (for institutional investors and analysts)

## 1. FY16/2 H1 Consolidated Financial Results (March 1, 2015 to August 31, 2015)

### (1) Consolidated Financial Results

(YOY = year-on-year % change)

| | Revenues (million yen) | YOY | Operating Profit (million yen) | YOY | Recurring Profit (million yen) | YOY | Net Income (million yen) | YOY |
|---|---|---|---|---|---|---|---|---|
| FY16/2 H1 | 14,607 | +47.9% | 4,913 | +57.3% | 4,351 | +60.2% | 4,221 | +69.5% |
| FY15/2 H1 | 9,879 | -52.0% | 3,124 | +39.3% | 2,715 | +25.8% | 2,491 | -9.6% |

Note: Comprehensive income FY16/2 H1: 3,849 million yen (+36.5%) FY15/2 H1: 2,819 million yen (+10.5%)

| | Net Income per Share (basic, yen) | Net Income per Share (diluted, yen) |
|---|---|---|
| FY16/2 H1 | 8.46 | 8.39 |
| FY15/2 H1 | 5.01 | 4.95 |

### (2) Consolidated Financial Condition

| | Total Assets (million yen) | Net Assets (million yen) | Equity Ratio (%) | Net Assets per Share (yen) |
|---|---|---|---|---|
| FY16/2 H1 | 232,312 | 63,682 | 25.4 | 118.24 |
| FY15/2 | 172,744 | 58,377 | 32.2 | 111.54 |

Note: Shareholders' equity FY16/2 H1: 59,058 million yen FY15/2 H1: 55,673 million yen

## 2. Dividends

| | Dividend per Share (yen) | | | | |
|---|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Fiscal Year |
| FY15/2 | - | 0 | - | 1.30 | 1.30 |
| FY16/2 | - | 0 | | | |
| FY16/2 (Expected) | | | - | 2.00 | 2.00 |

Changes since the previously announced forecast: None

3. FY16/2 Full-Year Consolidated Forecast (March 1, 2015 to February 29, 2016)

(YOY = year-on-year % change)

| | Revenues (million yen) | YOY | Operating Profit (million yen) | YOY | Recurring Profit (million yen) | YOY |
|---|---|---|---|---|---|---|
| FY16/2 | 47,000 | +10.1% | 14,000 | +71.0% | 12,400 | +70.9% |

| | Net Income (million yen) | YOY | Net Income per Share (Yen) |
|---|---|---|---|
| FY16/2 | 11,000 | +62.7% | 22.01 |

Changes since the previously announced forecast: None

Note: Net Income per Share for FY16/2 is based on the forecast number of shares after the expected exercise of stock options.

4. Other

(1) Changes in significant consolidated subsidiaries (material changes in scope of consolidation): Yes

Three new subsidiaries: GK Motoazabu Holdings Tokumei Kumiai, GK Ikenohata Holdings Tokumei Kumiai, and GK Kichijoji Holdings Tokumei Kumiai

(2) Application of special accounting methods: None

(3) Changes in accounting standards/principles, changes in accounting estimates, and revisions to previous financial statements

(i) Changes in accounting standards/principles: None
(ii) Changes in accounting principles other than the above: None
(iii) Changes in accounting estimates: None
(iv) Revisions of previous financial statements: None

(4) Number of outstanding common shares

(i) Number of outstanding shares including treasury shares

FY16/2 H1: 501,113,600
FY15/2: 500,804,600

(ii) Number of treasury shares

FY16/2 H1: 1,636,000
FY15/2: 1,670,000

(iii) Average number of outstanding shares

FY16/2 H1: 499,291,997
FY15/2 H1: 497,609,934

*Explanation on Appropriate Use of Earnings Projection

Forward-looking statements contained in these materials are based on judgments regarding information that was available to the Company and the Group as of the announcement date. However, these statements involve risk and uncertainties. Therefore, please note that actual earnings may differ significantly from the indicated earnings projection as a result of various factors.

5. Segment Information

Segment Overview

Asset Management generates fee income via the management of the Ichigo Office REIT (8975) and private funds and providing real estate services related to real estate acquisition, operation (property management/building maintenance), and disposition.

Value-Add deploys the Company's expertise to acquire and improve real estate assets, generating rental income during the value-add period and profits on sale that reflect the higher value of the assets after the Company's improvements.

Clean Energy generates long-term income primarily via utility-scale solar power production that makes purposeful use of disused real estate nationwide and contributes to Japan's energy self-sufficiency.

Other is primarily legacy securities investments that are not related to the above three segments.

## Revenues, P&L, Assets, and Other Items by Segment (FY16/2 H1 – Current Period)

(March 1, 2015 to August 31, 2015) (Million Yen)

| | Segment | | | | | Adjustment[1] | Amount Recorded in Consolidated Financial Statements[2] |
|---|---|---|---|---|---|---|---|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Revenues | | | | | | | |
| Revenues from External Customers | 2,964 | 10,758 | 870 | 13 | 14,607 | — | 14,607 |
| Inter-Segment Activities or Reclassifications | 649 | 1 | — | 0 | 651 | (651) | — |
| Total | 3,613 | 10,760 | 870 | 13 | 15,258 | (651) | 14,607 |
| Segment Profits or Losses | 1,854 | 3,142 | 290 | (31) | 5,256 | (343) | 4,913 |
| Segment Assets | 2,880 | 198,705 | 14,429 | 6,006 | 222,022 | 10,290 | 232,312 |
| Other | | | | | | | |
| Depreciation | 4 | 121 | 234 | — | 360 | 15 | 375 |
| Impairment Loss | — | — | — | — | — | — | — |
| Increase in Property, Plant, and Equipment and Intangible Assets | 2 | 19 | 1,396 | — | 1,419 | 18 | 1,437 |

[1] The Adjustment to Segment Profits or Losses (-343 million yen) reflects transaction eliminations and company expenses that were not allocated to the segments. The Adjustment to Segment Assets (10,290 million yen) reflects company assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (15 million yen) reflects depreciation of company assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (18 million yen) reflects company assets that were not allocated to the segments.

[2] Segment Profits or Losses are calculated for each segment from consolidated operating profit.

## Revenues, P&L, Assets, and Other Items by Segment (FY15/2 H1 – Previous Period)

(March 1, 2014 to August 31, 2014) (Million Yen)

| | Segment | | | | | Adjustment[1] | Amount Recorded in Consolidated Financial Statements[2] |
|---|---|---|---|---|---|---|---|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Revenues | | | | | | | |
| Revenues from External Customers | 2,042 | 7,517 | 294 | 24 | 9,879 | – | 9,879 |
| Inter-Segment Revenues or Reclassifications | 434 | 1 | – | 0 | 436 | (436) | – |
| Total | 2,477 | 7,519 | 294 | 24 | 10,315 | (436) | 9,879 |
| Segment Profits or Losses | 372 | 3,096 | (43) | (23) | 3,401 | (277) | 3,124 |
| Segment Assets | 2,758 | 124,052 | 9,484 | 5,523 | 141,818 | 12,214 | 154,033 |
| Other | | | | | | | |
| Depreciation | 5 | 169 | 76 | – | 251 | 10 | 262 |
| Impairment Loss | – | – | – | – | – | – | - |
| Increase in Property, Plant, and Equipment and Intangible Assets | 4 | 8,850 | 2,996 | – | 11,851 | 13 | 11,865 |

[1] The Adjustment to Segment Profits or Losses (-277 million yen) reflects transaction eliminations and company expenses that were not allocated to the segments. The Adjustment to Segment Assets (12,214 million yen) reflects company assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (10 million yen) reflects depreciation of company assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (13 million yen) reflects company assets that were not allocated to the segments.

[2] Segment Profits or Losses are calculated for each segment from consolidated operating profit.

## Revenues, P&L, Assets, and Other Items by Segment (FY16/2 Q2 Stand-Alone – Current Period)

(June 1, 2015 to August 31, 2015) (Million Yen)

| | Segment | | | | | Adjustment[1] | Amount Recorded in Consolidated Financial Statements[2] |
|---|---|---|---|---|---|---|---|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Revenues | | | | | | | |
| Revenues from External Customers | 1,435 | 3,770 | 491 | 6 | 5,703 | — | 5,703 |
| Inter-Segment Activities or Reclassifications | 440 | 0 | — | 0 | 441 | (441) | — |
| Total | 1,875 | 3,771 | 491 | 6 | 6,144 | (441) | 5,703 |
| Segment Profits or Losses | 979 | 1,570 | 194 | (15) | 2,729 | (308) | 2,420 |
| Segment Assets | 2,880 | 198,705 | 14,429 | 6,006 | 222,022 | 10,290 | 232,312 |
| Other | | | | | | | |
| Depreciation | 2 | 60 | 122 | — | 185 | 7 | 193 |
| Impairment Loss | — | — | — | — | — | — | — |
| Increase in Property, Plant, and Equipment and Intangible Assets | 2 | 9 | 770 | — | 782 | 18 | 801 |

[1] The Adjustment to Segment Profits or Losses (-308 million yen) reflects transaction eliminations and company expenses that were not allocated to the segments. The Adjustment to Segment Assets (10,290 million yen) reflects company assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (7 million yen) reflects depreciation of company assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (18 million yen) reflects company assets that were not allocated to the segments.

[2] Segment Profits or Losses are calculated for each segment from consolidated operating profit.

## Revenues, P&L, Assets, and Other Items by Segment (FY15/2 Q2 Stand-Alone – Previous Period)

(June 1, 2014 to August 31, 2014) (Million Yen)

| | Segment | | | | | Adjustment[1] | Amount Recorded in Consolidated Financial Statements[2] |
|---|---|---|---|---|---|---|---|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Revenues | | | | | | | |
| Revenues from External Customers | 946 | 2,230 | 169 | 4 | 3,351 | – | 3,351 |
| Inter-Segment Revenues or Reclassifications | 184 | 0 | – | – | 185 | (185) | – |
| Total | 1,131 | 2,231 | 169 | 4 | 3,536 | (185) | 3,351 |
| Segment Profits or Losses | 87 | 930 | (1) | (19) | 996 | (108) | 888 |
| Segment Assets | 2,758 | 124,052 | 9,484 | 5,523 | 141,818 | 12,214 | 154,033 |
| Other | | | | | | | |
| Depreciation | 2 | 85 | 41 | – | 129 | 5 | 135 |
| Impairment Loss | – | – | – | – | – | – | - |
| Increase in Property, Plant, and Equipment and Intangible Assets | 0 | 1,038 | 1,368 | – | 2,408 | 0 | 2,408 |

[1] The Adjustment to Segment Profits or Losses (-108 million yen) reflects transaction eliminations and company expenses that were not allocated to the segments. The Adjustment to Segment Assets (12,214 million yen) reflects company assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (5 million yen) reflects depreciation of company assets that were not allocated to the segments.

[2] Segment Profits or Losses are calculated for each segment from consolidated operating profit.

## Consolidated Balance Sheet (FY16/2 H1)

(Million Yen)

| | FY15/2 (Feb 28, 2015) | FY16/2 H1 (Aug 31, 2015) |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | 19,383 | 21,913 |
| Trade notes and accounts receivable | 519 | 1,114 |
| Operational investments in loans | 2,330 | 1,324 |
| Operational investments in securities | 1,965 | 2,244 |
| Real estate for sale | 109,769 | 166,114 |
| Deferred tax assets | 1,200 | 1,299 |
| Other | 2,657 | 2,027 |
| Less: allowance for doubtful accounts | (484) | (486) |
| **Total Current Assets** | **137,342** | **195,553** |
| **Fixed Assets** | | |
| **Property, Plant, and Equipment** | | |
| Buildings and structures (net) | 4,021 | 3,915 |
| Equipment (net) | 9,168 | 9,566 |
| Land | 12,142 | 12,192 |
| Other (net) | 989 | 1,713 |
| **Total Tangible Assets** | **26,321** | **27,388** |
| **Intangible Assets** | | |
| Goodwill | 2,082 | 2,012 |
| Leasehold rights | 392 | 392 |
| Other | 27 | 28 |
| **Total Intangible Assets** | **2,502** | **2,434** |
| **Investments and Other Assets** | | |
| Investments in securities | 5,266 | 5,313 |
| Long-term loans receivable | 12 | 12 |
| Deferred tax assets | 2 | 2 |
| Other | 1,392 | 1,705 |
| Less: allowance for doubtful accounts | (95) | (96) |
| **Total Investments and Other Assets** | **6,578** | **6,936** |
| **Total Fixed Assets** | **35,402** | **36,759** |
| **Total Assets** | **172,744** | **232,312** |

(Million Yen)

| | FY15/2 (Feb 28, 2015) | FY16/2 H1 (Aug 31, 2015) |
|---|---|---|
| **Liabilities** | | |
| **Current Liabilities** | | |
| Trade notes and accounts payable | 124 | 82 |
| Short-term borrowings | 1,416 | 740 |
| Short-term non-recourse loans | 48 | 443 |
| Long-term borrowings (due within one year) | 3,488 | 8,804 |
| Long-term non-recourse loans (due within one year) | 786 | 3,016 |
| Income taxes payable | 284 | 329 |
| Deferred tax liabilities | 30 | 22 |
| Accrued bonuses | 16 | 201 |
| Other current liabilities | 3,677 | 3,339 |
| **Total Current Liabilities** | **9,872** | **16,980** |
| **Long-Term Liabilities** | | |
| Non-recourse bonds | 100 | 100 |
| Long-term borrowings | 53,409 | 84,754 |
| Long-term non-recourse loans | 43,004 | 56,768 |
| Deferred tax liabilities | 1,402 | 1,276 |
| Long-term security deposits received | 6,391 | 8,550 |
| Negative goodwill | 90 | 45 |
| Other long-term liabilities | 96 | 155 |
| **Total Long-Term Liabilities** | **104,494** | **151,650** |
| **Total Liabilities** | **114,367** | **168,630** |
| **Net Assets** | | |
| **Shareholders' Equity** | | |
| Capital | 26,499 | 26,512 |
| Capital reserve | 10,873 | 10,886 |
| Retained earnings | 17,201 | 20,774 |
| Treasury shares | (78) | (76) |
| **Total Shareholders' Equity** | **54,496** | **58,096** |
| **Accumulated Other Comprehensive Income** | | |
| Unrealized gain on other securities, net | 1,208 | 993 |
| Deferred gain (loss) on hedges | (36) | (36) |
| Foreign currency translation adjustment | 6 | 5 |
| **Total Accumulated Other Comprehensive Income** | **1,177** | **962** |
| **Stock Options** | **198** | **275** |
| **Minority Interests** | **2,505** | **4,347** |
| **Total Net Assets** | **58,377** | **63,682** |
| **Total Liabilities and Net Assets** | **172,744** | **232,312** |

## Consolidated Income Statement (FY16/2 H1)

(Million Yen)

| | FY15/2 H1 (Mar 1, 2014 to Aug 31, 2014) | FY16/2 H1 (Mar 1, 2015 to Aug 31, 2015) |
|---|---|---|
| **Revenues** | **9,879** | **14,607** |
| **Cost of Goods Sold** | **4,769** | **7,443** |
| **Gross Profit** | **5,110** | **7,163** |
| **SG&A** | **1,986** | **2,250** |
| **Operating Profit** | **3,124** | **4,913** |
| **Non-Operating Profit** | | |
| Interest income | 2 | 1 |
| Dividend income | 10 | 13 |
| Amortization of negative goodwill | 45 | 45 |
| Other | 10 | 25 |
| **Total Non-Operating Profit** | **69** | **85** |
| **Non-Operating Expenses** | | |
| Interest expense | 423 | 577 |
| Other | 55 | 69 |
| **Total Non-Operating Expenses** | **478** | **647** |
| **Recurring Profit** | **2,715** | **4,351** |
| **Extraordinary Gain** | | |
| Gain on sales of investment securities | ― | 223 |
| **Total Extraordinary Gain** | ― | **223** |
| **Extraordinary Loss** | | |
| Office move expenses | ― | 9 |
| **Total Extraordinary Loss** | ― | **9** |
| **Profit before Income Taxes** | **2,715** | **4,565** |
| **Income Taxes – Current** | **193** | **509** |
| **Income Taxes – Deferred** | **(37)** | **(219)** |
| **Total Income Taxes** | **155** | **289** |
| **Profit before Gain on Minority Interests** | **2,560** | **4,275** |
| **Gain on Minority Interests** | **68** | **53** |
| **Net Income** | **2,491** | **4,221** |

## Consolidated Income Statement (FY16/2 Q2 Stand-Alone)

(Million Yen)

| | FY15/2 Q2 (Jun 1, 2014 to Aug 31, 2014) | FY16/2 Q2 (Jun 1, 2015 to Aug 31, 2015) |
|---|---|---|
| **Revenues** | **3,351** | **5,703** |
| **Cost of Goods Sold** | **1,498** | **2,167** |
| **Gross Profit** | **1,852** | **3,536** |
| **SG&A** | **964** | **1,115** |
| **Operating Profit** | **888** | **2,420** |
| **Non-Operating Profit** | | |
| Interest income | 1 | 1 |
| Dividend income | 6 | 8 |
| Amortization of negative goodwill | 22 | 22 |
| Other | 8 | 11 |
| **Total Non-Operating Profit** | **38** | **44** |
| **Non-Operating Expenses** | | |
| Interest expense | 239 | 312 |
| Other | 27 | 34 |
| **Total Non-Operating Expenses** | **267** | **347** |
| **Recurring Profit** | **659** | **2,118** |
| **Extraordinary Loss** | | |
| Office move expenses | ― | 9 |
| **Total Extraordinary Loss** | **―** | **9** |
| **Profit before Income Taxes** | **659** | **2,108** |
| **Income Taxes – Current** | **45** | **329** |
| **Income Taxes – Deferred** | **(37)** | **(95)** |
| **Total Income Taxes** | **8** | **233** |
| **Profit before Gain on Minority Interests** | **651** | **1,874** |
| **Gain on Minority Interests** | **24** | **28** |
| **Net Income** | **626** | **1,845** |

## Consolidated Statement of Comprehensive Income (FY16/2 H1)

(Million Yen)

| | FY15/2 H1 (Mar 1, 2014 to Aug 31, 2014) | FY16/2 H1 (Mar 1, 2015 to Aug 31, 2015) |
|---|---|---|
| **Profit before Gain on Minority Interests** | **2,560** | **4,275** |
| **Other Comprehensive Income** | | |
| Valuation gain (loss) on other securities | 294 | (427) |
| Deferred gain (loss) on hedges | (28) | 0 |
| Foreign currency translation adjustment | (6) | 1 |
| **Total Other Comprehensive Income** | **259** | **(426)** |
| **Comprehensive Income** | **2,819** | **3,849** |
| (Breakdown) | | |
| Comprehensive income for shareholders of the parent company | 2,612 | 4,007 |
| Comprehensive income for minority interests | 198 | (157) |

## Consolidated Statement of Comprehensive Income (FY16/2 Q2 Stand-Alone)

(Million Yen)

| | FY15/2 Q2 (Jun 1, 2014 to Aug 31, 2014) | FY16/2 Q2 (Jun 1, 2015 to Aug 31, 2015) |
|---|---|---|
| **Profit before Gain on Minority Interests** | **651** | **1,874** |
| **Other Comprehensive Income** | | |
| Valuation gain (loss) on other securities | 105 | (363) |
| Deferred gain (loss) on hedges | (12) | 2 |
| Foreign currency translation adjustment | (3) | 4 |
| **Total Other Comprehensive Income** | **90** | **(356)** |
| **Comprehensive Income** | **741** | **1,518** |
| (Breakdown) | | |
| Comprehensive income for shareholders of the parent company | 718 | 1,688 |
| Comprehensive income for minority interests | 23 | (170) |

## Consolidated Cash Flow Statement (FY16/2 H1)

(Million Yen)

| | FY15/2 H1 (Mar 1, 2014 to Aug 31, 2014) | FY16/2 H1 (Mar 1, 2015 to Aug 31, 2015) |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Pre-tax net income | 2,715 | 4,565 |
| Depreciation | 256 | 375 |
| Share-based compensation expenses | 66 | 83 |
| Amortization of goodwill | 69 | 69 |
| Amortization of negative goodwill | (45) | (45) |
| Increase (decrease) in accrued bonuses | 104 | 185 |
| Increase (decrease) in allowance for doubtful accounts | 14 | (0) |
| Interest and dividend income | (13) | (14) |
| Interest expense | 423 | 577 |
| Loss (gain) on sales of investment securities | — | (223) |
| Decrease (increase) in trading notes and receivable | (140) | (594) |
| Decrease (increase) in operating loans receivable | (1,000) | 1,006 |
| Decrease (increase) in operational investments in securities | 1,098 | (523) |
| Decrease (increase) in real estate for sale | (32,203) | (56,344) |
| Decrease (increase) in prepaid expenses | (344) | (451) |
| Decrease (increase) in accounts receivable | (358) | (98) |
| Increase (decrease) in accounts payable | 142 | (301) |
| Increase (decrease) in accrued expenses | (173) | 61 |
| Increase (decrease) in security deposits received | 1,554 | 2,223 |
| Other | 344 | 406 |
| **Sub-total** | **(27,489)** | **(49,043)** |
| Interest and dividend income received | 13 | 14 |
| Interest expenses paid | (378) | (559) |
| Income taxes paid | (22) | (298) |
| Income taxes refund | 539 | 804 |
| **Net Cash from (Used for) Operating Activities** | **(27,338)** | **(48,991)** |

(Million Yen)

| | FY15/2 H1 (Mar 1, 2014 to Aug 31, 2014) | FY16/2 H1 (Mar 1, 2015 to Aug 31, 2015) |
|---|---|---|
| **Cash Flows from Investing Activities:** | | |
| Payments into time deposits | (325) | (0) |
| Acquisition of investment securities | (167) | (300) |
| Proceeds from sales of investment securities | ― | 296 |
| Acquisition of property and equipment | (5,515) | (1,872) |
| Acquisition of intangible assets | (22) | ― |
| Payments for investments in capital | (3) | (8) |
| Proceeds from redemption of investments | 0 | ― |
| Payments of security deposits | (123) | (24) |
| Proceeds from redemption of security deposits | ― | 9 |
| Other | 0 | 0 |
| **Net Cash from (Used for) Investing Activities** | **(6,156)** | **(1,899)** |
| **Cash Flows from Financing Activities:** | | |
| Increase (decrease) in short-term bank loans, net | 503 | (676) |
| Increase (decrease) in short-term non-recourse loans, net | 48 | 395 |
| Proceeds from long-term bank loans | 29,872 | 41,672 |
| Repayment of long-term bank loans | (3,549) | (5,010) |
| Proceeds from long-term non-recourse loans | 4,200 | 16,500 |
| Repayment of long-term non-recourse loans | (2,073) | (505) |
| Proceeds from exercise of stock options | 17 | 20 |
| Cash dividends paid | (542) | (645) |
| Proceeds from minority interests | ― | 2,000 |
| **Net Cash from (Used for) Financing Activities** | **28,476** | **53,749** |
| **Effect of Exchange Rate Changes on Cash and Cash Equivalents** | **30** | **2** |
| **Increase (Decrease) in Cash and Cash Equivalents** | **(4,987)** | **2,861** |
| **Cash and Cash Equivalents at Beginning of Period** | **24,581** | **18,972** |
| **Cash and Cash Equivalents Resulting from New Entity Consolidation** | **280** | – |
| **Cash and Cash Equivalents Resulting from Exclusion from Consolidation** | **(345)** | **(330)** |
| **Cash and Cash Equivalents at End of Period** | **19,529** | **21,503** |

## Consolidated Cash Flow Statement (FY16/2 Q2 Stand-Alone)

Starting from this fiscal period (FY16/2), the Company is disclosing its quarterly cash flows in order to continue to increase the Company's transparency for shareholders and investors.

(Million Yen)

| | FY15/2 Q2 (Jun 1, 2014 to Aug 31, 2014) | FY16/2 Q2 (Jun 1, 2015 to Aug 31, 2015) |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Pre-tax net income | 659 | 2,108 |
| Depreciation | 132 | 193 |
| Share-based compensation expenses | 33 | 41 |
| Amortization of goodwill | 34 | 34 |
| Amortization of negative goodwill | (22) | (22) |
| Increase (decrease) in accrued bonuses | (22) | 18 |
| Increase (decrease) in allowance for doubtful accounts | 10 | (14) |
| Interest and dividend income | (7) | (9) |
| Interest expense | 239 | 312 |
| Decrease (increase) in trading notes and receivable | 5 | 49 |
| Decrease (increase) in operational investments in securities | 596 | (807) |
| Decrease (increase) in real estate for sale | (16,119) | (53,952) |
| Decrease (increase) in prepaid expenses | (156) | (386) |
| Decrease (increase) in accounts receivable | (80) | 32 |
| Increase (decrease) in accounts payable | 213 | 142 |
| Increase (decrease) in accrued expenses | 66 | (8) |
| Increase (decrease) in security deposits received | 514 | 2,151 |
| Other | (248) | 61 |
| **Sub-total** | **(14,153)** | **(50,055)** |
| Interest and dividend income received | 7 | 9 |
| Interest expenses paid | (228) | (305) |
| Income taxes paid | — | (0) |
| Income taxes refund | 539 | 804 |
| **Net Cash from (Used for) Operating Activities** | **(13,835)** | **(49,547)** |

(Million Yen)

| | FY15/2 Q2 (Jun 1, 2014 to Aug 31, 2014) | FY16/2 Q2 (Jun 1, 2015 to Aug 31, 2015) |
|---|---|---|
| **Cash Flows from Investing Activities:** | | |
| Payments into time deposits | (325) | (0) |
| Acquisition of investment securities | (67) | (300) |
| Acquisition of property and equipment | (2,759) | (649) |
| Acquisition of intangible assets | (0) | ― |
| Payments for investments in capital | (3) | (2) |
| Payments of security deposits | (10) | (5) |
| Other | 0 | 0 |
| **Net Cash from (Used for) Investing Activities** | **(3,164)** | **(956)** |
| **Cash Flows from Financing Activities:** | | |
| Increase (decrease) in short-term bank loans, net | 689 | 5 |
| Increase (decrease) in short-term non-recourse loans, net | 48 | 443 |
| Proceeds from long-term bank loans | 13,773 | 34,021 |
| Repayment of long-term bank loans | (1,834) | (1,191) |
| Proceeds from long-term non-recourse loans | 4,200 | 16,500 |
| Repayment of long-term non-recourse loans | (409) | (395) |
| Proceeds from exercise of stock options | 6 | 12 |
| Cash dividends paid | (43) | (44) |
| Proceeds from minority interests | ― | 2,000 |
| **Net Cash from (Used for) Financing Activities** | **16,429** | **51,348** |
| **Effect of Exchange Rate Changes on Cash and Cash Equivalents** | **16** | **2** |
| **Increase (Decrease) in Cash and Cash Equivalents** | **(553)** | **847** |
| **Cash and Cash Equivalents at Beginning of Period** | **20,083** | **20,655** |
| **Cash and Cash Equivalents at End of Period** | **19,529** | **21,503** |