Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015

All information contained in this document has been prepared in accordance with generally accepted accounting principles in Japan.
This document has been translated from the Japanese original for reference purpose only.

May 15, 2015
Shares listed: Tokyo

Company name: Duskin Co., Ltd.
Code number: 4665 URL: http://www.duskin.co.jp/corp/index.html
Representative: Teruji Yamamura, President & CEO
Contact: Akihisa Tsurumi, Executive Director Tel: (06) 6821-5071
Scheduled date of ordinary general meeting of shareholders: June 19, 2015
Scheduled date of dividend payment commencement: June 22, 2015
Scheduled date for release of annual securities report: June 22, 2015
Preparation of supplemental explanatory materials: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

1. Consolidated financial results for the fiscal year ended March 31, 2015

(Amounts less than one million yen are dropped.)

(1) Results of operation

(Percentages indicate the change against the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended Mar. 31, 2015	167,987	0.1	5,067	-23.7	7,083	-14.9	3,441	-22.6
Year ended Mar. 31, 2014	167,745	-0.2	6,641	-27.8	8,322	-24.5	4,448	-27.0

(Note: Comprehensive income - Year ended March 31, 2015: 7,870 million yen (26.0%), Year ended March 31, 2014: 6,246 million yen (-31.3%))

	Net income per share	Net income per share (fully diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	yen	yen	%	%	%
Year ended Mar. 31, 2015	56.19	-	2.3	3.5	3.0
Year ended Mar. 31, 2014	71.13	-	2.9	4.1	4.0

(Reference: Equity in net income and losses of affiliated companies - Year ended March 31, 2015: -6 million yen, Year ended March 31, 2014: -119 million yen)

(2) Financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
As of Mar. 31, 2015	198,475	155,196	77.6	2,544.09
As of Mar. 31, 2014	202,778	151,903	74.3	2,446.24

(Reference: Shareholders' equity - Year ended March 31, 2015: 154,038 million yen, Year ended March 31, 2014: 150,637 million yen)

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	millions of yen	millions of yen	millions of yen	millions of yen
Year ended Mar. 31, 2015	6,251	5,515	-4,514	27,118
Year ended Mar. 31, 2014	12,086	-14,004	-6,553	19,775

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	end of 1st Q	end of 2nd Q	end of 3rd Q	Year-end	Total (annual)			
	yen	yen	yen	yen	yen	millions of yen	%	%
Year ended Mar. 31, 2014	-	40.00	-	20.00	60.00	3,734	84.4	2.5
Year ended Mar. 31, 2015	-	20.00	-	20.00	40.00	2,442	71.2	1.6
Year ending Mar. 31, 2016 (Forecast)	-	20.00	-	20.00	40.00		60.1	

(Note: Dividends to be paid at the end of second quarter: ordinary dividend 20 yen, commemorative dividend 20 yen)

3. Forecast of consolidated financial results for the year ending March 31, 2016

(Percentages indicate the change against the same period of the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income attributable to shareholders of parent		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
6 months ending Sept. 30, 2015	85,700	2.5	1,900	2.2	2,600	-7.6	1,300	-11.5	23.40
Year ending Mar. 31, 2016	173,700	3.4	5,300	4.6	6,800	-4.0	3,700	7.5	66.61

***Notes**

(1) Changes in significant subsidiaries during the period

(Changes in specific subsidiaries resulting in an adjustment to the scope of consolidation): None

(2) Changes in accounting principles and estimates, and retrospective restatements

1. Changes due to revision of accounting standards: Yes
2. Changes other than 1, above: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None

(Note: For more information, see "4. Consolidated financial statements, (5) Notes to consolidated financial statements (Changes in accounting principles) " on page 21 (attachment).)

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of period (including treasury stock)	Year ended Mar. 31, 2015: 63,494,823	Year ended Mar. 31, 2014: 63,494,823
2. Number of treasury stock at the end of the period	Year ended Mar. 31, 2015: 2,947,257	Year ended Mar. 31, 2014: 1,915,897
3. Average number of shares during the period	Year ended Mar. 31, 2015: 61,239,949	Year ended Mar. 31, 2014: 62,541,495

(Reference) Overview of the non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2015

(1) Results of operations

(Percentages indicate the change against the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended Mar. 31, 2015	141,580	-0.7	3,002	-18.9	6,167	-9.2	3,394	-13.3
Year ended Mar. 31, 2014	142,589	-1.8	3,702	-42.1	6,795	-28.1	3,914	-21.6

	Net income per share	Net income per share (fully diluted)
	yen	yen
Year ended Mar. 31, 2015	55.42	-
Year ended Mar. 31, 2014	62.59	-

(2) Financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
As of Mar. 31, 2015	183,202	134,071	73.2	2,214.31
As of Mar. 31, 2014	186,295	131,635	70.7	2,137.68

(Reference: Shareholders' equity - Year ended March 31, 2015: 134,071 million yen, Year ended March 31, 2014: 131,635 million yen)

2. Forecast of financial results for the year ending March 31, 2016

(Percentages indicate the change against the same period of the pervious fiscal year.)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
6 months ending Sept. 30, 2015	72,000	2.1	800	27.4	2,500	1.3	1,600	0.1	28.80
Year ending Mar. 31, 2016	146,400	3.4	3,200	6.6	6,000	-2.7	3,600	6.1	64.81

* Implementation status of audit procedures

This summary of financial statements is exempt from the audit procedures required by the Financial Instruments and Exchange Act.
Audit procedures based on the Financial Instruments and Exchange Act were being performed at the time of the announcement of this summary of financial statements.

* Explanation regarding the appropriate use of business forecasts

The financial forecast contained in this report is based on information available at the time of preparation of the report and certain assumptions considered reasonable and thus the company makes no warranty as to the achievability of the forecast. Accordingly, readers are advised that actual results may differ significantly from the forecast.

Contents of attachment:

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

The 2014 fiscal year (April 1, 2014 through March 31, 2015) started with a hike in consumption tax rate in April. While the Japanese economy showed signs of recovery during the 2013 fiscal year due to various economic measures taken by the government, it experienced a temporary downturn in the first half of fiscal 2014. This temporary downturn was mainly due to the negative effects of a surge in purchasing before the consumption tax rate hike. This gradually subsided however and during the second half of the year, a low crude oil price and an improvement in the employment situation combined to boost consumer confidence. In response to steady and sustained personal spending, the economy moved slowly toward recovery.

Under these circumstances, in fiscal 2014, the final year of the Company's Mid-Term Management Policy, we continued our initiatives aligned with this policy by reviewing all our business systems from our customers' perspective. Among these initiatives was a new system to deliver trial products directly to customers via home delivery service providers. Our membership website, DDuet started delivering various types of information directly to customers/users.

Clean & Care Group posted slightly lower sales from one year earlier while Food Group and Other Businesses recorded higher sales than one year earlier. As a result, consolidated sales rose by 0.1%: the first sales increase in 8 years. However, consolidated operating income, ordinary income and net income decreased from the previous year. This was mainly due to the significant decrease in income at the Clean & Care Group where the up-front costs associated with the launch of the new dust cleaner, *Style Cleaner* were recorded.

(millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase/decrease	
				%
Consolidated sales	167,745	167,987	241	0.1%
Consolidated operating income	6,641	5,067	-1,573	-23.7%
Consolidated ordinary income	8,322	7,083	-1,238	-14.9%
Consolidated net income	4,448	3,441	-1,007	-22.6%

Results by business segment

1) Clean & Care Group

In Clean & Care Group, Chugai Sangyo Co., Ltd., which was acquired as a wholly-owned subsidiary to reinforce the Uniform Service Business in March, 2013, contributed to annual sales. However, sales of dust control products, the core products of this segment were lower, both in the residential and commercial markets. Operating income decreased due to increased promotional expenses in addition to up-front costs associated with the launch of the *Style Cleaner.*

(millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase/decrease	
				%
Sales	110,097	109,009	-1,088	-1.0%
Operating income	13,873	11,254	-2,618	-18.9%

For residential customers, we focused on further promoting a handy and easy cleaning method with an economical set of three cleaning items: the *LaLa* floor mop, the *shushu* handy mop, and the *Style Cleaner*. Aiming to acquire new customers, we continued sales efforts to promote this cleaning method. However, we had to prioritize the efforts to prevent an increase in cancellations due to the consumption tax rate hike. While these efforts contributed to reduction in cancellation, sales activities, including our Try Me Festival aimed at acquiring new customers at local shopping malls and supermarkets decreased. As a result, sales were lower than in the previous year.

Looking at sales by product, *Cleaning Basic Three* performed well while sales of other floor and handy mops were lower than one year earlier. Total sales of mop products were lower than one year earlier. Among other products, sales of filter products were lower. Product renewals for *Pure Colon* air fresheners and Hello Kitty's kitchen sponges - antibacterial type performed well. Following the *Clean-Living Box* with Rose Series product line specially offered for the year-end cleaning season in the previous year, we offered the *Clean-Living Box* of products with mixed berry fragrance, which is proving popular among women customers. The *Clean- Living Box* was also well received.

Sales of dust control products for commercial customers were lower than one year earlier due to the negative effects of the surge in purchasing by our franchisees before the consumption tax rate hike. Our “Professional kitchen sanitary management support services,” which offer comprehensive solutions with our products and services to maintain cleanliness for customers' premises, performed well however. Sales of these comprehensive solutions tailored to customers' needs steadily grew and helped gradually stem the rate of the sales decline.

Inside Mat, custom-made indoor use mats available in a wide variety of colors, and thin dust control and water absorption mats with excellent performance, also recorded favorable results. However, sales of other mat products were lower. As a result, total sales of mat products were lower than in the previous year. Among other products, sales of restroom-related products were lower than one year earlier. *Cube*, new deodorizer released in April 2014, was well received because it is light, compact and suitable for small spaces. Another new product, *Clear Kukan* with a combined function of deodorizer, dust collection and air purifier, also performed well. As a result, sales of air purifier products were higher than in the previous year. In the technical services sector, residential services such as housekeeping services grew steadily. However, equipment and chemical sales were lower due to the negative effects of the surge in purchasing by our franchisees before the consumption tax rate hike. As a result, total sales of technical services were about the same level as the previous year.

As to other businesses in the Clean & Care Group, sales of cosmetic-related businesses, Health & Beauty, Azare Products Co., Ltd., Kyowa Cosmetics, Co., Ltd. were lower than one year earlier, due to the effect of consumption tax rate hike. Rent All achieved higher sales from one year earlier due to favorable results in rental services for assisted-living and health care products, and items related to events. Uniform Service and Home Instead, which provides senior care services, recorded higher sales than one year earlier.

2) Food Group

Food Group recorded higher sales than in the previous year. This was mainly due to increased sales of promotional items, including campaign goods at Mister Donut, the mainstay business of this group, and increased sales at company owned shops due to the opening of new food businesses. While Mister Donut improved its profitability, other food businesses increased losses due to the start-up costs for new food businesses. As a result, Food Group recorded an overall operating loss.

(millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase/decrease	
				%
Sales	47,018	48,289	1,270	2.7%
Operating income	-410	-201	209	—

Mister Donut focused its efforts on releasing attractive products that are available only at Mister Donut shops on an ongoing basis. Included in these efforts were *waff* and *Mister Croissant Donuts* in the first quarter, *Cotton Snow Candy* in the second quarter, *N.Y. Cup Cakes* in the third quarter, and *Brooklyn D & D*, new texture hybrid sweets in a form that combines a donut and a Danish pastry, which offer two different textures (crispy and chewy), in the fourth quarter. To encourage more customer visits, Mister Donut introduced new promotions with a fresh approach. New shop concepts were also introduced with new designs featuring interior and exterior decoration in line with the themes of promotional campaigns, limited to eight shops nationwide. New events, including tasting events inviting consumers and bloggers to participate, were conducted to help more people to discover the tastiness of the products. A new advertisement campaign featuring a pop idol was also developed. As a result, sales per shop increased from one year earlier. Sales in the first half of the year steadily grew, owing to the good value offered by the product and them becoming hot topics. However, sales in the second half of the year were slower than in the first half. The number of shops decreased due to closures of underperforming stores. As a result, the customer-level sales for all shops were slightly lower than in the previous year.

In the other food service businesses, Café Du Monde (with a smaller number of stores) and The Don, a seafood donburi chain, posted lower sales than one year earlier. Katsu and Katsu restaurants, remodeled from the previous year, introduced value-added menus with specially featured ingredients and regions. These menus were well received by a wide range of customers and contributed to the sales growth. At Hachiya Dairy Products, a consolidated subsidiary (ice cream manufacturer), orders increased. We also undertook start-up initiatives for new food businesses. ICE DE LION, a specialty ice cream shop, opened three shops with its first pilot store, Ito-Yokado Abeno shop in June, a second shop in Shimogyo-ku, Kyoto and a third in Kanazawa-ku, Yokohama. Chiffon & Spoon, a specialty shop which offers soft and moist chiffon cakes to eat with a spoon, opened its first pilot store, GRAND TREE MUSASHIKOSUGI shop in November.

Bakery Factory, a large suburban type bakery shop, opened its second shop in Ibaraki-shi, Osaka for test marketing in October.

3) Other Businesses

Among Other Businesses, Duskin Kyoeki, a leasing and insurance company posted higher sales and income from one year earlier. Duskin Healthcare, which provides management services to medical facilities, recorded higher sales, but lower income due to the increased labor-related expenses. Among overseas consolidated subsidiaries, Mister Donut Korea recorded lower sales. Duskin Hong Kong, which procures raw materials and equipment, increased its sales due to a higher volume of paper towels and raw materials supplied to Mister Donuts. The weaker yen also contributed to the result. Total sales of overseas consolidated subsidiaries increased from one year earlier. However, total income was lower than in the previous year, mainly due to increased promotional expenses for Clean & Care business in China.

(millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase/decrease	
				%
Sales	10,628	10,688	60	0.6%
Operating income	243	-87	-330	-135.9%

Clean & Care Businesses posted steady sales growth in all overseas markets: Taiwan, China and South Korea. Mister Donut recorded steady sales growth in Taiwan, Thailand and Malaysia. But sales decreased in the Philippines due to the downturn in the local economy, and in South Korea and China, where underperforming stores were closed in the previous fiscal year.

Segment sales figures do not include consumption tax.

(2) Outlook for the next fiscal year

The full year forecasts for FY2015, the first year of our new Medium-term Management Policy announced on March 26, 2015, are given below. We are committed to the initiatives aligned with the Management Policy described hereinafter in 2. Management Policy, which are designed to get the Group back on a growth track. Higher sales and income are expected during the next fiscal year. However, further up-front costs associated with the *Style Cleaner* are expected to be incurred during the next fiscal year. Expenses for developing new services to assist seniors in their daily lives are also projected. Therefore, slightly higher income is expected.

(Consolidated)

(millions of yen, %)

	Year ending March 31, 2016 (forecast)			Year ended March 31, 2015 (actual)	
		%	change (%)		%
Sales	173,700	100.0	3.4	167,987	100.0
Operating income	5,300	3.1	4.6	5,067	3.0
Ordinary income	6,800	3.9	-4	7,083	4.2
Net income	3,700	2.1	7.5	3,441	2.0

(Non-consolidated)

(millions of yen, %)

	Year ending March 31, 2016 (forecast)			Year ended March 31, 2015 (actual)	
		%	change (%)		%
Sales	146,400	100.0	3.4	141,580	100.0
Operating income	3,200	2.2	6.6	3,002	2.1
Ordinary income	6,000	4.1	-2.7	6,167	4.4
Net income	3,600	2.5	6.1	3,394	2.4

(Note) This forecast is based on projections and assumptions made using information available at the time of the announcement. These projections and assumptions are subject to the uncertainties inherent in future business operations. Actual results may differ materially, depending on various factors.

(3) Financial Position

1) Assets, liabilities, and net assets

a. Current assets

As of March 31, 2015, current assets amounted to 67,727 million yen, a 14,237 million yen increase compared to the previous fiscal year. This is mainly attributable to a 15,064 million yen increase in short-term marketable securities.

b. Noncurrent assets

Noncurrent assets totaled 130,748 million yen at the end of the fiscal year, an 18,540 million yen decrease compared to the previous fiscal year. This is mainly due to a 15,551 million yen decrease in investment securities, and a 2,348 million yen decrease in deferred tax assets.

c. Current liabilities

Current liabilities amounted to 34,026 million yen, a 34 million yen increase compared to the previous fiscal year. This is mainly due to a 1,446 million yen increase in current liabilities-other, a 547 million yen increase in accrued income tax because of increased accrued consumption taxes, a 903 million yen decrease in notes and accounts payable-trade, a 438 million yen decrease in reserve for Point Card Certificates, a 316 million yen decrease in guarantee deposit received for rental products, and a 249 million yen decrease in accounts payable-other.

d. Noncurrent liabilities

Noncurrent liabilities totaled 9,253 million yen at the end of the fiscal year, a 7,630 million yen decrease from the previous fiscal year. This is due to a 7,519 million yen decrease in net defined benefit liability.

e. Net assets

Net assets totaled 155,196 million yen at the end of the fiscal year, a 3,293 million yen increase from the previous fiscal year. This is mainly due to a 3,575 million yen increase in valuation difference on available-for-sale securities, an 814 million yen increase in retained earnings, a 631 million yen increase in remeasurements of defined benefit plans, and a decrease of 1,843 million yen as a result of the purchase of treasury stock.

2) Cash flows

Cash and cash equivalents (Cash) at the end of the fiscal year totaled 27,118 million yen, a 7,343 million yen increase from 19,775 million yen in the previous fiscal year.

a. Cash flow from operating activities

Cash inflows from operating activities at the end of the fiscal year amounted to 6,251 million yen, a 5,834 million yen decrease from the previous fiscal year. Income before income taxes totaled 6,860 million yen, a 1,339 million yen decrease from the previous year, while depreciation of 7,109 million yen, a 137 million yen increase from the previous fiscal year, and decrease in net defined benefit liability of 6,782 million yen (a 7,765 million yen decrease from the previous fiscal year) were recorded.

b. Cash flow from investing activities

Net cash provided by investing activities totaled 5,515 million yen, (1,404 million yen used in the previous fiscal year). This is mainly due to purchase of marketable securities and investment securities with a value of 11,521 million yen, a 2,514 million yen decrease from the previous fiscal year, purchase of tangible noncurrent assets with a value of 4,628 million yen, a 795 million yen increase from the previous fiscal year, and the sale of marketable securities and investment securities with a value of 25,277 million yen, a 19,277 million yen increase from the previous fiscal year.

c. Cash flow from financing activities

Net cash used in financing activities amounted to 4,514 million yen, a 2,039 million yen decrease of from the previous year. The dividend payment totaled 2,464 million yen, a 1,302 million yen decrease from the previous fiscal year, and a 1,843 million yen outlay was recorded for the purchase of treasury stock, a 995 million yen decrease from the previous fiscal year.

3) Trends in cash flow related indicators

A summary of trends in cash flow related indicators is presented below.

	Mar. 2012	Mar. 2013	Mar. 2014	Mar. 2015
Equity ratio (%)	75.4	75.1	74.3	77.6
Equity ratio at market price (%)	53.9	58.5	60.1	63.5
Interest-bearing debt to CF ratio (years)	0.0	0.0	0.0	0.0
Interest coverage ratio	2,221.7	3,847.9	3,790.7	5,213.5

(Note)

1. The above indicators are calculated using the following formulas based on consolidated figures.

   Ratio of net worth: Net worth (net assets - minority interests)/Total assets

   Ratio of net worth at market price: Current aggregate value of shares/Total assets

   Interest-bearing debt to CF Ratio: Interest — bearing debt/Cash flows from operating activities

   Interest coverage ratio: Cash flows from operating activities/Interest expenses

2. The current aggregate value of shares is calculated by multiplying the common stock price at term end by the number of shares outstanding at term end, excluding treasury stock.

3. Cash flows from operating activities in the consolidated statements of cash flows are used for the cash flows from operating activities.

4. Interest-bearing debt covers all debt bearing interest recorded in the consolidated statement of financial position.

5. Interest expenses in the consolidated statements of cash flows are used for the interest expenses.

(4) Basic Policies Regarding Distribution of Profits and Dividends for the Current and Following Fiscal Years

The Company follows a policy on dividends intended to meet shareholders’ expectations for the long term by placing priority on returning profits to shareholders through a steady and continuous dividend distribution for each term, while securing the internal reserves necessary for profitable operating results, future business development and maintaining sound business management. The Company plans to distribute a dividend in accordance with the basic policy to meet expectations of our shareholders, on a long term basis.

In accordance with the Company’s policy, the Company distributes dividends twice each year: an interim and a year-end dividend. The year-end dividend is determined at the general meeting of shareholders. The Articles of Incorporation state that "the Company may, by a resolution of the Board of Directors, with the record date of September 30 of every year, distribute interim dividends."

The Company plans to pay a year-end dividend of 20 yen per share for FY2014. An interim dividend of 20 yen was paid. The full-year dividend totals 40 yen per share.

For FY2015, the Company plans to pay an interim dividend of 20 yen per share, and a year-end dividend of 20 yen per share, 40 yen per share in total.

2. Management Policy

(1) Management Guideline

Since its foundation, Duskin Group has operated its businesses under its management philosophy, "Prayerful Management" to "Sow the Seeds of Joy" to make people happy, rather than simply seeking profit. With our initiatives aiming to be the world's most considerate service provider, we strive to continuously improve our corporate value by sharing joy with people in the communities and contributing to their livelihood being rich in both spirit and materials.

(2) Medium-to long-term Management Plan and Financial Goals

1) Outline of Long-term Vision ONE DUSKIN

With our ONE DUSKIN plan, we aim to unite all Duskin businesses so as to serve our customers in a more effective and hospitable manner. With a goal of achieving this plan in 9 years, we commit ourselves to developing products and services that respond to diversified customer needs through centralized information of all businesses.

- ■ ONLY ONE - One and only franchise system where franchisor and franchisees share our Management Philosophy

  Aim to be a unique group of companies that contribute to creating communities where people are connected, and live happily and safely.

- ■ NUMBER ONE - The most trusted franchise office in the community

  To be the most reliable service provider, we proactively anticipate customers' needs and provide solutions.

- ■ ALL FOR ONE - All business units and services join to respond to the needs of our customers.

  The Duskin Group will make an all-out effort to provide the best services for our customers.

2) Medium-term Management Policy 2015 (FY2015-FY2017)

During the period from FY2015 to FY2017, the first phase of ONE DUSKIN, we focus our efforts on getting the Group back on a growth track.

1. Framework

   1) Business model development

      Develop system, through which Duskin and its franchisees can share and utilize customer information

   2) Structure reform

      Review the costs of production & logistics, distribution, procurement and information system so as to be able to achieve reduction

   3) New growth

      New business development

      Overseas business expansion of Clean & Care and Mister Donut

   4) Enhancement of corporate governance

2. Quantitative Goal

   Consolidated sales: 185,000 million yen

   Consolidated operating income: 7,500 million yen

3. Focused business strategy

1) Enhance marketing capabilities

Establish development systems to continuously provide products/services that anticipate the customers' needs, by analyzing information on customers and know-how of the sales representatives at Clean & Care Group, and customers who visit our shops/restaurant of Food Group.

2) Existing businesses

a. Clean & Care Group

(a) Home Service

Serve our customers as an all-around house & home support service provider, that delivers products and services that meet their diversifying needs. To achieve this goal, we will reinforce our support programs for our sales representatives. We are developing a network of Daily-life Concierges to function as a point of customer contact to provide precisely what our customers need. We are also reinforcing our Contact Center capabilities to support the activities of our sales representatives, and improving DDuet, our membership website.

(b) Business Service

Serves our customers as a hygiene management service provider, growing out of a cleaning tool rental business delivering mats and mops. Developing a team of Hygiene Master professionals with expertise on sanitary management, who can inspect and measure the sanitary conditions at the customers' premises, and provide consulting services and total plans tailored to meet their sanitary maintenance needs.

(c) Life Care Service

With the onset of an aging society, we aim to meet different needs at different times and in different places during different stages of people's lifetime as our business objective. We will enhance our services to assist seniors living at home (private services not covered by the Public Nursing Insurance Program) in their daily lives.

b. Food Group

(a) Mister Donut

With a goal of providing the highest quality products in a comfortable atmosphere, we will rebuild the brand to meet diversifying customer needs, including the development of cafe style shops and take-out shops (Mister Donut's sub-brand).

(b) Food Business Development (new businesses)

We aim to develop food businesses that can be the second and third pillars of our food business, following Mister Donut.

c. Overseas business development

We continue to expand our Clean & Care and Mister Donut businesses in Southeastern Asia, and in China other than in the Shanghai area.

3) New Businesses

We also will make full use of M&A and tie-up agreement as means of business development for future sales expansion.

4) Optimizing management efficiency

We will carry through cost cutting on production & logistics, distribution and procurement and conduct a fundamental review of information system-related expenses.

4. Enhancement of corporate governance

We will further strive to enhance our corporate governance so that we can establish a corporate structure that makes sustainable growth possible. In addition to our aim of implementing corporate governance that helps enhance fairness and transparency of management, we also regard it as a part of our growth strategy. We will further improve our corporate governance system and its effectiveness. While we strive to continuously improve capital efficiency, we will examine our capital policy as needed basis to increase shareholders' benefit.

(3) Key Initiatives

The Japanese economy faces drastic changes in consumer purchasing behaviors due to aging population with a lower birth rate, diversifying lifestyles and the advanced information society. Duskin Group is also facing these challenges. With higher costs for raw materials, electric power charges and distribution cost expected, we are being forced to review production & logistics, distribution, procurement and information system-related expenses. To survive in this severe business climate, we recognize that our business model is compelled to change. Our challenges are to diversify customer contacts, and to pursue more efficient management.

At the same time, Duskin Group has a strength in its nationwide network of its business partners - franchisees. We will develop an integrated database that centralizes all of our business information, and plan and execute marketing measures and policies based on such information. We believe these initiatives enable us to build an organization that can win the trust of our customers. These are the focused strategies of our Medium-Term Management Policy 2015.

1) Clean & Care Group

We strive to expand our sales by reinforcing our customer contacts, and innovating our direct-selling business model that has been consistently developed since our founding.

Our membership website, DDuet, is a system which makes the most of our strengths in having both residential and commercial customers. We continue our efforts to increase its membership, by providing residential customers with high value-added information, and commercial customers with support to help grow their businesses. Call Center aims to establish a total support system that assists our franchisees' business activities. To achieve this goal, we will consolidate the first customer contact points, and reinforce support service capabilities for our franchisees.

1. Home Service

1) Diversified methods to deliver rental products

-Introduce "Return service by post," which enables customers to return used rental items that have been delivered to customers at their workplaces or at home.

-Launch direct shipping service of rental products to customers wishing to try our products

2) Reinforce education and training for sales representatives, and shift to a Daily-life Concierge system by utilizing IT tools

2. Business Service

1) Increase Hygiene Master trained and acquired hygiene management expertise

2) Shift from cleaning tool rental service to hygiene management service by Hygiene Master

3) Reinforce alliance between "sales locations" that specialize in sales activities and "rental & service locations," focusing on replacement services to exchange rental products.

3. Life Care Service

1) Aggressive development of Home Instead business, which focuses on senior care and dementia care services

2) New services for seniors (through visits and face-to-face services that offer various solutions like internet portal service)

2) Food Group

Food Group is committed to providing safe and reliable products as we regard this as our most important social responsibility. We are also rebuilding Mister Donut brand, and focusing our efforts on exploring businesses that become the second or third pillars of the Food Group.

1. Mister Donut

1) Develop shops that utilize the strength of on-site production & sales and offer high value-added products/services

2) Initiate development and review of shop formats to create different motivations for visiting the shops and different conditions/environment for their locations.

2. Food Business Development

1) Develop multiple units of new food businesses, including Bakery Factory, ICE DE LION, and the Chiffon & Spoon

2) Start test marketing of a cafe chain, Pie Face specializing in meat pies and coffee, through an acquired license in Japan

3) Develop multiple units for, and start franchising, "Katsu & Katsu" restaurants

3) Overseas Business Development

With a focus on the growth markets of Asia, we aim to establish our Duskin and Mister Donut brands through identifying the needs of "sanitary maintenance" and "food." By means of shop development concentrating on specifically focused areas, we will enhance our management efficiency and expand our market share.

1. Establish Clean & Care business model in China

We aim to establish our business model for the residential market by bolstering our sales efforts for dust control products in the Shanghai residential market. We will also prepare for business development in the rest of China, in addition to Shanghai.

We are also striving for sales growth in the existing markets in Taiwan and South Korea.

2. Mister Donut Business

We plan to expand the business in Southeastern Asia. By developing selling/service methods and sales channels that meet local characteristics, we plan to open more stores. We will aim to improve profitability with products and prices that meet local market needs, and through cost cutting by using locally procured ingredients.

4) New Business Development

We continue to work on developing new businesses in areas where we can take advantage of our strengths, and businesses related to our existing operations. We will assess the most appropriate method by business, aggressively utilizing alliances with business partners, M&A and tie-up agreements.

5) Enhancement of corporate governance

We will strive to further enhance our corporate governance so that we can establish a corporate structure to make sustainable growth possible. In addition to our view that corporate governance should help enhance fairness and transparency of management, we also regard it as an essential part of our growth strategy. We will further improve our corporate governance system and enhance its effectiveness.

3. Basic Policies for Selecting Accounting Standards

To facilitate comparisons of its consolidated financial statements across time periods and with other companies, Duskin Group intends to prepare its consolidated financial statements based on Japanese generally accepted accounting principles (JGAAP) for the time being.

With regard to the adoption of international financial reporting standards (IFRS), Duskin intends to monitor developments in Japan and overseas, and to respond appropriately to such developments.

4. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	as of March 31, 2014	as of March 31, 2015
Assets		
Current assets		
Cash and deposits	20,370	20,817
Notes and accounts receivable - trade	10,701	10,201
Lease investment assets	1,610	1,549
Securities	6,500	21,564
Merchandise and finished goods	7,769	8,104
Work in process	164	158
Raw materials and supplies	1,763	1,292
Deferred tax assets	1,980	1,801
Other	2,667	2,270
Allowance for doubtful accounts	-37	-33
Total current assets	53,489	67,727
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,072	42,495
Accumulated depreciation	-24,101	-24,641
Buildings and structures, net	17,970	17,853
Machinery, equipment and vehicles	23,883	23,577
Accumulated depreciation	-17,389	-17,053
Machinery, equipment and vehicles, net	6,494	6,524
Land	24,192	24,192
Construction in progress	466	1,067
Other	13,281	12,740
Accumulated depreciation	-9,675	-9,417
Other, net	3,606	3,322
Total property, plant and equipment	52,729	52,960
Intangible assets		
Goodwill	600	425
Other	7,784	7,731
Total intangible assets	8,385	8,156
Investments and other assets		
Investment securities	74,968	59,417
Long-term loans receivable	13	10
Deferred tax assets	4,732	2,383
Guarantee deposits	7,249	6,479
Other	1,406	1,532
Allowance for doubtful accounts	-197	-193
Total investments and other assets	88,173	69,630
Total non-current assets	149,289	130,748
Total assets	202,778	198,475

(millions of yen))

	as of March 31, 2014	as of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,818	6,915
Short-term loans payable	33	-
Current portion of long-term loans payable	140	30
Income taxes payable	844	1,392
Provision for bonuses	3,175	3,270
Provision for point card certificates	438	-
Asset retirement obligations	9	5
Accounts payable - other	7,206	6,957
Guarantee deposit received for rental products	10,203	9,887
Other	4,120	5,567
Total current liabilities	33,991	34,026
Non-current liabilities		
Long-term loans payable	69	20
Net defined benefit liability	15,358	7,839
Asset retirement obligations	582	577
Long-term guarantee deposited	748	732
Long-term accounts payable - other	94	82
Other	30	0
Total non-current liabilities	16,884	9,253
Total liabilities	50,875	43,279
Net assets		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	10,841	10,841
Retained earnings	130,300	131,115
Treasury shares	−3,326	−5,170
Total shareholders' equity	149,167	148,139
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,369	5,944
Foreign currency translation adjustment	−190	32
Remeasurements of defined benefit plans	−709	−78
Total accumulated other comprehensive income	1,469	5,899
Minority interests	1,265	1,157
Total net assets	151,903	155,196
Total liabilities and net assets	202,778	198,475

(2) Consolidated statements of income and statements of comprehensive income

Consolidated statements of income

(millions of yen)

	FY2013 April 1, 2013 - March 31, 2014	FY2014 April 1, 2014 - March 31, 2015
Net sales	167,745	167,987
Cost of sales	95,949	98,165
Gross profit	71,795	69,821
Selling, general and administrative expenses	65,154	64,753
Operating income	6,641	5,067
Non-operating income		
Interest income	963	937
Dividend income	246	252
Rent income on facilities	110	96
Commission fee	217	193
Gain on transfer of goodwill	15	9
Gain on redemption of investment securities	―	300
Miscellaneous income	509	428
Total non-operating income	2,063	2,217
Non-operating expenses		
Interest expenses	3	1
Share of loss of entities accounted for using equity method	119	6
Foreign exchange losses	53	―
Compensation expenses	122	63
Loss on cancellation of leasehold contracts	0	22
Miscellaneous loss	82	108
Total non-operating expenses	381	201
Ordinary income	8,322	7,083
Extraordinary income		
Gain on sales of non-current assets	8	11
Gain on sales of investment securities	―	108
Gain on bargain purchase	127	―
Other	15	6
Total extraordinary income	152	126
Extraordinary losses		
Loss on sales of non-current assets	37	7
Loss on abandonment of non-current assets	156	223
Impairment loss	73	88
Other	7	28
Total extraordinary losses	274	349
Income before income taxes and minority interests	8,199	6,860
Income taxes - current	2,950	2,716
Income taxes - deferred	682	754
Total income taxes	3,633	3,471
Income before minority interests	4,566	3,389
Minority interests in income (loss)	117	△51
Net income	4,448	3,441

(Consolidated statements of comprehensive income)

(millions of yen)

	FY2013 April 1, 2013 - March 31, 2014	FY2014 April 1, 2014 - March 31, 2015
Income before minority interests	4,566	3,389
Other comprehensive income		
Valuation difference on available-for-sale securities	1,422	3,575
Deferred gains or losses on hedges	-0	―
Foreign currency translation adjustment	173	145
Remeasurements of defined benefit plans, net of tax	―	635
Share of other comprehensive income of entities accounted for using equity method	84	126
Total other comprehensive income	1,680	4,481
Comprehensive income	6,246	7,870
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent	6,058	7,871
Comprehensive income attributable to minority interests	187	-0

(3) Consolidated statements of changes in net assets

FY2013 (Apr. 1, 2013 - Mar. 31, 2014)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,352	10,841	132,222	-3,092	151,323
Changes of items during the period					
Dividends of surplus			-3,764		-3,764
Net income			4,448		4,448
Purchase of treasury stock				-2,839	-2,839
Retirement of treasury stock			-2,604	2,604	—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	-1,921	-234	-2,155
Balance at end of current period	11,352	10,841	130,300	-3,326	149,167

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	943	-3	-371	—	568	919	152,811
Changes of items during the period							
Dividends of surplus							-3,764
Net income							4,448
Purchase of treasury stock							-2,839
Retirement of treasury stock							—
Net changes of items other than shareholders' equity	1,425	3	181	-709	900	345	1,246
Total changes of items during the period	1,425	3	181	-709	900	345	-908
Balance at end of current period	2,369	—	-190	-709	1,469	1,265	151,903

FY2014 (Apr. 1, 2014 - Mar. 31, 2015)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,352	10,841	130,300	-3,326	149,167
Cumulative effects of changes in accounting policies			-163		-163
Restated balance	11,352	10,841	130,137	-3,326	149,004
Changes of items during the period					
Dividends of surplus			-2,463		-2,463
Net income			3,441		3,441
Purchase of treasury stock				-1,843	-1,843
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	977	-1,843	-865
Balance at end of current period	11,352	10,841	131,115	-5,170	148,139

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	2,369	-190	-709	1,469	1,265	151,903
Cumulative effects of changes in accounting policies						-163
Restated balance	2,369	-190	-709	1,469	1,265	151,739
Changes of items during the period						
Dividends of surplus						-2,463
Net income						3,441
Purchase of treasury stock						-1,843
Net changes of items other than shareholders' equity	3,575	223	631	4,430	-108	4,321
Total changes of items during the period	3,575	223	631	4,430	-108	3,456
Balance at end of current period	5,944	32	-78	5,899	1,157	155,196

(4) Consolidated statements of cash flows

(millions of yen)

	FY2013 April 1, 2013 - March 31, 2014	FY2014 April 1, 2014 - March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	8,199	6,860
Depreciation and amortization	6,971	7,109
Amortization of goodwill	231	201
Increase (decrease) in allowance for doubtful accounts	-12	-2
Interest and dividend income	-1,209	-1,190
Interest expenses	3	1
Foreign exchange losses (gains)	-3	-5
Share of (profit) loss of entities accounted for using equity method	119	6
Loss (gain) on sales of property, plant and equipment	29	-3
Loss on retirement of property, plant and equipment	137	291
Loss (gain) on sales and redemption of investment securities	—	-408
Loss (gain) on valuation of investment securities	—	3
Gain on bargain purchase	-127	—
Loss (gain) on transfer of goodwill	-15	-9
Impairment loss	73	88
Decrease (increase) in notes and accounts receivable - trade	-125	507
Decrease (increase) in inventories	-1,015	145
Increase (decrease) in notes and accounts payable - trade	471	-850
Increase (decrease) in provision for bonuses	-187	95
Increase (decrease) in provision for point card certificates	-853	-438
Increase (decrease) in provision for loss on guarantees	-11	—
Increase (decrease) in net defined benefit liability	983	-6,782
Increase (decrease) in accrued consumption taxes	-97	1,303
Decrease (increase) in lease investment assets	171	60
Decrease (increase) in other assets	822	1,032
Increase (decrease) in other liabilities	375	-936
Subtotal	14,930	7,079
Interest and dividend income received	1,326	1,351
Interest expenses paid	-3	-1
Income taxes paid	-4,168	-2,178
Net cash provided by (used in) operating activities	12,086	6,251

(millions of yen)

	FY2013 April 1, 2013 - March 31, 2014	FY2014 April 1, 2014 - March 31, 2015
Cash flows from investing activities		
Decrease (increase) in time deposits	1,093	-61
Purchase of securities	-6,000	-3,000
Proceeds from sales and redemption of securities	3,000	6,000
Purchase of property, plant and equipment	-3,833	-4,628
Proceeds from sales of property, plant and equipment	157	73
Purchase of investment securities	-8,035	-8,521
Proceeds from sales and redemption of investment securities	3,000	19,277
Purchase of shares of subsidiaries and associates	-126	-893
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-430	—
Payments of loans receivable	-4	-83
Collection of loans receivable	229	181
Payments for lease and guarantee deposits	-117	-165
Proceeds from collection of lease and guarantee deposits	164	690
Payments for transfer of business	-241	—
Proceeds from transfer of goodwill	15	9
Other payments	-2,952	-3,540
Other proceeds	76	176
Net cash provided by (used in) investing activities	-14,004	5,515
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	33	-33
Repayments of long-term loans payable	-132	-159
Proceeds from share issuance to minority shareholders	167	—
Purchase of treasury shares	-2,839	-1,843
Cash dividends paid	-3,766	-2,464
Cash dividends paid to minority shareholders	-16	-14
Net cash provided by (used in) financing activities	-6,553	-4,514
Effect of exchange rate change on cash and cash equivalents	75	90
Net increase (decrease) in cash and cash equivalents	-8,396	7,343
Cash and cash equivalents at beginning of period	28,171	19,775
Cash and cash equivalents at end of period	19,775	27,118

(5) Notes to consolidated financial statements

(Note relating to going concern assumption)

There are no specific issues to report in this section.

(Change in accounting policies)

Duskin adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No.26, issued on May 17, 2012, "Accounting Standard for Retirement Benefits" hereafter) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on March 26, 2015, "Guidance on Accounting Standard for Retirement Benefits" hereafter), in accordance with regulations in Article 35 of Accounting Standard for Retirement Benefits and Article 67 of Guidance on Accounting Standard for Retirement Benefits, starting with the first quarter of FY2014. We have reviewed the method for calculating retirement benefit obligations and service cost, changed the method for attributing the expected retirement benefits to specific periods of service from the straight-line basis to the benefit formula basis, and changed the method of determining the discount rate from the use of a discount rate based on the number of years closest to the average remaining service life of employees to the use of a single weighted average discount rate based on the estimated period of benefit payments and the estimated amount of payments in each period.

The Accounting Standard and Guidance have been applied in accordance with the transitional treatment stipulated in the Accounting Standard, Paragraph 37, and financial impact resulting from the change in the method for calculating retirement benefit obligations and service cost was added to or deducted from retained earnings at the beginning of FY2014.

As a result, retained earnings decreased 163 million yen and net defined benefit liability increased 254 million yen at the beginning of this fiscal year. The impact on operating income, ordinary income and net income before tax was minimal during FY2014.

(Additional Information)

During the second quarter of FY 2014, Duskin contributed 7 billion yen in cash to retirement benefit trusts in order to ensure the financial soundness of retirement benefits. As a result, net defined benefit liability decreased by the same amount.

(Segment Information)

Segment Information

1. Overview of business segments

"Duskin's reportable segments are components of the Company for which separate financial information is available, and whose operating results are reviewed regularly by the board of directors to determine the allocation of resources and evaluate performance."

The Company has business operating units classified by product and service type. Each business unit establishes comprehensive product and service strategies for Japan, and conducts its own business activities.

The Company is organized into two reportable segments, Clean Group and Food Group, comprised of business operating units such as business groups and divisions based on product and service types.

Clean and Care Group, with a focus on direct selling, includes rental of cleaning tools, manufacturing and sales of cosmetics, rental of cabinet towels, sales of bathroom products, rental of shop towels, rental of water-purifiers and air-purifiers, house cleaning services, housekeeping services, pest control and prevention services, tree and lawn care services, plant and facility management services, senior care services, rental and sales of travel goods, baby goods, leisure goods, health and nursing care equipment, manufacturing, sales and rental of uniforms and sales of coffee to offices. Food Group is comprised of food service businesses that include manufacturing and sales of donuts, sales of food and beverages, operation of pork cutlet restaurants, manufacturing ice confectionery, and sales of other food and beverages.

There are two reportable segments, Clean & Care Group and Food Group, which consist of business operating units such as business groups and divisions based on product and service types.

Clean & Care Group, with a focus on direct selling, includes rental of cleaning tools, manufacture and sale of cosmetics, rental of cabinet towels, sale of bathroom products, rental of shop towels, rental of water-purifiers and air-purifiers, house cleaning services, housekeeping services, pest control and prevention services, tree and lawn care services, plant and facility management services, senior care services, rental and sale of travel goods, baby goods, leisure goods, health and nursing care equipment, manufacture, sale and rental of uniforms and sale of coffee to offices. Food Group is comprised of food service chains that sell donuts, beignets, baked products, dim sum, food and beverages.

2. Method of calculating sales, profit/loss, assets and others by business segment

The segment income or losses are based on operating income or loss.

Inter-segment intercompany profit and transfers are based on current market prices.

3. Sales, profits or losses, and assets by reportable segment

Consolidated fiscal year 2013 (April 1, 2013 through March 31, 2014)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note 1)	Total	Adjustment (Note 2)	Consolidated total
Sales						
To outside customers	110,097	47,018	10,628	167,745	—	167,745
Inter-segment sales	902	8	2,729	3,640	-3,640	—
Total	111,000	47,027	13,357	171,385	-3,640	167,745
Segment profit or loss	13,873	-410	243	13,706	-7,064	6,641
Segment asset	72,191	14,023	18,304	104,519	98,259	202,778
Other						
Depreciation	3,104	1,063	1,940	6,108	844	6,953
Property, plant and equipment and intangible assets increase	3,502	980	1,321	5,803	983	6,786

Consolidated fiscal year 2014 (April 1, 2014 through March 31, 2015)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note 1)	Total	Adjustment (Note 2)	Consolidated total
Sales						
To outside customers	109,009	48,289	10,688	167,987	—	167,987
Inter-segment sales	924	6	2,977	3,907	-3,907	—
Total	109,933	48,295	13,665	171,894	-3,907	167,987
Segment profit or loss	11,254	-201	-87	10,965	-5,898	5,067
Segment asset	75,292	13,531	19,261	108,085	90,390	198,475
Other						
Depreciation	3,406	1,090	1,762	6,259	808	7,068
Property, plant and equipment and intangible assets increase	3,862	1,412	1,715	6,990	1,083	8,074

(Notes)

1. Others are comprised of the businesses that are not categorized in reportable business segments, including office equipment and vehicle leasing, insurance agent services, hospital management services, and overseas businesses.

2. Breakdown of the adjustment area as follows:

Sales (millions of yen)

	FY2013	FY2014
Inter-segment eliminations	-3,640	-3,907
Total	-3,640	-3,907

Segment profits (millions of yen)

	FY2013	FY2014
Inter-segment eliminations	44	28
Corporate expenses	-7,109	-5,927
Total	-7,064	-5,898

Corporate expenses include corporate administrative expenses.

Segment assets (millions of yen)

	FY2013	FY2014
Inter-segment eliminations	-12,224	-13,706
Corporate assets	110,483	104,097
Total	98,259	90,390

Corporate assets include the management fund of surplus funds (cash and securities), long-term investment funds (investment securities) and assets relating to the administrative department.

Depreciation (millions of yen)

	FY2013	FY2014
Inter-segment eliminations	-3	-3
Corporate assets	848	812
Total	844	808

Increase of property, plant and equipment and intangible assets (millions of yen)

	FY2013	FY2014
Corporate assets	983	1,083
Total	983	1,083

3. Segment income has been adjusted for consistency with operating income that is shown in the consolidated statements of income.

(Per share information)

(yen)

FY2013 (April 1, 2013 - March 31, 2014)		FY2014 (April 1, 2014 - March 31, 2015)	
Net assets per share	2,446.24	Net assets per share	2,544.09
Earnings per share	71.13	Earnings per share	56.19
Fully diluted net income per share is not shown because the Company has no outstanding issues of bonds with warrants or convertible bonds.		Fully diluted net income per share is not shown because the Company has no outstanding issues of bonds with warrants or convertible bonds.	

(Note) Earnings per share is based on the following information.

	Fiscal Year 2013 (April 1, 2013 - March 31, 2014)	Fiscal Year 2014 (April 1, 2014 - March 31, 2015)
Net income (millions of yen)	4,448	3,441
Amounts not attributable to common shareholders (millions of yen)	―	―
Net income attributable to common shareholders (millions of yen)	4,448	3,441
Average number of common stock during the period (thousands shares)	62,541	61,239

(Important post-balance sheet events)

At the meeting of the Board of Directors held on May 15, 2015, the Board approved a specific method to repurchase Company stock pursuant to the provisions of Article 156 of the Corporate Law, as interpreted in accordance with Article 165, Item 3 of the Law.

1. Reasons for repurchasing stock

   To increase the return to shareholders and improve the return on capital as well as to enable the Company to implement a more flexible capital policy in response to changes in the business environment.

2. Method of repurchase

   Tender offer/Through open market transactions

3. Details of stock repurchase authorization by the Board of Directors

   1) Types of shares to be repurchased

      Common stock

   2) Number of shares:

      5,000,100 shares (upper limit)

      (8.26% of total number of outstanding shares (excluding treasury stock))

   3) Total amount:

      11,500,000,000 yen (upper limit)

   4) Period:

      From May 18 to September 30, 2015

4. Outline of tender offer

   1) Number of shares to be repurchased:

5,000,000 shares

2) Price

2,003 yen per share

3) Period

May 18 - June 15, 2015

4) Date of public notice for commencing tender offer

May 18, 2015

5) Date for commencing account settlement

July 7, 2015

5. Others

(1) Changes in board members

1) Nominees for Director

Tadashi Yamamoto (Nominee for an Outside Director stipulated in Article 2, Item 15 of Corporation Law)

Junko Katada (Nominee for an Outside Director stipulated in Article 2, Item 15 of Corporation Law)

* The nominees will be submitted for approval at the general meeting of shareholders to be held on June 19, 2015.

*Both Mr. Yamamoto and Ms. Katada are qualified as Independent Directors in accordance with regulations of the Tokyo Stock Exchange. Accordingly, reports will be submitted to the Tokyo Stock Exchange.

2) Exiting Directors

Yoichi Naganuma

Fukiko Uchiya

*Both Mr. Naganuma and Ms. Uchiya's terms will expire and they will resign as Directors at the end of the annual general meeting of shareholders to be held on June 19, 2015.