Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

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, 2018

Company name: Duskin Co., Ltd. Shares listed: Tokyo
Code number: 4665 URL: http://www.duskin.co.jp/corp/index.html
Representative: Teruji Yamamura, President & CEO
Contact: Hiroyuki Okubo, Operating Officer, Manager, Corporate Planning Tel: (06) 6821-5071

Scheduled date of ordinary general meeting of shareholders: June 21, 2018
Scheduled date of dividend payment commencement: June 22, 2018
Scheduled date for release of annual securities report: June 22, 2018
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, 2018

(Amounts less than one million yen are dropped.)

(1) Results of operation

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

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended Mar. 31, 2018	161,031	-0.5	7,557	24.5	8,978	18.8	5,324	23.3
Year ended Mar. 31, 2017	161,880	-2.0	6,069	13.0	7,554	12.6	4,318	44.8

(Note: Comprehensive income - Year ended March 31, 2018: 7,825 million yen (47.4%), Year ended March 31, 2017: 5,309 million yen (278.8%))

	Profit per share	Profit per share (fully diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	yen	yen	%	%	%
Year ended Mar. 31, 2018	99.63	99.63	3.7	4.6	4.7
Year ended Mar. 31, 2017	78.95	-	3.0	4.0	3.7

(Reference: Share of profit (loss) of entities accounted for using equity method - Year ended March 31, 2018: 220 million yen, Year ended March 31, 2017: 171 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, 2018	196,058	147,786	75.2	2,758.28
As of Mar. 31, 2017	190,116	142,108	74.5	2,651.76

(Reference: Shareholders' equity - Year ended March 31, 2018: 147,415 million yen, Year ended March 31, 2017: 141,724 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, 2018	13,111	-7,909	-2,232	30,877
Year ended Mar. 31, 2017	15,803	-3,565	-6,800	27,902

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, 2017	-	20.00	-	20.00	40.00	2,162	50.7	1.5
Year ended Mar. 31, 2018	-	20.00	-	20.00	40.00	2,137	40.1	1.5
Year ending Mar. 31, 2019 (Forecast)	-	30.00	-	20.00	50.00		49.5	

(Note: Dividends to be paid at the end of second quarter of the fiscal year 2018: ordinary dividend 20 yen, commemorative dividend 10 yen)

3. Forecast of consolidated financial results for the year ending March 31, 2019

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

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
6 months ending Sept. 30, 2018	81,100	1.0	4,200	-3.4	4,800	-8.5	2,900	-18.8	54.26
Year ending Mar. 31, 2019	163,000	1.2	7,900	4.5	9,000	0.2	5,400	1.4	101.04

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: None
2. Changes other than 1, above: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of period (including treasury stock)	Year ended Mar. 31, 2018:	55,194,823	Year ended Mar. 31, 2017	55,194,823
2. Number of treasury stock at the end of the period	Year ended Mar. 31, 2018:	1,750,262	Year ended Mar. 31, 2017	1,749,382
3. Average number of shares during the period	Year ended Mar. 31, 2018:	53,444,979	Year ended Mar. 31, 2017	54,693,081

(Reference) Overview of the non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2018

(1) Results of operations

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

	Sales		Operating profit		Ordinary profit		Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended Mar. 31, 2018	132,537	-1.3	4,915	20.8	7,476	15.4	4,703	26.3
Year ended Mar. 31, 2017	134,245	-3.2	4,069	13.2	6,478	5.6	3,723	103.3

	Profit per share	Profit per share (fully diluted)
	yen	yen
Year ended Mar. 31, 2018	88.00	88.00
Year ended Mar. 31, 2017	68.09	-

(2) Financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
As of Mar. 31, 2018	182,765	126,440	69.2	2,365.65
As of Mar. 31, 2017	175,371	121,994	69.6	2,282.60

(Reference: Shareholders' equity - Year ended March 31, 2018: 126,431 million yen, Year ended March 31, 2017: 121,994 million yen)

2. Forecast of financial results for the year ending March 31, 2019

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

	Sales		Operating profit		Ordinary profit		Profit		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
6 months ending Sept. 30, 2018	66,800	1.4	2,600	-12.6	4,400	-7.7	3,200	-6.9	59.87
Year ending Mar. 31, 2019	135,000	1.9	5,300	7.8	7,900	5.7	5,200	10.6	97.30

This summary of financial statements is exempt from the audit by certified public accountants or audit corporations.

Explanation regarding the appropriate use of business forecasts

(Note for the financial forecast)

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 Duskin makes no warranty as to the achievability of the forecast. 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

In FY2017 (April 1, 2017 - March 31, 2018), Japan's economy as a whole continued to recover as employment and personal income improved and consumer spending grew gradually as a result of strong corporate earnings. However, the outlook remained unclear due to growing political instability abroad and increasing geopolitical risk.

In FY2017, the final year of Medium-term Management Policy 2015 that is the first phase of the long-term strategy ONE DUSKIN, Duskin focused on achieving a recovery in sales to return the Duskin Group to a growth track.

Clean & Care Group (renamed Direct Selling Group on April 1, 2018) focused on reinforcing customer contacts and on providing products for simple and efficient cleaning as customer needs grow along with the increasing number of working couples and senior households. The group also continued its efforts to enhance technical services for which customer demand is increasing considerably. Food Group was committed to reestablishing the Mister Donut brand with the slogan "Something good's gonna happen. Mister Donut" and to developing other food businesses. Duskin introduced a share-based-remuneration system for Directors as an incentive to enhance corporate value and started using the Operating Officer system in FY2018 to strengthen corporate governance.

While Clean & Care Group posted higher sales, Food Group recorded lower sales. As a result, consolidated sales were 161,031 million yen, an 849 million yen (0.5%) decrease from the previous year. Despite lower sales, consolidated operating profit was 7,557 million yen, a 1,488 million yen (24.5%) increase. This is because cost of sales declined due to a decrease in investments in Style Cleaner and to lower expenses for depreciation and retirement benefits. Consolidated ordinary profit was 8,978 million yen, a 1,423 million yen (18.8%) increase. Profit attributable to owners of parent was 5,324 million yen, a 1,006 million yen (23.3%) increase.

(millions of yen)

	Year ended Mar. 31, 2017	Year ended Mar. 31, 2018	Increase/decrease	
				%
Consolidated sales	161,880	161,031	-849	-0.5
Consolidated operating profit	6,069	7,557	1,488	24.5
Consolidated ordinary profit	7,554	8,978	1,423	18.8
Profit attributable to owners of parent	4,318	5,324	1,006	23.3

Results by business segment

Sales

(millions of yen)

	Year ended Mar. 31, 2017	Year ended Mar. 31, 2018	Increase/decrease	
				%
Clean & Care Group	111,278	111,941	663	0.6
Food Group	40,163	37,624	-2,538	-6.3
Other Businesses	13,404	14,416	1,011	7.5
Total	164,846	163,982	-863	-0.5
Intersegment eliminations	-2,965	-2,951	13	―
Consolidated sales	161,880	161,031	-849	-0.5

Sales by business segment above include inter-segment sales.

Operating profit (loss)

(millions of yen)

	Year ended Mar. 31, 2017	Year ended Mar. 31, 2018	Increase/decrease	%
Clean & Care Group	13,671	14,201	529	3.9
Food Group	-684	356	1,040	—
Other Businesses	114	348	233	203.0
Total	13,101	14,905	1,804	13.8
Intersegment eliminations, and corporate expenses	-7,031	-7,347	-316	—
Consolidated operating profit	6,069	7,557	1,488	24.5

Operating profit or loss above includes inter-segment transactions.

1) Clean & Care Group

Although sales of dust control products, the core category of this segment, remained the same as in the previous year, sales of Clean & Care Group increased 663 million yen (0.6%) to 111,941 million yen. This is because other businesses including Rent-All, which rents household items and equipment for various events, continued to perform well. Gross profit increased due to higher sales. Cost of sales decreased due to lower investments in Style Cleaner, and expenses for retirement benefits also declined. As a result, operating profit was 14,201 million yen, a 529 million yen (3.9%) increase from the previous year.

Among dust control products for residential use, Cleaning Basic Three, consisting of the LaLa floor mop, the Shushu handy mop and the Style Cleaner, posted higher sales. The Robot Cleaner SiRo, which was rolled out nationwide in April 2017, also contributed to sales. However, sales of other mop products decreased. Extensive Kitchen Sponge promotions to acquire new customers resulted in sales growth. Sales of down quilts and other bedroom products launched in November helped increase overall sales. Sales of range hood filters and other products decreased. As a result, total sales of residential dust control products were lower than one year earlier.

Among mat products, the core items of dust control products for commercial use, our Inside original highly functional custom-made indoor mats and thin dust control and water absorption mats continued to perform well. Other mat products posted lower sales. As a result, total sales of mat products were the same as in the previous year. Sales of restroom-related products and water purifier units decreased. Clear Kukan air purifiers contributed to sales. We added a new contract with a large convenience store chain. As a result, total sales of dust control products for the commercial market were higher than one year earlier.

Royalty fees increased due to higher customer-level sales in our technical service businesses: ServiceMaster (professional cleaning) where air conditioner cleaning continued to perform well, Merry Maids (home cleaning), Terminix (pest control and prevention), and Total Green (plant and flower maintenance). Equipment and chemical sales to franchisees also increased. As a result, total sales of technical services were higher than one year earlier. In FY2017, Home Repair, which provides wall and floor repair services, began franchising.

Among other businesses of Clean & Care Group, Rent-All recorded higher sales because services for indoor events including exhibitions and sports events and the rental of assisted-living and health care products performed well. Uniform Service, cosmetic-related businesses and Home Instead (rebranded as Life Care on April 1, 2018), which provides senior care services, also performed well.

2) Food Group

The number of locations decreased due to closure of underperforming shops adversely impacted on Mister Donut customer-level sales, royalty fees as well as sales of raw materials to franchisees. As a result, sales of Food Group were 37,624 million yen, a 2,538 million yen (6.3%) decrease. Gross profit decreased due to lower sales. Expenses for depreciation, distribution and retirement benefits were lower. As a result, operating profit was 356 million yen, a 1,040 million yen increase compared with the 684 million yen operating loss in the previous year.

With the theme “MISDO meets,” Mister Donut focused on offering fun with tasty and premium products in collaboration with companies and pastry chefs using state-of-the-art technology and high quality ingredients. New products were jointly developed and released first with Gion Tsujiri Co., Ltd. in April, and then with Soranoiro Co., Ltd., House Food Corporation and TANITA Corporation. In January, Mister Donut released a group of donut products called the Chocolate Collection that was jointly developed with Toshihiko Yoroizuka who established his own confectionery brand. These products were very well received. Mister Donut continued its marketing activities using campaigns with other companies, including KDDI Corporation's Santaro Day program and collaboration campaigns with Daio Paper Corporation and Rakuten, Inc. In addition, Mister Donut released light meal items under the theme of MISDO GOHAN to meet customers’ diversifying needs and lifestyles. By offering light meal selections for customers of all ages to enjoy at different times of the day, including breakfast, brunch, lunch and coffee breaks, the Mister Donut brand now stands for more than a place to enjoy a snack between meals. Toast and pie products were released in November and pasta and hot dog items in February. The MISDO GOHAN items performed well, and sales per shop in operation increased.

Among other food service businesses, Katsu & Katsu, a pork cutlet specialty restaurant, continued to perform well. Hachiya Dairy Products, a consolidated subsidiary, posted higher sales. The Chiffon & Spoon, a specialty chiffon cake shop, Bakery Factory, a large suburban bakery shop, and Pie Face, a specialty pie store, recorded lower sales.

Don Co., Ltd., a consolidated subsidiary operating a seafood donburi chain, was sold to Fujio Food System Co., Ltd., with all shares transferred in the previous fiscal year. As a result, sales of other food businesses were lower than one year earlier. On March 31, 2018, Duskin discontinued the Café Du Monde business.

3) Other Businesses

Total sales of Other Businesses were 14,416 million yen, a 1,011 million yen (7.5%) increase from the previous year. Duskin Kyoeki Co., Ltd., a consolidated subsidiary operating leasing and insurance businesses, recorded lower sales. Duskin Healthcare Co., Ltd., which provides management services to medical facilities, posted higher sales. Among overseas businesses, Duskin Hong Kong Co., Ltd., which procures raw materials and equipment, posted higher sales due to the larger volume of raw materials for Mister Donuts in Taiwan and paper towel products. At Duskin Shanghai Co., Ltd., sales increased due to higher sales to commercial customers. Big Apple Worldwide Holdings Sdn. Bhd., the largest donut chain in Malaysia, which Duskin acquired and made a subsidiary during FY2016, contributed to sales. As a result, total sales of overseas businesses were higher than one year earlier. Duskin Healthcare Co., Ltd. posted lower income due to an increase in recruiting expenses. Duskin Kyoeki Co., Ltd. recorded higher income as the cost ratio improved. The operating loss decreased at overseas businesses. As a result, operating profit of Other Businesses was 348 million yen, a 233 million yen (203.0%) increase from the previous year.

With regard to customer-level sales in overseas businesses, Clean & Care businesses posted higher sales than one year earlier in Taiwan and Shanghai, China, but sales in South Korea were lower. Among donut businesses, sales in Malaysia were higher as Big Apple Group's sales were included. Mister Donut in Taiwan, Thailand and Indonesia recorded higher sales while sales were lower in Shanghai, China and the Philippines.

Segment sales figures do not include consumption tax.

(2) Financial position

a. Current assets

As of March 31, 2018, current assets amounted to 69,434 million yen, a 7,413 million yen increase compared to the end of the previous fiscal year. This is mainly attributable to a 2,353 million yen decrease in cash and deposits, an 8,443 million yen increase in short-term marketable securities, and an 819 million yen increase in other resulting from an increase in accounts receivable-other.

b. Non-current assets

Non-current assets totaled 126,623 million yen at the end of the fiscal year, a 1,472 million yen decrease compared to the end of the previous fiscal year. This is mainly due to a 1,543 million yen increase in investment securities, a 1,990 million yen decrease in property, plant and equipment, and a 948 million yen decrease in deferred tax assets.

c. Current liabilities

Current liabilities amounted to 33,985 million yen at the end of the fiscal year, a 618 million yen decrease compared to the end of the previous fiscal year. This is mainly due to a 529 million yen increase in accounts payable-other, a 933 million yen decrease in accrued income taxes and a 338 million yen decrease in other resulting from a decrease in deposits received.

d. Non-current liabilities

Non-current liabilities totaled 14,286 million yen at the end of the fiscal year, an 882 million yen increase from the end of the previous fiscal year. This is mainly due to a 981 million increase in net defined benefit liability.

e. Net assets

Net assets totaled 147,786 million yen at the end of the fiscal year, a 5,677 million yen increase from the end of the previous fiscal year. This is mainly due to a 3,186 million yen increase in retained earnings resulting from profit attributable to owners of parent of 5,324 million yen less 2,137 million yen paid out in dividends, and a 2,123 million yen increase in valuation difference on available-for-sale securities.

(3) Cash flows

Cash and cash equivalents (cash) at the end of the fiscal year totaled 30,877 million yen, a 2,975 million yen increase from 27,902 million yen at the end of the previous fiscal year.

a. Cash flow from operating activities

Cash inflows from operating activities amounted to 13,111 million yen (15,803 million yen in the previous fiscal year). Profit before income taxes totaled 7,913 million yen, while depreciation of 6,339 million yen, an increase in net defined benefit liability of 1,422 million yen, impairment loss of 840 million yen, and income taxes paid of 3,680 million yen were recorded.

b. Cash flow from investing activities

Net cash used in investing activities was 7,909 million yen, (3,565 million yen used in the previous fiscal year). This is mainly due to purchase of short-term and long-term investment securities of 33,844 million yen, purchase of property, plant and equipment of 4,181 million yen, and other payments of 3,555 million yen. Proceeds from sales and redemption of short-term and long-term investment securities of 32,663 million yen and proceeds from sales of property, plant and equipment of 1,158 million yen were also recorded.

c. Cash flow from financing activities

Net cash used in financing activities amounted to 2,232 million yen (6,800 million yen used in the previous year). This is mainly attributable to cash dividends paid of 2,136 million yen.

(4) Cash flow related indicators

A summary of cash flow related indicators is presented below.

	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018
Equity ratio (%)	77.6	75.0	74.5	75.2
Equity ratio at market price (%)	63.5	59.0	68.3	73.5
Interest-bearing debt to CF ratio (years)	0.0	0.0	0.0	0.0
Interest coverage ratio (times)	5,213.5	43,306.0	15,141.2	1,759.6

(Notes)

1. These indicators are calculated using the following formulas based on consolidated figures.
   Equity ratio: (Net assets – share acquisition rights – non-controlling interests)/Total assets
   Equity ratio 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 based on the number of shares outstanding at fiscal year-end, excluding treasury shares.
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.

(5) Outlook

FY 2018—the first year of the Medium-term Management Policy 2018—marks the 55th anniversary of Duskin. In this fiscal year, we will steadily implement key measures for future growth to stop the decline in sales.

At Direct Selling Group, technical services including house cleaning service, Rent-All, and Health Rent have performed well. The group expects higher sales from these businesses. Dust control business, the core category of this group, continues its efforts to reinforce customer contacts through its membership website DDuet and Duskin Contact Center. We will also utilize sales representatives who function like “daily-life concierges” for residential customers and sanitary management professionals Hygiene Masters for commercial customers to boost sales activities. Through these initiatives in the dust control business, the customer count and sales are expected to increase in FY2018.

Sales of Mister Donut have continued to be sluggish in recent years. Mister Donut started new initiatives: MISDO meets in the beginning of FY2017 and MISDO GOHAN in the second quarter of FY2017. These initiatives were well received among consumers. Sales per shop in operation are beginning to pick up. In FY2018, through these initiatives, Mister Donut expects an increase in sales per shop in operation. Mister Donut also anticipates that shop renovations and openings will drive sales growth. However, closures of underperforming locations are expected to result in a decrease in the total number of shops in operation. As a result, full-year sales at Mister Donut are predicted to be the same as in FY2017.

Profits are expected to be higher due to an increase in gross profit resulting from higher sales and lower expenses for retirement benefits.

Consolidated (millions of yen, %)

	Year ending March 31, 2019 (forecast)			Year ended March 31, 2018 (actual)	
		%	Change (%)		%
Sales	163,000	100.0	1.2	161,031	100.0
Operating profit	7,900	4.8	4.5	7,557	4.7
Ordinary profit	9,000	5.5	0.2	8,978	5.6
Profit attributable to owners of parent	5,400	3.3	1.4	5,324	3.3

Non-consolidated

(millions of yen, %)

	Year ending March 31, 2019 (forecast)			Year ended March 31, 2018 (actual)	
		%	Change (%)		%
Sales	135,000	100.0	1.9	132,537	100.0
Operating profit	5,300	3.9	7.8	4,915	3.7
Ordinary profit	7,900	5.9	5.7	7,476	5.6
Profit	5,200	3.9	10.6	4,703	3.5

(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.

(6) Basic policies regarding distribution of profits and dividends for the current and following fiscal years

Duskin views profit distributions to shareholders as one of its priorities. We follow a basic dividend policy through steady and continuous dividends for each fiscal year while securing the internal reserves necessary for profitable operating results, future business development and maintaining sound management. Duskin plans to pay a dividend in accordance with the basic policy in order to meet the expectations of our shareholders on a long-term basis.

In accordance with this policy, Duskin pays 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, pay interim dividends."

Duskin plans to pay a year-end dividend of 20 yen per share for FY2017. An interim dividend of 20 yen was paid. The full-year dividend will be 40 yen per share.

As announced in the May 15, 2018 notice of the 55th anniversary commemorative dividend, Duskin plans to pay a commemorative dividend of 10 yen per share to express appreciation to our shareholders with the interim dividend for the fiscal year 2018. Therefore, the total interim dividend is planned to be 30 yen. With the year-end dividend of 20 yen per share, the full-year dividend is to be 50 yen per share.

2. Management guidelines

(1) Basic management guidelines

Duskin, guided by its philosophy of Prayerful Management since its founding, has operated its businesses to Sow the Seeds of Joy in society. With our initiatives "to be the most attentive service provider in the world," we continuously improve our corporate value by sharing joy with people in the communities we serve and contributing to the spiritual and material richness of their lifestyles.

(2) Medium-to-long-term business plan and financial goals

1) Long-term strategy ONE DUSKIN

With the goal of ONE DUSKIN for uniting all Duskin businesses to serve our customers in a more effective and hospitable manner, we will continue to develop products and services to meet the diverse needs of customers.

ONLY ONE - A one and only franchise system where the franchisor and franchisees share our Management Philosophy

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

NUMBER ONE - The most trusted franchise business in the community

We seek to become the most reliable service provider, proactively anticipating customers' needs and providing innovative solutions.

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

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

2) Medium-term Management Policy 2018 (FY2018-FY2020)

During the second phase of ONE DUSKIN, both Direct Selling Group and Food Group will work on improving their business performance based on the foundation established during the first phase. We are undertaking structure reforms to reinforce our coporate structure, aiming for sustainable growth.

a. Financial Goals

FY2020 consolidated sales: 169,000 million yen

FY2020 consolidated operating profit: 8,200 million yen

b. Priority strategies

(a) Direct Selling Group

Leveraging the strengths of direct selling and home visiting/onsite services, Direct Selling Group will evolve its businesses into a "daily life fine-tuning service" which helps customers to stay organized and fine-tune the rhythm of their daily activities. Through closer cooperation across our businesses, we will accelerate the development of products and services to meet the needs of seniors and the child-rearing generation. For commercial customers, Direct Selling Group’s focus is to use enhanced service capabilities to better meet the sanitary management needs.

(b) Food Group

Food Group is focusing on reestablishing the Mister Donut brand with the slogan “Something good’s gonna happen. Mister Donut" and developing the second pillar of this group.

(c) New businesses

We will develop new businesses by making use of M&A and tie-up agreements as well as alliances with venture companies, educational institutions and the public sector.

(d) Overseas businesses

In the growing Asian markets where we operate our donut and dust control businesses, we are tailoring our franchise business package to meet the needs of each region.

(e) Structure reforms

We are reviewing operations centered on the functions of corporate departments, including areas for the possible use of artificial intelligence. Our goal is to enhance corporate functions and reallocate human resources to growing businesses. These initiatives will allow employees to select different work styles at each stage of their lives, as well as to reduce administrative expenses.

(f) Corporate governance

Duskin has started using the Operating Officer system to delegate authority and enable the Board of Directors to focus on decision-making and the oversight of business execution. With this system, we will reinforce our corporate governance.

(3) Key initiatives

Duskin Group remains committed to enhancing customer satisfaction by continuously reviewing the products, services and delivery to meet the changing needs of customers.

Online/automatic guided product order placement and delivery have been rapidly increasing. As a result, increasing the value to the Duskin Group's strength of face-to-face interaction with customers to deliver products and services is the key for our future growth.

As we place priority on measures for declining working-age population and higher productivity, we are developing programs and environment to enable employees to choose diverse work styles. Reviewing our business operations, we are undertaking "work style reform" to make our workplace more worker-friendly.

FY2018 is the first year of Medium-term Management Policy 2018. Duskin Group will work as a unified organization to achieve its goals.

1) Direct Selling Group

For residential users, we are developing systems and programs that enable customers to obtain the information they need when they need it. To accomplish this goal, we will continue to improve the contents for our membership website DDuet. By reviewing our Call Center operations, we are transforming it into a Contact Center with sales and support functions. We will continue our efforts to create a team of attentive and empathetic people. This includes the training of our sales representatives to function like concierges who always proactively provide solutions tailored to the customers' needs.

For technical services including cleaning services, we will continue to strengthen our infrastructure for these services. Included in this initiative are: franchisee recruitment with a newly introduced franchise package; a web quote and payment system; and the development of chemicals and equipment for higher work efficiency. For senior care service not covered by long-term care insurance, we will continue to provide services deeply rooted in the local communities where we operate by reinforcing our service network and service menu.

For commercial customers, we are developing highly functional and convenient products and services. Due to the revision of Food Sanitation Act and other related laws, our immediate focus is on the development of professionals who are well acquainted with general sanitary management programs. We will accelerate the development of sanitary management professionals called Hygiene Masters who can provide solutions for customers' work environments and know-how for reducing business risks at food service establishments and food processing plants. In addition to these services, Direct Selling Group will provide comprehensive solutions, including uniform service and event support services, to support customers' business operations.

2) Food Group

Mister Donut has worked on building a foundation for future growth with the goal of meeting customers' diverse motivations and needs for visiting the shops. To improve its brand value under the slogan, "Something good's gonna happen. Mister Donut," Mister Donut will continue its shop renovations to provide a comfortable ambience and open and relocate shops in line with customer traffic flow. To give customers reasons to visit shops more frequently, Mister Donut will use the collaborative product development "MISDO meets" with companies and pastry chefs with state-of-the art technology and high-quality ingredients. Mister Donut is increasing customer convenience through another initiative called MISDO GOHAN to serve breakfast, brunch and lunch. With these initiatives, Mister Donut provides happy moments for customers of all ages to enjoy at different times of the day.

Food Group is examining the potential to start franchising operations for Katsu & Katsu, Bakery Factory, the Chiffon & Spoon, Pie Face, with the goal of establishing a second pillar of this group.

3) New growth

We will continue to work on developing new businesses in areas where we can take advantage of our strengths and businesses related to our existing operations. In addition to the use of M&A and tie-up agreements with companies, we will aggressively seek alliances with venture companies, educational institutions and the public sector.

In our overseas businesses, we will focus primarily on our donut and dust control businesses in the growing Asian markets.

4) Strengthening our corporate structure

We will establish a corporate structure that enables us to achieve sustainable growth and a medium-to-long-term improvement in corporate value. We will further enhance operational efficiency through utilization of AI (Artificial Intelligence) and RPA (Robotic Process Automation), and reduce administrative expenses. By taking these actions, we will upgrade our corporate functions and reallocate human resources to the growing businesses. For greater diversity of our workforce, we are prioritizing our activities to use more female managers, non-Japanese nationals, people with disabilities and to employ people again following their mandatory retirement. We also offer opportunities for our employees to become independent franchise owners of Duskin's businesses. This program provides employees with more options for diverse working styles and career paths.

We started using the Operating Officer system with the aim of further enhancing the Board of Directors' decision-making and oversight functions, and expediting business execution through the delegation of authority. We are committed to enhancing effectiveness of this system.

In today's age of longevity, Duskin Group will continue to provide products and services tailored to meet the diverse needs and life styles of many generations.

3. Basic policies for selecting accounting standards

To facilitate comparisons of its consolidated financial statements across different fiscal years 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 these developments.

4. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	21,200	18,846
Notes and accounts receivable - trade	9,887	9,950
Lease receivables and investment assets	1,359	1,326
Securities	16,018	24,461
Merchandise and finished goods	7,388	7,738
Work in process	157	142
Raw materials and supplies	1,557	1,598
Deferred tax assets	1,719	1,822
Other	2,766	3,585
Allowance for doubtful accounts	-34	-37
Total current assets	62,021	69,434
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,157	43,486
Accumulated depreciation	-26,388	-26,490
Buildings and structures, net	17,769	16,996
Machinery, equipment and vehicles	24,880	24,975
Accumulated depreciation	-18,134	-18,484
Machinery, equipment and vehicles, net	6,745	6,491
Land	23,628	22,750
Construction in progress	241	178
Other	11,903	12,405
Accumulated depreciation	-8,955	-9,478
Other, net	2,948	2,927
Total property, plant and equipment	51,334	49,344
Intangible assets		
Goodwill	647	549
Other	7,035	7,925
Total intangible assets	7,683	8,474
Investments and other assets		
Investment securities	58,979	60,523
Long-term loans receivable	5	3
Deferred tax assets	2,199	1,250
Guarantee deposits	6,304	5,751
Other	1,616	1,310
Allowance for doubtful accounts	-27	-34
Total investments and other assets	69,078	68,804
Total non-current assets	128,095	126,623
Total assets	190,116	196,058

(millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,836	6,834
Short-term loans payable	78	173
Current portion of long-term loans payable	10	—
Income taxes payable	2,337	1,403
Provision for bonuses	3,255	3,397
Asset retirement obligations	12	18
Accounts payable - other	7,583	8,112
Guarantee deposit received for rental products	9,421	9,314
Other	5,069	4,731
Total current liabilities	34,603	33,985
Non-current liabilities		
Net defined benefit liability	11,901	12,882
Asset retirement obligations	616	578
Long-term guarantee deposited	812	788
Long-term accounts payable - other	74	18
Other	0	18
Total non-current liabilities	13,403	14,286
Total liabilities	48,007	48,271
Net assets		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	11,086	11,087
Retained earnings	117,332	120,519
Treasury shares	-3,568	-3,571
Total shareholders' equity	136,203	139,388
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,754	9,878
Deferred gains or losses on hedges	—	1
Foreign currency translation adjustment	-120	-54
Remeasurements of defined benefit plans	-2,113	-1,798
Total accumulated other comprehensive income	5,521	8,026
Share acquisition rights	—	9
Non-controlling interests	384	361
Total net assets	142,108	147,786
Total liabilities and net assets	190,116	196,058

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

Consolidated statements of income

(millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	161,880	161,031
Cost of sales	89,204	87,808
Gross profit	72,676	73,222
Selling, general and administrative expenses	66,606	65,664
Operating profit	6,069	7,557
Non-operating income		
Interest income	408	345
Dividend income	325	346
Rent income on facilities	177	152
Commission fee	198	174
Share of profit of entities accounted for using equity method	171	220
Miscellaneous income	603	508
Total non-operating income	1,884	1,747
Non-operating expenses		
Interest expenses	1	7
Rent expenses on facilities	35	57
Subsidies return loss	—	45
Compensation expenses	48	42
Cancellation penalty	102	35
Commission for purchase of treasury shares	60	—
Miscellaneous loss	151	137
Total non-operating expenses	399	326
Ordinary profit	7,554	8,978
Extraordinary income		
Gain on sales of non-current assets	0	133
Gain on sales of investment securities	580	24
Investment securities settlement gain	114	—
Gain on sales of shares of subsidiaries and associates	24	—
Other	8	5
Total extraordinary income	728	163
Extraordinary losses		
Loss on sales of non-current assets	22	93
Loss on abandonment of non-current assets	166	173
Impairment loss	1,297	840
Loss on disaster	176	0
Other	10	121
Total extraordinary losses	1,673	1,228
Profit before income taxes	6,610	7,913
Income taxes - current	3,051	2,821
Income taxes - deferred	-726	-228
Total income taxes	2,325	2,593
Profit	4,285	5,320
Loss attributable to non-controlling interests	-33	-4
Profit attributable to owners of parent	4,318	5,324

Consolidated statements of comprehensive income

(millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	4,285	5,320
Other comprehensive income		
Valuation difference on available-for-sale securities	-707	2,123
Deferred gains or losses on hedges	18	1
Foreign currency translation adjustment	-68	9
Remeasurements of defined benefit plans, net of tax	1,816	305
Share of other comprehensive income of entities accounted for using equity method	-34	65
Total other comprehensive income	1,024	2,505
Comprehensive income	5,309	7,825
Comprehensive income attributable to owners of parent	5,367	7,829
Comprehensive income attributable to non-controlling interests	-57	-3

(3) Consolidated statements of changes in net assets

FY2016 (April 1, 2016 - 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	11,352	10,835	119,910	-3,843	138,255
Changes of items during the period					
Dividends of surplus			-2,204		-2,204
Profit attributable to owners of parent			4,318		4,318
Purchase of treasury shares				-4,417	-4,417
Disposal of treasury shares			-4,691	4,691	—
Changes in equity of the parent company related to transactions with non-controlling shareholder		251			251
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	251	-2,577	274	-2,052
Balance at end of current period	11,352	11,086	117,332	-3,568	136,203

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling 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 beginning of current period	8,462	-18	-37	-3,934	4,472	—	920	143,648
Changes of items during the period								
Dividends of surplus								-2,204
Profit attributable to owners of parent								4,318
Purchase of treasury shares								-4,417
Disposal of treasury shares								—
Changes in equity of the parent company related to transactions with non-controlling shareholder								251
Net changes of items other than shareholders' equity	-707	18	-82	1,820	1,049		-536	512
Total changes of items during the period	-707	18	-82	1,820	1,049	—	-536	-1,539
Balance at end of current period	7,754	—	-120	-2,113	5,521	—	384	142,108

FY2017 (April 1, 2017 - March 31, 2018)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,352	11,086	117,332	-3,568	136,203
Changes of items during the period					
Dividends of surplus			-2,137		-2,137
Profit attributable to owners of parent			5,324		5,324
Purchase of treasury shares				-2	-2
Disposal of treasury shares					—
Changes in equity of the parent company related to transactions with non-controlling shareholder		1			1
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	1	3,186	-2	3,185
Balance at end of current period	11,352	11,087	120,519	-3,571	139,388

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling 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 beginning of current period	7,754	—	-120	-2,113	5,521	—	384	142,108
Changes of items during the period								
Dividends of surplus								-2,137
Profit attributable to owners of parent								5,324
Purchase of treasury shares								-2
Disposal of treasury shares								—
Changes in equity of the parent company related to transactions with non-controlling shareholder								1
Net changes of items other than shareholders' equity	2,123	1	65	314	2,505	9	-22	2,491
Total changes of items during the period	2,123	1	65	314	2,505	9	-22	5,677
Balance at end of current period	9,878	1	-54	-1,798	8,026	9	361	147,786

(4) Consolidated statements of cash flows

(millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	6,610	7,913
Depreciation	6,955	6,339
Amortization of goodwill	245	190
Increase (decrease) in allowance for doubtful accounts	-53	12
Bad debts expenses	2	3
Interest and dividend income	-733	-691
Interest expenses	1	7
Foreign exchange losses (gains)	2	25
Share of loss (profit) of entities accounted for using equity method	-171	-220
Loss (gain) on sales of property, plant and equipment	21	-39
Loss on retirement of property, plant and equipment	114	117
Loss (gain) on sales and redemption of investment securities	-580	69
Gain on liquidation of investment securities	-114	—
Impairment loss	1,297	840
Loss on disaster	176	0
Decrease (increase) in notes and accounts receivable - trade	283	-54
Decrease (increase) in inventories	122	-370
Increase (decrease) in notes and accounts payable - trade	-537	-4
Increase (decrease) in provision for bonuses	380	141
Increase (decrease) in net defined benefit liability	1,238	1,422
Increase (decrease) in accrued consumption taxes	509	-302
Decrease (increase) in lease investment assets	139	113
Decrease (increase) in other assets	397	-491
Increase (decrease) in other liabilities	49	852
Subtotal	16,358	15,873
Interest and dividend income received	853	926
Interest expenses paid	-1	-7
Payments for loss on disaster	-167	-0
Income taxes paid	-1,240	-3,680
Net cash provided by (used in) operating activities	15,803	13,111

(millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Decrease (increase) in time deposits	-199	-505
Purchase of securities	-21,502	-21,900
Proceeds from sales and redemption of securities	21,500	22,771
Purchase of property, plant and equipment	-4,363	-4,181
Proceeds from sales of property, plant and equipment	67	1,158
Purchase of investment securities	-10,410	-11,944
Proceeds from sales and redemption of investment securities	14,647	9,891
Proceeds from liquidation of investment securities	117	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-222	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-41	—
Payments of loans receivable	-3	-3
Collection of loans receivable	5	5
Payments for lease and guarantee deposits	-342	-321
Proceeds from collection of lease and guarantee deposits	281	709
Payments for transfer of business	-581	-47
Other payments	-2,590	-3,555
Other proceeds	73	14
Net cash provided by (used in) investing activities	-3,565	-7,909
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	78	91
Repayments of long-term loans payable	-9	-10
Purchase of treasury shares	-4,417	-2
Cash dividends paid	-2,210	-2,136
Dividends paid to non-controlling interests	-3	-1
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-237	-164
Payments from purchase of investments in capital of subsidiaries that do not result in change in scope of consolidation	—	-9
Net cash provided by (used in) financing activities	-6,800	-2,232
Effect of exchange rate change on cash and cash equivalents	-39	6
Net increase (decrease) in cash and cash equivalents	5,398	2,975
Cash and cash equivalents at beginning of period	22,503	27,902
Cash and cash equivalents at end of period	27,902	30,877

(5) Notes to consolidated financial statements

(Notes relating to going concern assumption)

None

(Segment information)

a. 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 and Care 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 restroom products, rental of industrial wiper cloths, rental of water purifiers and air purifiers, house cleaning services, housekeeping services, pest control and prevention services, tree and lawn care services, wall and floor repair, plant and facility management services, senior care services, rental and sales of travel goods, baby goods, leisure goods, health and nursing care equipment, planning, 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.

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

The segment income or losses are based on operating profit or loss.
Inter-segment intercompany income and transfers are based on current market prices.

3. Sales, income or losses, assets and others by business segment

Consolidated fiscal year 2016 (April 1, 2016 - March 31, 2017)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total
Sales						
To outside customers	110,537	40,151	11,192	161,880	—	161,880
Inter-segment sales and transfers	741	11	2,212	2,965	-2,965	—
Total	111,278	40,163	13,404	164,846	-2,965	161,880
Segment income (loss)	13,671	-684	114	13,101	-7,031	6,069
Segment assets	75,166	11,621	19,928	106,716	83,400	190,116
Other						
Depreciation	3,265	1,220	1,573	6,059	819	6,878
Property, plant and equipment and intangible assets increase	3,582	1,283	1,458	6,323	766	7,090

Consolidated fiscal year 2017 (April 1, 2017 - March 31, 2018)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total
Sales						
To outside customers	111,223	37,616	12,191	161,031	―	161,031
Inter-segment sales and transfers	718	8	2,225	2,951	-2,951	―
Total	111,941	37,624	14,416	163,982	-2,951	161,031
Segment income (loss)	14,201	356	348	14,905	-7,347	7,557
Segment assets	75,138	11,443	20,263	106,846	89,211	196,058
Other						
Depreciation	3,228	658	1,547	5,434	782	6,216
Property, plant and equipment and intangible assets increase	2,487	1,518	1,618	5,624	1,387	7,012

(Notes)

1. Other Businesses are comprised of the businesses that are not categorized in reportable business segments, including office equipment and vehicle leasing, hospital management services, insurance agent services, and overseas businesses.
2. Breakdown of the adjustment area as follows:

Sales (millions of yen)

	FY2016	FY2017
Inter-segment eliminations	-2,965	-2,951
Total	-2,965	-2,951

Segment income (loss) (millions of yen)

	FY2016	FY2017
Inter-segment eliminations	75	44
Corporate expenses (Note)	-7,107	-7,391
Total	-7,031	-7,347

(Note) Corporate expenses include corporate administrative expenses.

Segment assets (millions of yen)

	FY2016	FY2017
Inter-segment eliminations	-16,302	-17,952
Corporate expenses (Note)	99,702	107,163
Total	83,400	89,211

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

Depreciation (millions of yen)

	FY2016	FY2017
Inter-segment eliminations	-0	-0
Corporate expenses	819	782
Total	819	782

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

	FY2016	FY2017
Inter-segment eliminations	-	-2
Corporate expenses	766	1,390
Total	766	1,387

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

b. Other related information

Consolidated fiscal year 2016 (April 1, 2016 - March 31, 2017)

1. Product and/or service segment information

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Total
Sales to outside customers	110,537	40,151	11,192	161,880

2. Geographic segment information

(1) Net sales

Since sales to outside customers in Japan exceed 90% of net sales on the consolidated statements of income, this information is omitted.

(2) Property, equipment and plant

Since the amount of property, equipment and plant in Japan exceeds 90% of the amount on the consolidated balance sheet, this information is omitted.

Consolidated fiscal year 2017 (April 1, 2017 - March 31, 2018)

1. Product and/or service segment information

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Total
Sales to outside customers	111,223	37,616	12,191	161,031

2. Geographic segment information

(1) Net sales

Since sales to outside customers in Japan exceed 90% of net sales on the consolidated statements of income, this information is omitted.

(2) Property, equipment and plant

Since the amount of property, equipment and plant in Japan exceeds 90% of the amount on the consolidated balance sheet, this information is omitted.

c. Impairment losses on non-current assets by business segment

Consolidated fiscal year 2016 (April 1, 2016 - March 31, 2017)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Total
Impairment loss	59	1,170	67	-	1,297

(Note) Other Businesses are comprised of overseas businesses.

Consolidated fiscal year 2017 (April 1, 2017 - March 31, 2018)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Total
Impairment loss	406	403	5	25	840

(Notes)
1. Other Businesses are comprised of overseas businesses.
2. Elimination or corporate includes the impairment loss for corporate assets not attributable to any segment.

d. Amortization of goodwill and unamortized amount of goodwill by business segment

Consolidated fiscal year 2016 (April 1, 2016 - March 31, 2017)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Total
Amortization of goodwill	232	12	-	-	245
Balance (Notes)	579	-	68	-	647

(Notes) 1. Goodwill at the end of the fiscal year includes 579 million yen of goodwill in Clean & Care Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 68 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

2. Business segment goodwill amortization and unamortized goodwill reflect significant changes in the initial allocation of the acquisition cost arising from finalization of the provisional accounting treatment for the business combination.

Consolidated fiscal year 2017 (April 1, 2017 - March 31, 2018)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Total
Amortization of goodwill	184	0	6	-	190
Balance (Note)	450	1	97	-	549

(Note) Goodwill at the end of the fiscal year includes 450 million yen of goodwill in Clean & Care Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 97 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

e. Information on gain on bargain purchase by business segments

Consolidated fiscal year 2016 (April 1, 2016 - March 31, 2017)

None

Consolidated fiscal year 2017 (April 1, 2017 - March 31, 2018)

None

(Per share information)

(yen)

FY2016 (April 1, 2016 - March 31, 2017)		FY2017 (April 1, 2017 - March 31, 2018)	
Net assets per share	2,651.76	Net assets per share	2,758.28
Earnings per share	78.95	Earnings per share	99.63
Fully diluted net income per share is not shown because the Company has no outstanding issues of bonds with warrants or convertible bonds.		Profit per share (fully diluted)	99.63

(Note) Profit per share and profit per share (fully diluted) is based on the following information.

(millions of yen)

	FY2016 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2017 - March 31, 2018)
Profit per share		
Profit attributable to owners of parent (millions of yen)	4,318	5,324
Amounts not attributable to common shareholders (millions of yen)	-	-
Profit attributable to common stock owners of parent (millions of yen)	4,318	5,324
Average number of shares of common stock during the period (thousands shares)	54,693	53,444
Profit per share (fully diluted)		
Adjustments to profit attributable to owners of parent (millions of yen)	-	-
Increase in number of shares of common stock (thousands shares)	-	0
(Share acquisition rights) (thousands shares)	-	(0)
Outline of common stock equivalents not included in the calculation of profit per share (fully diluted) because they are not dilutive	-	-

(Important post-balance sheet events)

None

5. Others

Changes in Directors

Duskin announced these changes in the notice regarding appointments of Board Directors and Operating Officers on March 22, 2018 (Japanese version only).

Exiting Directors

Akihisa Tsurumi
Osaharu Fujii
Hideyuki Naito

*Mr. Tsurumi, Mr. Fujii and Mr. Naito will resign as directors at the end of the general meeting of shareholders to be held on June 21, 2018.