Consolidated Financial Results for the Fiscal Year Ended March 31, 2016
(Japanese Accounting Standards)

May 12, 2016

Company Name: Accordia Golf Co., Ltd. Listing Exchanges: First section of the Tokyo Stock Exchange
Securities Code: 2131 URL: http://www.accordiagolf.co.jp/english/
Representative: (Title) President & CEO (Name) Ryusuke Kamata
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Planned Annual Shareholders' Meeting Date: June 29, 2016
Planned Starting Date for Dividend Payments: June 30, 2016
Planned Date for Submission of Annual Securities Report: June 29, 2016
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for analysts and institutional investors)

(Rounded down to nearest million yen)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2016 (April 1, 2015-March 31, 2016)

(1) Consolidated Operating Performance (% indicates year-on-year change)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Yen millions	%	Yen millions	%	Yen millions	%	Yen millions	%
FY 3/2016	48,549	(24.0)	7,307	(0.3)	8,142	130.2	5,459	(9.2)
FY 3/2015	63,908	(30.5)	7,330	(40.1)	3,536	(65.7)	6,015	30.3

(Note) Comprehensive Income FY 3/2016: 5,427 million yen (-8.8%) FY 3/2015: 5,949 million yen (-28.7%)

	Net Income per Share	Fully-Diluted Net Income per Share	Net Income / Shareholders' Equity	Ordinary Income / Total Assets	Operating Margin
	Yen	Yen	%	%	%
FY 3/2016	77.44	–	11.3	5.3	15.1
FY 3/2015	71.62	–	8.7	1.7	11.5

Reference: Investment Profit/Loss from Equity Method Affiliates FY 3/2016: 1,963million yen FY 3/2015: -1,162 million yen

(Note) Fully-diluted net income per share for the fiscal year ended March 31, 2015 as well as the fiscal year ended March 31, 2016 are not presented as there are no dilutive potential shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Yen millions	Yen millions	%	Yen
FY 3/2016	152,054	50,045	32.7	706.10
FY 3/2015	157,775	47,162	29.7	665.24

Reference: Shareholders' Equity FY 3/2016: 49,783 million yen FY 3/2015: 46,902 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	End-of-year Balance for Cash and Equivalents
	Yen millions	Yen millions	Yen millions	Yen millions
FY 3/2016	12,569	1,097	(12,954)	4,197
FY 3/2015	(4,727)	83,968	(80,349)	3,485

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend Payout (Consol.)	Dividends / Net Assets (Consol.)
(Record Date)	End of Q1	End of Q2	End of Q3	Fiscal Year End	Annual			
	Yen	Yen	Yen	Yen	Yen	Yen millions	%	%
FY 3/2015	–	5.00	–	36.00	41.00	2,890	48.1	6.1
FY 3/2016	–	0.00	–	36.00	36.00	2,538	46.5	5.1
FY 3/2017 (Forecast)	–	0.00	–	36.00	36.00		56.4	

3. Forecasts for Consolidated Performance for the Fiscal Year Ending March 31, 2017 (April 1, 2016-March 31, 2017)

(% indicates year-on-year change)

	Operating Revenues		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Yen millions	%	Yen millions	%	Yen millions	%	Yen millions	%	Yen
Interim	25,200	0.7	3,300	(4.6)	3,500	(8.2)	2,100	(16.2)	29.79
Full Year	48,700	0.3	7,300	(0.1)	7,300	(10.3)	4,500	(17.6)	63.83

* Notes

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2016 (changes in subsidiaries via share exchange causing a change in the scope of consolidation): NO

New: -- company (company name: --)

Eliminated: -- companies (company name: --)

(2) Changes in accounting policies and changes or restatement of accounting estimates

(i)	Changes in accounting policies associated with the revision of accounting standards, etc.:	YES
(ii)	Changes in accounting policies other than (i):	NO
(iii)	Changes in accounting estimates:	NO
(iv)	Restatement:	NO

(3) Number of shares issued (common shares)

(i) Shares Outstanding (incl. treasury shares):	End of FY 3/2016	84,739,000 shares
	End of FY 3/2015	84,739,000 shares
(ii) Treasury Shares:	End of FY 3/2016	14,234,433 shares
	End of FY 3/2015	14,234,378 shares
(iii) Average Number of Shares Outstanding	End of FY 3/2016	70,504,586 shares
	End of FY 3/2015	83,978,303 shares

(Note)) The Company acquired treasury shares through a tender offer based on a resolution of a meeting of the Board of Directors, which was held on August 4, 2014. Mainly as a result of this, the average number of shares outstanding declined by 13,473,717 from the same period last year to 70,504,586.

Reference: Overview of Non-Consolidated Performance

1. Non-Consolidated Performance for the Fiscal Year Ended March 31, 2016 (April 1, 2015-March 31, 2016)

(1) Non-Consolidated Operating Performance (% indicates year-on-year change)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Yen millions	%	Yen millions	%	Yen millions	%	Yen millions	%
FY 3/2016	10,374	25.1	3,114	145.3	2,367	(94.4)	816	(98.5)
FY 3/2015	8,291	11.3	1,269	(55.9)	42,471	–	56,144	–

	Net Income per Share	Fully-Diluted Net Income per Share
	Yen	Yen
FY 3/2016	11.58	–
FY 3/2015	668.56	–

(Note) Fully-diluted net income per share for the fiscal year ended March 31, 2015 as well as the fiscal year ended March 31, 2016 are not presented as there are no dilutive potential shares.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Yen millions	Yen millions	%	Yen
FY 3/2016	137,990	44,842	32.4	634.03
FY 3/2015	146,355	46,564	31.7	658.45

Reference: Shareholders' Equity FY 3/2016: 44,702 million yen FY 3/2015: 46,423 million yen

2. Forecasts for Non-Consolidated Performance for the Fiscal Year Ending March 31, 2017 (April 1, 2016-March 31, 2017)

(% indicates year-on-year change)

	Operating Revenues		Ordinary Income		Net Income		Net Income per Share
	Yen millions	%	Yen millions	%	Yen millions	%	Yen
Full Year	9,900	(4.6)	1,600	(32.4)	600	(26.5)	8.51

* Presentation of the implementation status of audit procedures

These consolidated financial results are not subject to audit procedures under the Financial Instruments and Exchange Act, and the audit procedures of financial statements under the Financial Instruments and Exchange Act are not completed at the time of disclosing these consolidated financial results.

* Explanation about the proper use of financial forecasts and other important notes

Although performance forecasts and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that are believed to be reasonable, actual results may differ significantly from such statements due to a variety of factors. For assumptions underlying the performance forecasts and points of caution in using the forecasts, see "Analysis of Operating Performance" on page 1 of the Accompanying Materials.

The Company plans to hold a financial results briefing for institutional investors and analysts on Thursday, May 13, 2016. The documents handed out at the briefing, the streaming video, main Q&A and other relevant materials will be posted on the Company's website soon after the briefing.

In addition to the above briefing, the Company holds briefings on business operations and results for individual investors as required. Please refer to the Company's website for details regarding the timing of these briefings.

1. Analysis of Operating Performance and Financial Position

(1) Analysis of Operating Performance

During the fiscal year under review, the Japanese economy underwent a sustained recovery at a moderate pace on the back of the monetary easing policies and economic stimulus measures known as “Abenomics.” However, the trend in consumption growth was sluggish in some segments.

In the golf industry, in which the Accordia Golf group operates, the demand for golfing remained generally stable thanks to the record warm winter, despite the impact of unseasonable weather during the summer.

In these circumstances, the Accordia Golf group, while taking steps to increase the number of rounds played at facilities operated, pursued the basic strategies adopted in the new Medium-Term Management Plan (Accordia Vision 2017), whose final year is fiscal 2017 (“creation of capital gains based on a circulating business model” and “creation of stable cash flows from expanded outsourced management business”), and implemented the following management policies.

Golf Course Management Business

In addition to stepping up efforts to offer customers valuable products and services at reasonable prices, as a result of measures taken to attract customers through the introduction of a golf course brand and an original royalty program and coordination with driving ranges, the number of rounds played at the Group’s golf courses (owned or managed under contract by the Group) totaled 8.37 million (an increase of 260,000 compared to the same period last year) for the consolidated fiscal year under review. As part of its golf course portfolio strategy, the Group purchased one golf course in Chiba Prefecture with convenient access from the Tokyo metropolitan area, and sold a golf course in Fukui Prefecture and one in Ibaraki Prefecture that are expected to post a decline in income in the future. As of the end of the consolidated fiscal year under review, the Group operated 136 golf courses (43 courses owned by the Group and 93 courses managed under contract for operations).

Driving Range Operation Business

While the number of domestic driving ranges continued to decrease, demand for driving ranges remained stable thanks to consistent golfing demand. The Group implemented promotional strategies and enhanced its services by providing a satisfying practice environment, operating golf schools, and coordinating with other operators to attract customers to golf courses. As a result of acquiring one driving range in Chiba Prefecture, the Group operated 28 driving ranges as of the end of the consolidated fiscal year under review.

Business trust-based asset-light strategy

The Company is continuing efforts to improve the revenue of its golf courses to further improve its asset efficiency, and is making intensive preparations for additional asset-light strategies for golf courses with confirmed stable profitability.

Consequently, the Group recorded operating revenue of 48,549,900,000 yen, a decrease of 15,358,968,000 yen, or 24.0% year on year, during the consolidated fiscal year under review mainly as a result of the sale of 90 golf courses the Group held and operated as it implemented its business trust-based asset-light strategy in August 2014. While affected by this decline in operating revenue, operating income decreased 23,332,000 yen, or 0.3% year on year, to 7,307,564,000 yen, due mainly to the decline in operating expenses through the transfer of the operation of 90 golf courses and cost reduction initiatives carried out by the entire Group.

Ordinary income increased 4,605,088,000 yen, or 130.2% year on year, to 8,142,047,000 yen, due to losses totaling 1,162,628,000 yen in equity in earnings of affiliates from AG Trust, etc. during the previous consolidated fiscal year turning into gains of 1,963,593,000 yen in equity in earnings of affiliates for the consolidated fiscal year under review and a decrease of 790,750,000 yen in syndicated loan fees.

Profit attributable to owners of the parent decreased 555,222,000 yen, or 9.2% year on year, to 5,459,990,000 yen during the fiscal year under review. This was mainly due to the absence of 6,180,783,000 yen in gains posted in the previous fiscal year resulting from a transfer of shares of a subsidiary that owned 90 golf courses covered by AG Assets as well as due to a decline of 1,138,554,000 yen in total income taxes.

Forecasts for the Fiscal Year Ending March 31, 2017

The Group's growth policy is based on an external growth strategy using the circulating business model, in which the Group acquires golf courses owned by other companies and sells them to the Accordia Golf Asset Godo Gaisha, a subsidiary of Accordia Golf Trust (hereinafter, "AG Trust") after adding value, and then increases income from contracted golf course operations. Based on this growth policy, the Group proceeded with the preparations for selling golf course assets amounting to 24 billion yen (book value) and purchase of new golf courses in the Medium-term Management Plan (Accordia Vision 2017), the final year of which is the fiscal year ending March 31, 2017.

Meanwhile, with respect to the forecasts for the consolidated fiscal year ending March 31, 2017 at the present time, the Group expects operating revenue of 48,700 million yen, EBITDA of 11,600 million yen (Note), operating income of 7,300 million yen, ordinary income of 7,300 million yen, and profit attributable to the owners of the parent of 4,500 million yen, hardly factoring in the additional sale of golf course assets and the acquisition of new golf courses. If any golf course asset is sold during the period, the Company will immediately announce it as necessary, taking into consideration its impact on the operating results.

(Note) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is calculated as the sum of operating income, depreciation expense, and goodwill amortization expenses.

(2) Analyses relating to Financial Position

1) Analysis of Financial Position

(i) Total Assets

Total assets at the end of consolidated fiscal year under review decreased 5,721,103,000 yen from the end of the previous consolidated fiscal year, to 152,054,243,000 yen. The major factors behind the decline include a fall in income taxes receivable of 6,997,365,000 yen included in the Other category under current assets as a result of a refund in income taxes despite an increase of 2,360,792,000 yen in property, plant and equipment in part due to golf course acquisitions.

(ii) Total Liabilities

Total liabilities at the end of consolidated fiscal year under review decreased 8,604,213,000 yen from the end of the previous consolidated fiscal year to 102,008,579,000 yen. The major factors behind the decrease include a total decline of 9,139,256,000 yen in long-term loans payable due within one year and in long-term loans payable, primarily because of loan repayments.

(iii) Net Assets

Total net assets at the end of consolidated fiscal year under review increased 2,883,109,000 yen from the end of the previous consolidated fiscal year to 50,045,664,000 yen. The major factor behind the increase was a rise of 2,921,823,000 yen in retained earnings after offsetting 5,459,990,000 yen of profit attributable to owners of the parent against 2,538,166,000 yen of dividend payments from retained earnings.

(iv) Cash Flows

Cash and cash equivalents (hereinafter “cash”) at the end of the consolidated fiscal year under review increased 17,297,480,000 yen due to operating activities, decreased 82,870,197,000 yen due to investing activities, and increased 67,395,407,000 yen due to financing activities. As a result, the balance of cash as of the end of the consolidated fiscal year under review increased 712,893,000 yen, or 20.5%, from the end of the previous consolidated fiscal year, to 4,197,937,000 yen.

Cash flows from operating, investing, and financing activities are detailed below.

Cash Flows from Operating Activities

Cash provided by operating activities during the consolidated fiscal year under review stood at 12,569,585,000 yen. This showed an increase of 17,297,480,000 yen, or 365.9%, from the previous fiscal year, when cash used in operating activities was 4,727,894,000 yen.

The major factor behind the cash gained was the increase of 18,001,078,000 yen in income taxes paid or refunded resulting from the 7,261,153,000 yen from an income tax refund in the fiscal year under review, despite the transfer of the business operating 90 golf courses under its ownership that was implemented under the asset-light strategy during the previous consolidated fiscal year, which resulted in a decline of 1,699,752,000 yen in income before income taxes and a decline of 3,126,221,000 yen in share of (profit) loss of entities accounted for using equity method.

Cash Flows from Investing Activities

Cash provided by investing activities during the consolidated fiscal year under review stood at 1,097,897,000 yen, showing a decrease of 82,870,197,000 yen, or 98.7%, from the previous consolidated fiscal year. The major factors behind the decline included a decrease of 86,857,386,000 yen in proceeds from the sale of shares of subsidiaries resulting in change of scope of consolidation, chiefly attributable to the asset-light strategy implemented during the previous consolidated fiscal year, despite the 2,267,798,000 yen in proceeds from the share of profits on investments in capital that newly emerged from AG Trust during the consolidated fiscal year under review.

Cash Flows from Financing Activities

Cash used in financing activities during the consolidated fiscal year under review decreased 67,395,407,000 yen, or 83.9%, to 12,954,588,000 yen from the consolidated previous fiscal year. The major factors contributing to the decrease included the absence of net change in short-term loans payable in the consolidated fiscal year under review, the absence of redemption of bonds totaling 15,000,000,000 yen issued in the previous consolidated fiscal year, a decrease of 45,000,215,000 yen in the purchase of treasury shares, and a decrease of 3,543,372,000 yen in dividend payments.

2) Analysis of Sources of Capital and Capital Liquidity

To secure capital for smooth business operation, to maintain liquidity and for the maintenance and enhancement of a healthy financial position, the Group focuses on creating stable operating cash flows and securing various fundraising methods. Funds for capital expenditures and golf course acquisitions that support the Group's growth are raised through borrowings from financial institutions and corporate bond issuances in addition to cash flows from operating activities.

With respect to liquidity on hand, the Group generally aims to maintain a half to one month's worth of consolidated operating revenues in cash and deposits to secure funds for smooth business operations and to prepare for sudden capital needs.

Trends in cash flow-related indicators are as follows.

Trends in Cash Flow-related Indicators

	Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2014	Fiscal Year ended March 31, 2015	Fiscal Year ended March 31, 2016
Shareholders' Equity Ratio	35.1%	35.0%	29.7%	32.7%
Shareholders' Equity Ratio (Market Value)	34.4%	45.3%	51.5%	49.0%
Interest-Bearing Debt / Cash Flow Ratio	7.6x	9.3x	16.9x	5.6x
Interest Coverage Ratio	10.1x	7.4x	3.4x	10.7x

Notes: 1. Shareholders' Equity Ratio: Shareholders' Equity / Total Assets
Shareholders' Equity Ratio (Market Value): Market Capitalization / Total Assets
Interest-Bearing Debt / Cash Flow Ratio: Interest-Bearing Debt / Cash Flow
Interest Coverage Ratio: Cash Flow / Interest Payments
2. All figures are calculated from the consolidated financial statements.
3. Market capitalization was calculated based on the number of issued shares excluding treasury shares.
4. Cash flows from operating activities are used for cash flows.
5. Interest-bearing debt indicates all debts recorded on the consolidated balance sheet for which interest was paid.

(i) Interest-Bearing Debt

The balance of interest-bearing debt (corporate bonds, borrowings, commercial paper and lease obligations) as of the end of the consolidated fiscal year under review decreased 90,903,438,000 yen year on year, to 69,892,724 yen. The methods of fund-raising include indirect financing by financial institutions and lease transactions, etc. Going forward, the Group will continue to explore diverse fundraising methods to support its business activities, with a focus on raising capital in a low-cost, stable and flexible manner.

(ii) Credit Ratings

To secure a wide range of fundraising methods, the Group believes it necessary to maintain an acceptable credit rating. The Group has received a BBB credit rating with a negative outlook as a long-term issuer, and J-2 for its commercial paper from Japan Credit Rating Agency, Ltd.

The Group will continue to pursue higher credit ratings in the future by increasing revenues and solidifying its financial position through its business activities.

(iii) Liquidity on Hand

Liquidity on hand as of the end of the consolidated fiscal year ended March 31, 2016 was 4,197,937 yen, and is believed to be at an adequate level as the figure is equivalent to 1.0 months' worth of consolidated operating revenues.

(3) Basic Dividend Policy and Dividends for the Fiscal Year Ended March 2015 and the Fiscal Year Ending March 2016

The Company sets a target for its base dividends at a dividend payout ratio of 45% of pro forma consolidated net income (this refers to the amount obtained by deducting extraordinary income/loss from consolidated net income and adjusting for corporate and other taxes associated with the extraordinary income/loss) based on income from the operation of golf courses and income from contracted golf course operations. In addition, when selling golf courses after improving their profitability, the Company also sets a target of 90% for the total return ratio by working to return profits to shareholders in such a way as purchasing its own shares and paying commemorative dividends using some of the extraordinary income and surplus cash flows. Based on this policy, the Company plans to set annual dividends of 36 yen per share from retained earnings whose record date belongs to the fiscal year under review (ended on March 31, 2016), as an agenda item to the Annual Shareholders' Meeting scheduled to be held on June 29, 2016.

With respect to the projected dividends for the fiscal year ending March 31, 2016, the Company intends to pay dividends of 36 yen per share, taking into consideration the dividend level calculated from 45% of pro forma consolidated net income based on the results forecasts for the next fiscal year. Please note that the Company's Articles of Incorporation allow for the payment of interim dividends as set forth in item 5, Article 454 of the Companies Act. Interim dividends are an item for resolution by the board of directors, while shareholder resolutions are required for year-end dividends.

(4) Operational and Other Risks

Items that may have a significant impact on the Group's operating performance, financial position or other aspects include the following.

Note that forward-looking statements included herein are based on judgments of the Group as of May 12, 2016.

1) Changes to the Group's business and financial structure

On August 1, 2014, the Company implemented a Business Trust-based Asset-light Strategy and financing via loan with stock acquisition rights out of proposed measures which included a Business Trust-based Asset-light Strategy, financing via loan with stock acquisition rights and a tender offer for its own shares (hereinafter collectively the "Proposed Measures"). It also conducted a tender offer for its own shares with a tender offer period from August 5, 2014 to September 1, 2014, and completed settlement on September 29, 2014. At this point in time, the Company mainly sees the existence of the following risks after implementation of the Measures.

(i) Structural changes to the business

The Proposed Measures were implemented, 90 golf courses (hereinafter the "Initial BT Golf Courses") out of the total of 133 golf courses held by the Group were transferred to the Accordia Golf Asset Godo Gaisha (hereinafter the "AG Asset"), and became off-balance-sheet items, while the Company executed a Golf Course Management Agreement with the AG Asset and undertook management of the Initial BT Golf Courses. The Company believes that it would be able to achieve asset efficiency of the Company and actualize the value of the Company's golf course management business by focusing on the golf course management business after separating the existing business into the golf course management business and the asset-holding business.

That said, on the other hand, after implementation of the Proposed Measures, we would not be able to enjoy the economic benefits associated with the asset-holding business, such as compensation from using real estate or the increase in the property value. Further, based on conditions such as the market environment, there is a risk of not being able to obtain profits from focusing on the golf course management business that we plan based on the Business Trust-based Asset-light Strategy.

In addition, after implementing the Proposed Measures, the Company intends to continue to hold more than 25% of units of the Accordia Golf Trust (hereinafter the "AG Trust") business trust based on the Business Trusts Act of Singapore that were listed on the Singapore Exchange. Thus, holding these said units would differ from holding domestic golf course assets and would be exposed to risks, such as those related to price fluctuations and foreign exchange rates.

(ii) Circulating business

After implementing the Business Trust-based Asset-light Strategy, the Company plans to expand into a circulating business, under which the Company will improve and stabilize the profitability of golf courses that the Group holds, excluding the Initial BT Golf Courses, and golf courses that are to be newly acquired by raising their value through the Company's operational expertise on managing golf courses, after which we would sell these golf courses mainly to the AG Asset and proactively acquire new golf courses.

As a result, we would be able to aim at obtaining profits on sales of golf courses to the AG Asset as well as maintain receipt of compensation for operating the golf courses which we sell to the AG Asset by undertaking the operation of the golf course. We will aim for a business model that focuses on commissioned business by expanding this circulating business.

However, there is a possibility that the Company will not be able to secure growth or profitability through our planned circulating business as a result of not being able to sell golf courses at our planned yields due to inability to achieve the expected increase of the value of golf courses owned by the Group except for the Initial BT Golf Courses, that the Company will not be able to make the expected new acquisitions of golf courses and other properties due to factors including the M&A market for golf courses, or that the AG Trust will face difficulties in procuring funds due to factors including the market environment, resulting in the inability of golf courses and other properties to be transferred from the Company to the BT.

(iii) Profit dependency on the AG Asset

Through the implementation of the Proposed Measures, the Company plans to receive compensation from the AG Asset as payment for being commissioned to operate golf courses. As noted above, the material portion of our profits would also depend on the AG Asset immediately after the implementation of the Proposed Measures. Also, if the transfer of golf courses to the AG Asset is to continue after the Proposed Measures are implemented, the Company's dependency on the AG Asset would be greater. As a result, there may be an adverse effect on the results of operations and other aspects being severely impacted if the Company's relationship with ACCORDIA GOLF TRUST MANAGEMENT PTE. LTD as the Trustee-Manager of the Accordia Golf Trust (hereinafter the "Trustee Manager"), the AG Trust or the AG Asset deteriorates or if the Golf Course Management Agreement is disadvantageous to us or if the contract ends due to refusal to renew, cancellation, termination or otherwise.

(iv) Agreement, etc. with the AG Asset or the Trustee-Manager

Upon transfer of golf courses to the AG Asset, the Company presented to the AG Asset or the Trustee-Manager some representations and warranties regarding the subsidiaries owning the Initial BT Golf Courses or the Initial BT Golf Courses. If there is a violation of the said representation and warranty after the transfer of the Initial BT Golf Courses, the Company may be obligated to indemnify or buy back the Initial BT Golf Courses.

Also, after the transfer of the Initial BT Golf Courses, the Company granted the AG Asset as well as the Trustee-Manager the right of first refusal on golf courses and other properties which the Company plans to newly acquire for cases in which the Company might try to acquire the golf courses and other properties, along with granting them the right to initiate discussion and the right of first refusal regarding the sale of golf courses and other properties other than the Initial BT Golf Courses by the Company. As a result, there is a possibility that the acquisition of new golf courses and other properties or a flexible approach to the Company's asset sales to entities other than the AG Asset for the purpose of conducting the planned circulating business by the Company may be impeded. Further, the Company granted the AG Asset and the Trustee Manager the right to acquire golf courses and other properties, which are the golf courses that the Group holds as of the time of the transfer and are not subject to the Initial BT Golf Courses, from the Group under certain conditions, as well as to assume obligations to sell golf courses held by the Company to third parties in certain circumstances. As a result, there is a possibility that the Company may have no choice but to transfer to the AG Asset or sell to third parties golf courses and other assets, at an undesirable time under undesirable conditions for the Company.

(v) Changes to the financial structure

The Company conducted a tender offer for its own shares (at 1,400 yen purchase price per share; hereinafter the "Tender Offer for the Company's Own Shares") amounting to approximately 45.0 billion yen, and completed settlement on September 29, 2014.

Although the Company believed that the Tender Offer for the Company's Own Shares would lead to an improvement of the Company's profits per share and capital efficiency, the Tender Offer for the Company's Own Shares led to a significant decrease of the Company's own capital. As such, the Group may not be able to procure funds under desirable terms at a necessary time, or the Group's funding rates could surge, depending on the assessment given on this structural change in finances by financial institutions as well as the capital markets. As a result, there may be an adverse effect on the Group's future results of operations and financial conditions.

(vi) Other

Risks associated with implementation of the Proposed Measures are not limited to those mentioned above, and there is a possibility that unforeseen risks may emerge that would affect the growth or the continuation of the AG Trust, or the relationship between the Group and the AG Trust, after implementing the Proposed Measures. Among these are the enactment and revisions of the laws and regulations of Japan as well as Singapore, guidelines, tax systems, accounting and other standards. If such circumstances materialize, there is a possibility that the Company's plans or assumptions after the implementation of the Proposed Measures may change. Further, there is a possibility that the Group may face unforeseen problems or incur unexpected costs in the process of implementing the Proposed Measures. If such circumstances materialize, there may be an adverse effect on the Group's results of operations and other aspects.

2) Dependence on the Golf Course Management Business

(i) Changes in per-customer revenue

The Group is dependent on its golf course management business for most of its revenues. The golf course management business is positioned within the leisure industry, and is therefore believed to be susceptible to economic trends. In particular, revenue per user has been on a downward trend due to the deflationary trend which has persisted until recently and the lowering of fees per game by competing golf courses to capture visitor numbers. If the economic situation does not improve going forward or if the price competition among golf courses continues or intensifies, this may have an impact on the operating performance of the Group.

(ii) Changes in the number of visitors to golf courses

The aging and declining population as well as the falling birthrate, a structural problem in Japan, is affecting the golf market. As the generation that has traditionally played golf most frequently is aging, it becomes necessary to develop new golfer segments such as the generation in its 20s and 30s, juniors and females. In the first half of 1990s, the number of visitors to golf courses fell with the decline in golfing for corporate entertainment purposes, which had previously been active, weaker economic conditions, and diversified interests in sports and leisure. Unless the golf market evolves and becomes a mass market, this may have an impact on the operating performance of the Group.

3) Business Expansion through M&A

(i) Acquisition of Golf Courses, Driving Ranges, etc.

The Group has achieved rapid business expansion by positioning the acquisition of mainly failed golf courses as one of the pillars of its management strategy. Although the number of acquisitions involving a management change (based on the number of golf courses) reached 170 courses at its peak in 2005, the main targets of acquisition involving management change have been shifting from companies that own many golf courses to those that own only one or a few courses.

The Group will aim at external growth based on the business model, in which capital efficiency is improved by the Business Trust-based Asset-light Strategy, thereby actively pursuing the acquisition of golf courses, which will be followed by the transfer of the golf courses after the enhancement of their value to the AG Trust and the commissioning of their operations by the AG Asset. To this end, the Group plans to purchase golf courses at prices the Group considers appropriate, considering the profitability, locations, and other conditions related to the individual golf courses of interest.

If the revenue and the revenue ratio from the golf courses purchased as above differ from the revenue and the revenue ratio that were assumed at the time of purchase, there is a possibility that this will affect the operating performance of the Company Group. In addition, although the Group seeks to sell unprofitable golf courses on a timely basis to replace the portfolio from the standpoint of improving profitability, there is no guarantee that a sale will be able to be implemented, or a loss may arise from such a sale, depending on changes in the market for golf courses and price trends.

(ii) Evaluation of Goodwill

The Group amortizes goodwill on a regular basis, and makes judgments on the possibility of realizing such goodwill based on comparisons of future cash flows projected as of the acquisition date with actual cash flows. The Group may record impairment losses on goodwill in the event that actual cash flows fall substantially short of future cash flows projected as of the acquisition date and that the goodwill figure on the balance sheet therefore is deemed excessive.

4) Weather and Seasonality

Golf is an outdoor sport, and is therefore affected by the weather. Specifically, revenue opportunities are lost in the event that advanced reservations are canceled as a result of rain or snowfall on the scheduled play date. Further, long rains during the rainy season and unexpected snowfall may affect the number of days golf courses are in operation. The Group’s revenues are high in the first and third quarters, which are characterized by pleasant spring and autumn weather, while revenues are lower in the second and fourth quarters, which are characterized by the extreme summer and winter temperatures.

5) Natural Disasters, Terrorism and Infectious Diseases

The Company believes that the risks of earthquake, typhoon, tsunami and other natural disasters in a given area on the continuity of the Group’s operations are minimal as the Group’s offices (i.e., golf courses and facilities such as neighboring hotels; including offices for contracted operations) are dispersed throughout Japan, from Hokkaido in the north to Okinawa in the south. However, it is expected that the Group’s offices in some affected areas will be forced to suspend the operation for a certain period if a natural disaster occurs and that interest in golf-playing will decline in the event of a large-scale disaster such as the Great East Japan Earthquake. As a result, the operating performance of the Group may be affected by a temporary fall in the number of visitors to golf courses. Further, the Group’s performance may be similarly impacted by a temporary decrease in visitors in the event of terrorist attacks in Japan or overseas or a pandemic of the new influenza virus or other pathogens without established treatment.

6) Reputation of the Accordia Brand

The Group introduced the brand concept to the golf course/driving range management industry. The Group operates many of its offices under the Accordia brand in its efforts to maintain and enhance its brand images as well as to spread its awareness with the objective of providing standardized, high quality services to increase customer satisfaction. The Company believes that the adoption of various measures to maintain high brand reputation is contributing to its operating performance. On the other hand, a negative brand image resulting from a decrease in the brand’s social reputation due to corporate scandals or other events may have a negative impact on the Group’s performance.

Aiming for the drastic revision and strengthening of the governance and compliance systems and tightening control over expense settlement procedures, the Group revised its compliance policy (to permanently establish the Special Compliance Committee, strengthen the functions of the Compliance Committee, increase cooperation between corporate bodies, improve reporting to the Board of Directors, and improve the internal whistleblowing system), changed the internal expenditure system focusing on meeting expenses and entertainment expenses (stricter control over the procedure for examining the budget for meeting expenses and entertainment expenses, and the procedure for using meeting expenses and entertainment expenses), and ensured transparency in the system for the collection of opinions from golf course users. However, if these efforts are deemed inadequate, there is a possibility that the Group's reputation and brand image will not recover, thereby having an adverse impact on the operating performance of the Group.

7) Fundraising through Borrowings

On July 8, 2014, the Company concluded a syndicated loan agreement for a total of 32 billion yen (hereinafter the "new AG Loan Agreement") with 13 financial institutions led by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. primarily for the purpose of repaying the Company's existing loans, and funds based on the new AG Agreement of 17 billion yen (Tranche A and Tranche C) were drawn down by August 1, 2014 and the remaining 15 billion yen (Tranche B) was drawn down on August 27, 2014. Many agreements on borrowings from financial institutions besides the new AG agreement contain the following financial covenants and other clauses restricting the Company's business activities. If the Group violated these financial covenants, its obligations could, through notification from the financial institutions, become immediately due and payable.

(i) Maintain the following levels at a minimum for net assets in the consolidated balance sheets or the quarterly balance sheets as of each record date for calculations (means each fiscal year end and last day of each second quarter of the Company) starting from the September 2014 second quarter.
Maintain at least 75% of the second quarter level and at least 37.5 billion yen when using as the reference period an accounting period that immediately follows the tender offer for the Company's own shares and occurs after a second quarter or when using the second quarter.

(ii) An ordinary loss and an operating loss shall not be shown on the consolidated statements of income or the quarterly statements of income as of each record date for calculations starting from the September 2014 second quarter.

(iii) Maintain a shareholders' equity ratio (net assets/total assets x 100) of at least 20% in the consolidated balance sheets or the quarterly balance sheets as of each record date for calculations starting from the September 2014 second quarter.

(iv) Ensure that the leverage ratio (net interest-bearing debt (interest-bearing debt – cash or cash equivalents) ÷ EBITDA (earnings before interest, taxes, depreciation and amortization) as of each record date starting from the September 2014 second quarter does not exceed the following.

Rate (See Note)	Leverage ratio
At least BBB+	6.5x
BBB	6.0x
BBB-	5.75x

(Note) Rating refers to either issuer rating (or long-term preferred liabilities rating) acquired by the borrower from either R&1 or JCR or rating pertaining to loan claim, whichever is higher.

(v) The balance of cash and cash equivalents in the consolidated balance sheets or the quarterly balance sheets as of the end of each month starting from the last day of the month to which the date of execution of the loan agreement belongs shall not be less than 3 billion yen for three consecutive months and shall not be less than 2 billion yen for two consecutive months.

(vi) Maintain an R&I issuer rating or JCR long-term preferred liabilities rating of at least BBB-.
The new AG Loan agreement also stipulates to the effect that the Group shall consult with the financial institutions in good faith over a plan of action in the event that a party that is not fit and proper (includes (i)

antisocial force, (ii) person who currently falls or previously fell under grounds for disqualification as director due to a violation of the Companies Act, the Financial Instruments and Exchange Act or other relevant laws and regulations, (iii) a person who is asserting rights in a manner that impedes in material aspects the soundness and fairness of capital markets and is seriously infringing on the interests of the Company, including seriously violating the aims of the Financial Instruments and Exchange Act, and (iv) a person who is deemed to be essentially the same as these or an integral part thereof) came to hold more than 5% of the Company's shares(including additional acquisition by a person who already holds more than 5%) ,and in the event that such consultations failed to result in agreement, the financial institutions could demand acceleration of the Company's obligations. (However, the agreement states that the financial institutions may not withhold or refuse their agreement and demand acceleration for reasons that are irrational in light of the Company's interests (on judging such irrationality, the adverse impact on the preservation of claims must be taken into consideration).

As of May 13, 2016, the Company does not believe any new grounds for commencing consultations in good faith have arisen.

While the Group as of May 12, 2016 believes that it is unlikely its obligations will be accelerated, a mortgage on real estate owned by the Group could be registered or the Group's obligations could be accelerated in the event that the above financial covenants, etc. are violated for some reason, potentially having an impact on the financial position of the Group. Further, interest rates on borrowings are variable rates, and fluctuations in the interest rate may have an impact on the Group's performance.

8) Regulatory Environment and Legal Compliance

The Group is bound by various laws and regulations relating to land use and development in relation to its development and use of land for its golf courses, including the National Land Use Planning Law, City Planning Law, Forest Law, River Law and Agricultural Land Law. With respect to its golf course management operations, the Group is bound by laws such as the Food Sanitation Law and Public Bath Law in relation to the operation of its facilities, as well as laws relating to the environment such as the Pesticide Law, Law on the Disposal and Cleaning of Wastes and Environmental Impact Evaluation Law. In the event that major revisions to such laws or new regulations affecting the Group's operations are established and enforced in the future, the Group will be forced to adapt to the new laws or provisions, and its operations or performance may therefore be impacted. While the Group is not aware of any significant legal violations which have not been corrected as of May 12, 2016, there is a risk that past inadequacies concerning legal compliance may materialize due to the fact that its subsidiaries are mostly failed companies that filed for protection under the Corporate Revitalization Law or the Civil Rehabilitation Law. The Group's operations or performance may be impacted in the event that administrative or monitoring authorities impose an order on the Group to improve its legal compliance.

With respect to legal violations by officers and employees, Accordia Golf has positioned legal compliances as one of its key management objectives, established a corporate charter including compliance-related aspects, and ensures that all officers and employees comply with all laws and regulations. The Company has also introduced a monitoring system by employees where employees are to report on the occurrence of any compliance violations within the Company. However, the Group's operations may nonetheless be impacted in the event of material fraud by officers or employees.

9) Management of Personal Information

The Group had approximately 170,000 members as of March 31, 2016, and aggregates membership information for 134 operated golf courses in a database. Further, the Group has issued approximately 4.37 million loyalty cards to members and other customers under its loyalty card program as of March 31, 2016, and has around 510,000 registered users of its online golf course reservation services, and it aggregates customer information in a database. In the event of an external leakage of such personal information, the social reputation of the Group is likely to be damaged, possibly having an impact on operating performance.

2. Status of the Group

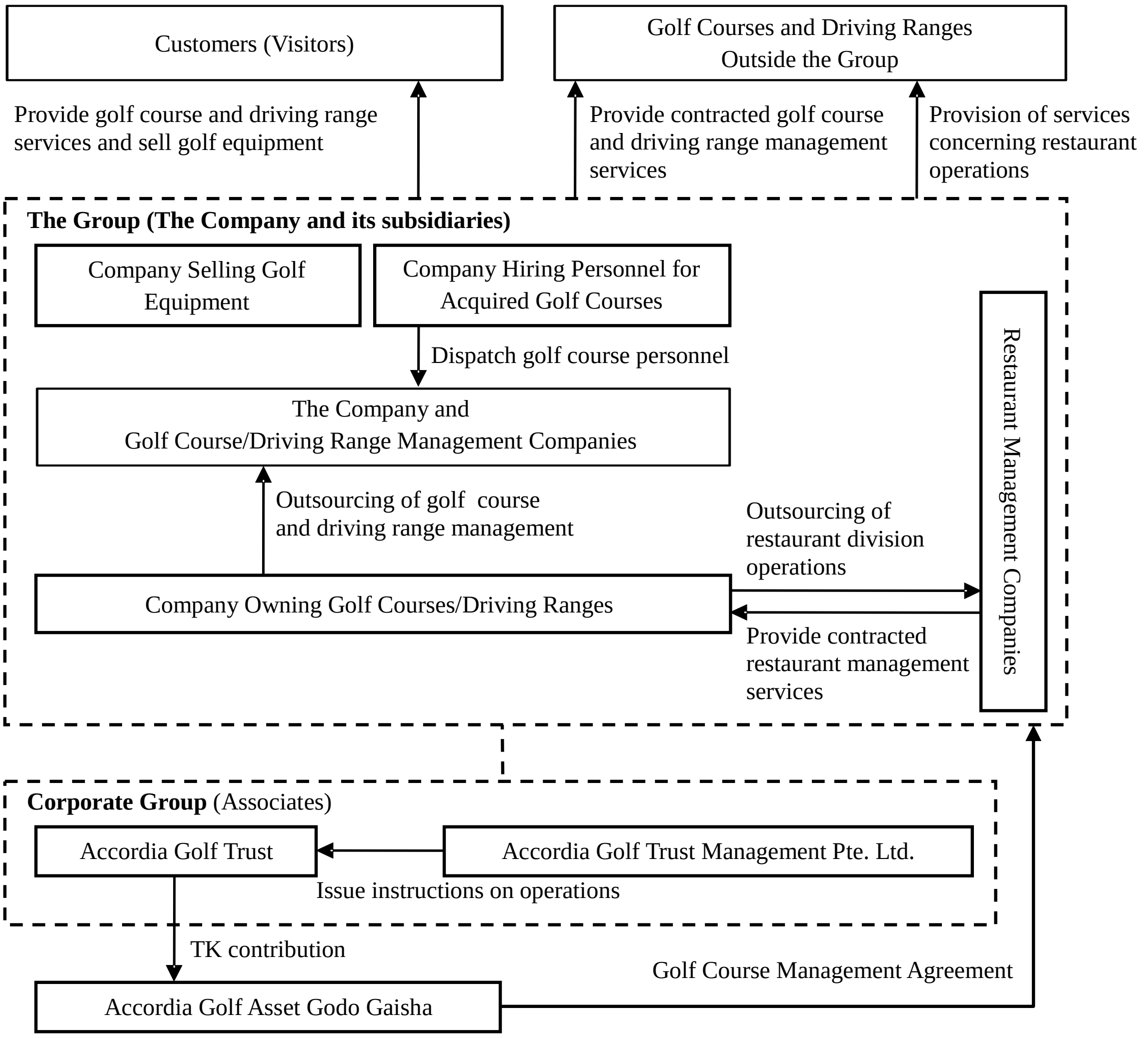
(1) Business Description

The Group consists of 27 companies comprising the Company (Accordia Golf Co.,Ltd.) and its 24 subsidiaries and 2 equity-method affiliates as of March 31, 2016, and is mainly engaged in the golf course management business. The Group also operates driving ranges, sells golf equipment, and undertakes the management of golf courses under contract to parties outside the Group.

The Company falls under a specified listed company, etc., and judgments concerning numerical criteria stipulated relative to the size of the listed company that are included in "minor criteria" (criteria which have minor influence on the investors' investment decisions) for material facts under insider trading regulations will be made based on consolidated data.

The Group's "Schematic Business Diagram" is as follows.

Schematic Business Diagram



(Note) Revenues and expenses for services to customers are recorded by each company owning a golf course, pursuant to the contracted operations agreements with each golf course.

3. Management Policies

(1) Basic Management Policies

Accordia Golf, under the basic principle of "always pursuing services to satisfy all players from a customer perspective," seeks to propose a new golf lifestyle.

"Golf," as recommended by the Group, means "private golf" with family and close friends, a lifetime sport that can be enjoyed regardless of age or gender. From this perspective, the Group seeks to promote the creation of an environment in which people can enjoy golf without taking it seriously, under the "It's a new game" = "casual and enjoyable golf" concept.

Also, the Group's Integrated Golf Services Business uses golf courses and driving ranges as the foundations for comprehensively supporting the golfing life of its customers in various scenarios and making golf an even more integral part of their lives. Through this, the Group seeks to enhance customer satisfaction and turn even one more person into an Accordia fans in order to achieve sustainable growth in the long-term.

(2) Target Management Indicators

The Group will focus on enhancing return on equity (ROE) as its primary target management indicator by improving the operating margin alongside growth in income from contracted golf course operations and improving capital efficiency, and under its new mid-term management plan, which will enter its final year in the fiscal year ending March 2017, the Group aims for an ROE of at least 15%. ROE as of March 31, 2016 stood at 11.3% (net income ÷ average of the beginning and ending equity), improving from the fiscal year ended March 31, 2015.

(3) Medium-to-Long-Term Strategy

On August 1, 2014, the Group implemented a Business Trust-based Asset-light Strategy and is now focusing on a new circulating business model consisting of acquisition of new golf courses, value adding, transfer, and consignment of management, with a view to improving capital efficiency, which had become an issue for the expansion of the golf course operation business. By introducing this circulating business model, the Group aims to accelerate the expansion of the golf course consigned management business and aims to develop from "Japan's largest golf course holding company" to "the world's largest golf course operating company."

1) Generation of cash through establishment of the circulating business model

The Group has in the past aggressively acquired golf courses and been a leader in the golfing industry in Japan as Japan's largest golf course holding company".

For the next stage, the Company will seek to increase asset efficiency and enhance its growth potential through a Business-Trust-based Asset Light Strategy.

The Group will also establish a cyclical business model aimed at creating capital gains by proactively acquiring new golf course and transferring them after value adding and at expanding income from contracted golf course operations by undertaking golf course management operations from transferees.

2) Generation of Stable Cash through Expansion of Consigned Management Business

The Company will acquire management contracts through the transfer of the Company's owned golf courses to mainly to the Business Trust and management contracts from third parties, and it will expand the consigned management business in a sustainable manner and create stable cash flow.

The Company will make continuous service improvements and increase ability to attract customers by further enhancing the value of the Accordia Golf brand enabling "casual and pleasant play" that it has proposed and developed to date, in order to make the stable growth of this consigned management business sustainable. It will also win new markets by developing multiple golf course brands to meet diverse customer needs, including customers who want casual golfing, customers who aspire to tournament-standard high quality golf courses, and customers who simply want to enjoy golf and demand cost performance.

3) Total shareholder return policy

The Company has paid dividends as returns to shareholders through its management and operation businesses in the past. It is considering the acquisition of treasury stock, etc. to improve capital efficiency by using a portion of extraordinary profit and surplus cash flow derived from the transfer of golf courses and the establishment of the circulating business model, as well as dividends based on the management and operation businesses.

The Company's targeted total shareholder return ratio (which is the quotient of the sum of total dividends and total amount of treasury stock acquired divided by consolidated net income) is above 90% for the total period of the fiscal year ended March 31, 2015 through fiscal year ending March 31, 2017.

(4) Challenges Facing the Company

The Group will regard the following challenges as management tasks and address them proactively.

1) Golf business reform

Development of circulating business model

The Group recognizes promotion of the circulating business model as its most important management challenge and will push ahead with the value adding of the golf courses it already owns and the acquisition of new golf courses.

As part of its investment policy in the acquisition of new golf courses, the Group will consider investing in profitable golf courses, particularly in suburban cities expected to have a stable population within the three largest metropolitan areas in Japan, those with high potential for value-adding through the Company's operations, and also overseas golf courses.

The Group will subsequently generate capital by transferring these value-added golf courses to AG Trust, etc. and increase consigned management revenues by undertaking the management of the transferred golf courses to establish the circulating business model.

2) Strengthening the golf business management capacity

Since the creation of the Accordia Gold brand, the Group has offered new golfing services, enhancing the level of its services by fully implementing four service principles consisting of providing high-quality course conditions that guarantee a comfortable round of golf; accommodating different playing styles to meet diverse customer needs; providing a full line of services at pro shops, similar to specialty shops; and providing restaurants with prices that are reasonable and well-suited to a sporting area.

The Group is also implementing a brand strategy that caters to a larger range of target groups by establishing the TROPHIA GOLF brand for customers who demand challenging golf courses and the EVERGOLF brand for customers who simply want to enjoy playing golf.

The Narashino Country Club King & Queen Course operated under the TROPHIA GOLF brand has been selected to hold the 26th Japan Senior Open Golf Championship, an official senior tour championship, from September 15 to 18, 2016. The Ishioka Golf Club has been selected to host the Honma Tour World Cup at Trophia Golf, a JGTO Tour Tournament, from October 6 to 9, 2016.

As measures taken to attract customers, the Group strives to maximize its earnings through optimal operation and sales at optimal prices using the customer information from the Accordia Golf point program, in which a total of 4.13 million loyalty cards had been issued by the end of March 2016, and the Company's website "Accordia Web" with 510,000 registered users as of the end of March 2016.

In addition, the Group considers the growing demand for foreign visitors to Japan an opportunity to acquire new customers. It carried out promotional activities that resulted in approximately 20,000 visitors for the fiscal year ended March 31, 2016. The Group will make further efforts to attract customers, particularly from the Asian region, in the medium term.

Additionally, the Group is rationalizing operations and conducting centralized purchasing through the centralization of office work by leveraging the scale of the Group based on the number of golf courses operated, which is the largest in Japan and the strength of the group.

3) Expansion of scale and profitability of driving range business

The Group attracts customers by maintaining a pleasant driving range environment, providing golf lessons using the established coaching method at Accordia Golf Academy, holding events, and other means.

Further, by leveraging the scale of the Group, systems and infrastructure are combined to ensure the low-cost operation.
Synergy between the driving range and golf courses is increased by guiding visitors to the driving ranges to the golf courses operated by the Group.

The Group will continue to promote contracted management to expand its driving range business and limit acquisitions and construction projects to profitable sites that offer high investment efficiency in urban areas.

4) Strengthening sales and purchases and the expansion of sales channels in the retail business
In its retail business, the Group operates its direct pro shops at golf courses and driving ranges under the Golfrevo brand and stores at other companies' driving ranges under management contracts. The Group is operating its retail business efficiently using product lines and operation styles appropriate for the characteristics of each store. It will also expand services such as accepting trade-in golf clubs and placing work areas for grip replacement and other services.
The Group will continue to improve its retail business by creating new profit-making opportunities, such as contracts for stores in other companies' driving ranges and the development of high-street shops.

5) Promoting increased activity within the golf market
Increasing the golf population and promoting activity within the golf market are believed to be crucial for the achievement of long-term growth by the Group. Golf has officially been made an Olympic sport from the Rio de Janeiro Olympics in 2016, and Tokyo has been selected to host the 2020 Olympic and Paralympic Games.
In January 2014, the Company launched Accordia Kids, a registration system for junior golfers to create an environment in which it is easier for children to take up golf, motivated by the desire to introduce as many juniors as possible to the fantastic lifelong sport of golf and to develop the next generation of golfers. By March 31, 2016, the number of registered members had increased to approximately 4,000.
The Company has also launched an event called "Easy Golf" to encourage people who are completely new to golfing to experience the enjoyment of the game.
For member golfers age 70 and older, who are currently the Group's main customer base, we are taking steps to enable them to enjoy golf for their entire lives. For example, we allow golfers over 70 to drive golf carts on the fairways throughout the year.
Going forward, the Group will continue to plan events and provide information that conveys the joy of golf to women, teenagers, seniors and others regardless of age or gender, in order to expand and invigorate the golf-related market.

4. Basic Approach to the Selection of Accounting Standards

The Group' s policy is to adopt Japanese accounting standards for the present since, as of May 12, 2016, the Group operates exclusively in Japan and is not involved in business activities overseas. However, the Group will examine the adoption of International Financial Reporting Standards (IFRS) in light of future trends in the ratio of overseas shareholders and moves to adopt IFRS by other companies in Japan.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet (Thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2015)	Consolidated Fiscal Year Under Review (As of March 31, 2016)
Assets		
Current Assets		
Cash and Deposits	3,485,043	4,197,937
Operating Accounts Receivable	2,380,316	2,409,656
Lease Investment Assets	531,295	443,474
Merchandise	1,971,423	1,806,738
Raw Materials and Supplies	121,127	121,417
Deferred Tax Assets	197,666	163,299
Other	8,656,820	1,884,524
Allowance for Doubtful Accounts	(165,794)	(133,218)
Total Current Assets	17,177,898	10,893,830
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, Net	20,646,058	20,127,474
Machinery, Equipment and Vehicles, Net	2,597,447	3,138,945
Tools, Furniture and Fixtures, Net	1,542,346	1,412,576
Golf Courses	42,716,094	43,914,033
Land	28,534,208	29,955,191
Construction in Progress	250,977	99,703
Total Property, Plant and Equipment	96,287,132	98,647,925
Intangible Assets		
Goodwill	8,930,923	8,558,306
Other	2,707,232	2,553,544
Total Intangible Assets	11,638,156	11,111,850
Investments and Other Assets		
Investment Securities	21,654,803	21,305,216
Long-Term Loans Receivable	542,428	539,428
Lease Investment Assets	1,649,882	1,206,121
Deferred Tax Assets	6,301,945	6,152,725
Other	2,816,456	2,459,118
Allowance for Doubtful Accounts	(293,356)	(261,973)
Total Investments and Other Assets	32,672,159	31,400,637
Total Current Assets	140,597,448	141,160,413
Total Assets	157,775,347	152,054,243

(Thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2015)	Consolidated Fiscal Year Under Review (As of March 31, 2016)
Liabilities		
Current Liabilities		
Accounts Payable – Trade	1,626,977	1,642,999
Short-Term Loans Payable	500,000	500,000
Commercial Papers	4,998,002	4,998,350
Current Portion of Long-Term Loans Payable	12,410,304	39,623,821
Lease Obligations	1,697,224	1,677,273
Accounts Payable - Other	3,589,672	3,153,272
Income Taxes Payable	1,780,077	2,367,601
Unearned revenue	1,376,584	1,348,777
Provision for bonuses	457,261	453,965
Provision for Point Certificates	418,084	327,299
Provision for Shareholder Benefit Program	457,004	524,125
Other	1,453,927	1,782,590
Total Current Liabilities	30,765,122	58,400,076
Non-Current Liabilities		
Long-Term Loans Payable	53,132,256	16,779,482
Lease Obligations	7,058,375	6,313,797
Deferred Tax Liabilities	6,146,603	6,870,397
Deposits on Admission	9,522,968	9,990,634
Asset Retirement Obligations	645,847	691,511
Other	3,341,619	2,962,680
Total Non-Current Liabilities	79,847,670	43,608,502
Total Liabilities	110,612,792	102,008,579
Net Assets		
Shareholders’ Equity		
Capital stock	10,940,982	10,940,982
Capital Surplus	14,122,481	14,122,481
Retained Earnings	41,847,460	44,769,284
Treasury Shares	(19,928,107)	(19,928,179)
Total Shareholders’ Equity	46,982,817	49,904,569
Other Cumulative Comprehensive Income		
Deferred Gains or Losses on Hedges	(81,638)	(114,750)
Foreign Currency Translation Adjustment	1,772	(6,247)
Total Other Cumulative Comprehensive Income	(79,866)	(120,997)
Subscription Rights to Shares	140,424	140,424
Minority Interests	119,178	121,668
Total Net Assets	47,162,554	50,045,664
Total Liabilities and Net Assets	157,775,347	152,054,243

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

(Consolidated Statements of Income) (Thousand yen)

	Consolidated Fiscal Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Consolidated Fiscal Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Operating Revenues	63,908,868	48,549,900
Operating Expenses		
Business Expenses	51,127,707	37,235,750
Selling, General, and Administrative Expenses	5,450,263	4,006,584
Total Operating Expenses	56,577,971	41,242,335
Operating Income	7,330,897	7,307,564
Non-Operating Income		
Interest Income	15,626	16,199
Equity in Earnings of Affiliates	–	1,963,593
Rent Income	54,428	79,522
Dues and Other Incentive Payments	42,065	23,189
Other	77,300	116,763
Total Non-Operating Income	189,421	2,199,267
Non-Operating Expenses		
Interest Expense	1,369,134	1,182,324
Equity in Losses of Affiliates	1,162,628	-
Syndicated Loan Fees	864,750	74,000
Other	586,845	108,460
Total Non-Operating Expenses	3,983,358	1,364,784
Ordinary Income	3,536,959	8,142,047
Extraordinary Income		
Gain on Insurance Adjustment	95,082	10,623
Gain on Sale of Non-Current Assets	35,954	122,911
Gain on Bargain Purchase	527,531	19,535
Gain on Sales of Shares of Subsidiaries and Associates	6,180,783	266,848
Compensation Income	244,996	33,537
Gain on Forgiveness of Debts	37,630	7,657
Gain on Transfer of Rights	–	562,297
Total Extraordinary Income	7,121,978	1,023,412
Extraordinary Losses		
Loss on Sale and Retirement of Non-Current Assets	67,649	38,819
Impairment Loss	–	145,643
Loss on Disaster	109,469	7,819
Compensation Expenses	–	191,110
Total Extraordinary Losses	177,118	383,392
Income before Income Taxes	10,481,819	8,782,067
Income Taxes - Current	8,788,930	3,163,705
Income Taxes - Deferred	(4,336,848)	149,821
Total Income Taxes	4,452,081	3,313,526
Income before Minority Interests	6,029,738	5,468,540
Minority Interests in Income	14,525	8,550
Net Income	6,015,212	5,459,990

(Consolidated Statements of Comprehensive Income)

(Thousand yen)

	Consolidated Fiscal Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Consolidated Fiscal Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Income Before Minority Interests	6,029,738	5,468,540
Other Comprehensive Income		
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method	(79,866)	(41,131)
Total Other Comprehensive Income	(79,866)	(41,131)
Comprehensive Income	5,949,871	5,427,409
Comprehensive Income Attributable to		
Comprehensive Income Attributable to Owners of the Parent	5,935,346	5,418,858
Comprehensive Income Attributable to Minority Interests	14,525	8,550

(3) Consolidated Statement of Cash Flows (Thousand yen)

	Consolidated Fiscal Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Consolidated Fiscal Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Cash Flows from Operating Activities		
Net Income before Taxes	10,481,819	8,782,067
Depreciation	3,831,188	2,956,743
Amortization of Goodwill	1,700,971	1,278,266
Impairment Loss	–	145,643
Increase (Decrease) in Allowance for Doubtful Accounts	(13,863)	(24,081)
Increase (Decrease) in Provision for Bonuses	(193,276)	(11,748)
Increase (Decrease) in Provision for Point Certificates	(170,390)	(90,784)
Increase (Decrease) in Provision for Shareholder Benefit Program	19,752	67,120
Interest Income	(15,626)	(16,199)
Interest Expenses	1,369,134	1,182,324
Share of (Profit) Loss of Entities Accounted for Using Equity Method	1,162,628	(1,963,593)
Loss (Gain) on Sales and Retirement of Non-Current Assets	31,695	(84,092)
Loss (Gain) on Sales of Shares of Subsidiaries and Associates	(6,180,783)	(266,848)
Gain on Forgiveness of Debt	(37,630)	(7,657)
Gain on Bargain Purchase	(527,531)	(19,535)
Gain on Transfer of Rights	–	(562,297)
Decrease (Increase) in Notes and Accounts Receivable - Trade	(31,127)	(22,353)
Increase (Decrease) in Notes and Accounts Payable - Trade	282,786	(3,995)
Increase (Decrease) in Accounts Payable - Other	(1,722,100)	(1,969,363)
Increase (Decrease) in Unearned Revenue	(1,530,788)	(21,166)
Decrease (Increase) in Lease Investment Assets	461,480	531,581
Other	1,307,861	(581,370)
Subtotal	10,226,201	9,298,659
Interest Income Received	1,923	22,363
Interest Expenses Paid	(1,376,164)	(1,172,662)
Income Taxes Paid	(13,579,854)	4,421,224
Net Cash Provided by (Used in) Operating Activities	(4,727,894)	12,569,585
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(2,746,864)	(2,020,359)
Proceeds from Sales of Property, Plant and Equipment	99,117	191,687
Purchase of Intangible Assets	(211,875)	(174,276)
Proceeds from Withdrawal of Time Deposits	12,500	–
Purchase of Shares of Subsidiaries	(150,000)	–
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	(129)	(747,057)
Proceeds from Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	36,131	–
Proceeds from Sales of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	87,648,314	790,927
Decrease (Increase) in Short-Term Loans Receivable	29,170	3,469
Payments of Long-Term Loans Receivable	(500,000)	–
Proceeds from sponsor contributions to companies undergoing civil rehabilitation proceedings	–	280,000
Payments of sponsor contributions to companies undergoing civil rehabilitation proceedings	(280,000)	–
Proceeds from share of profits on investments in capital	–	2,267,798
Proceeds from Transfer of Rights	–	562,297
Other	31,730	(56,589)
Net Cash Provided by (Used in) Investing Activities	83,968,094	1,097,897

(Thousand yen)

	Consolidated Fiscal Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Consolidated Fiscal Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Cash Flows from Financing Activities		
Net Increase (Decrease) in Short-Term Loans Payable	(12,204,000)	–
Net Increase (Decrease) in Commercial Papers	1,968,751	(31,436)
Proceeds from Long-Term Loans Payable	58,700,000	4,200,000
Repayments of Long-Term Loans Payable	(63,337,709)	(13,339,256)
Redemption of Bonds	(15,000,000)	–
Proceeds from Sale and Leasebacks	2,393,047	612,289
Purchase of Treasury Shares	(45,000,287)	(72)
Proceeds from Issuance of Subscription Rights to Shares	140,424	–
Repayments of Finance Lease Obligations	(1,841,851)	(1,790,364)
Cash Dividends Paid	(6,083,938)	(2,540,566)
Cash Dividends Paid to Minority Shareholders	(26,496)	(6,060)
Repayments of Long-Term Deposits Received	(57,936)	(59,121)
Net Cash Provided by (Used in) Financing Activities	(80,349,996)	(12,954,588)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,109,796)	712,893
Beginning Cash & Cash Equivalents Balance	4,594,840	3,485,043
Ending Cash & Cash Equivalents Balance	3,485,043	4,197,937