May 10, 2016

Consolidated Summary Report for the Fiscal Year Ended March 31, 2016 [Japanese GAAP]

Company Name: BOOKOFF CORPORATION LIMITED
Stock Exchange: Tokyo
Code Number: 3313
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Representative: Nobuyuki Matsushita, President and CEO
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General meeting of shareholders: June 25, 2016
Dividend payment date: June 27, 2016
Securities report issue date: June 27, 2016
Supplementary materials of financial results: Yes
Financial results briefing: Yes

(Amounts less than one million yen are rounded down)

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

(1) Consolidated Results of Operations (Percentage figures for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	YoY Change %	Million yen	YoY Change %	Million yen	YoY Change %	Million yen	YoY Change %
Fiscal year ended Mar. 31, 2016	76,564	3.0	(530)	-	5	(99.7)	(528)	-
Fiscal year ended Mar. 31, 2015	74,347	(6.1)	1,127	(44.3)	1,677	(35.7)	151	(84.1)

(Note) Comprehensive income Fiscal year ended Mar. 31, 2016: ¥(596) million (n.a.)
Fiscal year ended Mar. 31, 2015: ¥245 million (down 77.2%)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2016	(25.69)	-	(3.2)	0.0	(0.7)
Fiscal year ended Mar. 31, 2015	7.46	-	0.9	3.8	1.5

(Reference) Equity in earnings (losses) of associates
Fiscal year ended Mar. 31, 2016: ¥(2) million Fiscal year ended Mar. 31, 2015: ¥1 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	50,514	15,968	31.6	777.15
As of Mar. 31, 2015	47,437	17,203	36.3	831.69

(Reference) Shareholders' equity As of Mar. 31, 2016: ¥15,968 million As of Mar. 31, 2015: ¥17,203 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2016	604	(3,537)	2,674	15,127
Fiscal year ended Mar. 31, 2015	1,817	1,060	6,914	15,395

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends on net assets ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2015	-	-	-	25.00	25.00	517	335.1	2.9
Fiscal year ended Mar. 31, 2016	-	-	-	25.00	25.00	513	-	3.1
Fiscal year ending Mar. 31, 2017 (est.)	-	-	-	25.00	25.00		146.8	

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

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	85,000	11.0	800	-	1,300	-	350	-	17.03

(Note) Only a full year forecast is shown because of the outlook for larger changes in the procurement of new merchandise and sales in the Reuse Store Business in the fiscal year ending on March 31, 2017.

Notes:

1. Significant changes in subsidiaries during the period (changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

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

2. Changes in accounting policies and accounting-based estimates, and restatements

(1) Changes in accounting policies due to revision of accounting standards: Yes

(2) Changes in accounting policies due to other reasons: None

(3) Changes in accounting-based estimates: None

(4) Restatements: None

Note: Please see “5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements, Change in Accounting Policy” on page 30 of the attachments for further information.

3. Number of shares outstanding (common shares) (Shares)

(1) Shares outstanding (including treasury shares)	As of Mar. 31, 2016	22,573,200	As of Mar. 31, 2015	22,573,200
(2) Treasury shares	As of Mar. 31, 2016	2,025,782	As of Mar. 31, 2015	1,888,782
(3) Average number of shares outstanding	Fiscal year ended Mar. 31, 2016	20,578,729	Fiscal year ended Mar. 31, 2015	20,310,719

(Reference) Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(1) Non-consolidated Results of Operations (Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	YoY Change %	Million yen	YoY Change %	Million yen	YoY Change %	Million yen	YoY Change %
Fiscal year ended Mar. 31, 2016	65,930	7.8	(241)	-	208	(89.9)	(221)	-
Fiscal year ended Mar. 31, 2015	61,134	1.1	1,617	(12.8)	2,050	1.1	1,873	169.3

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2016	(10.72)	-
Fiscal year ended Mar. 31, 2015	92.22	-

(2) Non-consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	50,795	16,802	33.1	817.72
As of Mar. 31, 2015	47,608	17,694	37.2	855.45

(Reference) Shareholders’ equity As of Mar. 31, 2016: ¥16,802 million As of Mar. 31, 2015: ¥17,694 million

* Presentation on the status of audit process:

This earnings release is not subject to the audit process as required by the Financial Instruments and Exchange Act of Japan. As of the date when this earnings release was issued, the audit process on financial statements as required by the Financial Instruments and Exchange Act had not been finalized.

*Cautionary statement regarding forecasts of operating results and special notes:

(Forward-Looking Statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. This report is not promises by the Company regarding future performance. Actual results may differ materially from those projected in the forward-looking statements due to a variety of factors. Please see “1. Analysis of Results of Operations and Financial Position (1) Analysis of Results of Operations” on page 4 of the attachments for items pertaining to the forecast stated above.

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1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

The BOOKOFF Group focuses on its core reuse business, which helps pre-owned goods find new value in a new home. The business mission is to become BOOKOFF for people who don't let things go to waste and a partner offering infrastructure for a waste-free lifestyle for people who don't want to toss things away. The Group is striving to help create a truly recycle-based society through the reuse of pre-owned goods across a wide range of categories including books, CDs, DVDs, games, apparel, sporting goods, baby goods and other miscellaneous household items.

To realize the Group's management philosophy and achieve further business growth, the Medium-Term Business Plan was formulated in May 2015. With this plan in place and based on the two basic policies of maximizing purchases by leveraging the comprehensive power of the BOOKOFF Group and maximizing sales efficiency in stores and over the Internet, the Group expects to achieve sustainable growth by effectively implementing the following four key strategies: reinvent BOOKOFF; expand comprehensive reuse stores; grow the BOOKOFF Online Business; and increase the scope of operations and revenues in the HUGALL Business.

The current fiscal year, which is the first year of the Medium-Term Business Plan, is positioned as a time to prepare for measures aimed at reaching the target of operating income of ¥4 billion in the fiscal year ending on March 31, 2020. Group companies continue to open stores, primarily comprehensive large-format stores, while focusing on two activities: (1) starting the purchase and sale of reuse home appliances and (2) establishing an infrastructure for Internet sales of merchandise at stores. Progress continues with strengthening purchasing and improving sales efficiency to build a base for reaching the medium-term earnings target.

Guided by these management policies, we are accelerating the pace of new store openings and remodels with BOOKOFF SUPER BAZAAR (a large-scale complex of BOOKOFF and other stores carrying a variety of reuse merchandise) and BOOKOFF PLUS (BOOKOFF stores combining apparel-related merchandise) formats as our core package of retail outlets. During the current fiscal year, we opened one BOOKOFF SUPER BAZAAR store and three BOOKOFF PLUS stores. In addition, one BOOKOFF store was converted into a BOOKOFF PLUS store.

The existing BOOKOFF stores have started handling reuse home appliances to add a new merchandise category and there were measures for submitting store merchandise to the YAHUOKU! auction service of Yahoo Japan. In addition, there were more part-time worker recruitment and training activities to be prepared for the expected growth in purchases and sales resulting from advertising expenditures to promote the start of reuse home appliance operations.

In the BOOKOFF Online Business, there were investments for warehouse expansions and other actions to support growth aimed at offering customers the largest possible selection of used books. In the HUGALL Business, there were substantial up-front investments for strengthening this business and for increasing the volume of goods purchased in order to become profitable.

As a result of these efforts, consolidated net sales amounted to ¥76,564 million, which was a 3.0% increase from the previous fiscal year. The Group recorded an operating loss of ¥530 million (compared with operating income of ¥1,127 million in the previous fiscal year), and an ordinary income of ¥5 million, which was a 99.7% decrease from the previous fiscal year.

Loss attributable to owners of parent amounted to ¥528 million (compared with a profit of ¥151 million in the previous fiscal year), due to an extraordinary loss including impairment loss on existing stores.

Sales by business segment were as follows:

(Reuse Store Business)

The segment recorded net sales of ¥68,539 million, which was an 8.4% increase compared with the previous fiscal year.

During the fiscal year, eight directly operated stores and five franchise stores were opened. There were 85 closings of directly operated stores, including 76 stores that were closed to be combined with another Group store in the same building under a single brand and 11 closings of franchise stores. In addition, 10 stores were added by purchasing the shares of companies that had been operating reuse stores on their own under franchising agreements.

The existing BOOKOFF stores focused on improving book-pricing operations to reflect the balance of supply and demand for each title. Stores started handling reuse home appliances to add a new merchandise category and there were measures for submitting store merchandise to YAHUOKU!

Segment sales increased due to higher sales at existing stores and an increase in the number of directly operated stores because of new store openings, and the transfer of operations and purchase of shares of companies operating franchised stores.

(BOOKOFF Online Business)

The segment recorded net sales of ¥5,592 million, which was a 15.1% increase compared with the previous fiscal year.

Sales benefited from an increase in the number of BOOKOFF Online website members. An increasing number of items on this website resulting from more warehouse capacity and cooperation with stores to increase inventories also contributed to sales growth. In addition, higher sales resulted from the redesign of a smartphone website and a tie-up with YAHUOKU! for the submission of merchandise to this auction.

(HUGALL Business)

The segment recorded net sales of ¥970 million, which was a 112.2% increase compared with the previous fiscal year.

There were many activities to strengthen merchandise purchasing capabilities. One is going to customers' homes to purchase items, a service that is offered mainly in the 23 wards of Tokyo. We also developed the "ReUse Smart at anytime," a comprehensive purchasing system that uses automated lockers. Another step was the opening of a One-Stop Purchasing Consultation Desk at Nihombashi Mitsukoshi Department Store. These initiatives had a positive effect on sales of our E-commerce site, which is our main distribution channel. The result was growth in segment sales.

(Packaged Media Business)

The segment recorded net sales of ¥1,227 million, which was a 78.0% decrease compared with the previous fiscal year.

No new stores were opened in this segment during the current fiscal year.

Due to the transfer of TSUTAYA Business to NIPPON SHUPPAN HANBAI INC. in the previous fiscal year, net sales in this segment decreased significantly.

(Other)

The segment recorded net sales of ¥232 million, which was a 10.1% increase compared with the previous fiscal year.

(Performance Trends)

(Unit: million yen)

		Fiscal year ended March 2015	Fiscal year ended March 2016
Net sales		**74,347**	**76,564**
	Reuse Store Business	63,231	68,539
	Store Net Sales	60,501	65,791
	Sales to Franchisees	2,730	2,748
	BOOKOFF Online Business	4,859	5,592
	HUGALL Business	457	970
	Packaged Media Business	5,587	1,227
	Other	211	232
Operating income (loss)		**1,127**	**(530)**
Ordinary income		**1,677**	**5**
Extraordinary gains		237	79
Extraordinary losses		709	219
Profit (loss) before income taxes		1,205	(133)
Profit (loss) attributable to owners of parent		**151**	**(528)**

(Amounts rounded down to the nearest one million yen)

(Store Opening/Closing by Segment)

(Unit: number of stores)

		Fiscal year ended March 2015		Fiscal year ended March 2016	
		Open	Close	Open	Close
Reuse Store Business	Group	15	12	57 (Note 1)	87 (Note 2)
	Franchise	7	24	7 (Note 3)	50 (Note 1)
Packaged Media Business	Group	-	33	-	-
	Franchise	-	-	-	-
Other	Group	-	1	-	-
	Franchise	-	-	-	-
Total store openings/closings	Group	15	46	57	87
	Franchise	7	24	7	50
Fiscal year-end total	Group	419		389	
	Franchise	523		480	

Notes: 1. This figure includes 39 BOOKOFF stores that were acquired from franchisees.
2. This figure includes 76 store closed to be combined with another Group store in the same building under a single brand and two BOOKOFF stores that were transferred to franchisees.
3. This figure includes two BOOKOFF stores that were transferred to franchisees.

Outlook for the Fiscal Year Ending March 31, 2017

(Overall Outlook)

In accordance with the medium- to long-term business policies outlined in 3. Management Policy (2) Medium- to Long-Term Management Strategies, we are taking proactive approaches to improve corporate value across all business segments.

(Reuse Store Business)

Reuse stores are making progress with expanding the volume of merchandise as we started handling reuse home appliances in the previous fiscal year as well as submitting store merchandise to the YAHUOKU! auction service of Yahoo Japan. These are part of initiatives to give BOOKOFF stores a new look.

Furthermore, we plan to open five BOOKOFF SUPER BAZAAR stores and one BOOKOFF PLUS store, while continue remodeling BOOKOFF stores into BOOKOFF PLUS format as a strategy to expand our network of comprehensive reuse stores.

Existing stores will continue to focus on merchandise for the YAHUOKU! auction and the purchase and sale of reuse home appliances. Marketing and advertising activities have been shifted from nationwide activities to local advertising and in-store promotions in order to purchase more reuse home appliances while optimizing the use of advertising expenses. Another goal is to increase store sales and earnings by making improvements to store operations so that more purchases translate into more earnings. Some BOOKOFF stores will, depending on their targeted customer segment, in addition to reuse home appliances, start handling other new items such as trading cards and hobby merchandise, that are expected to contribute to sales growth.

All of these actions are expected to result in growth of sales and earnings in this segment.

(BOOKOFF Online Business)

To offer customers the largest possible selection of used books, this business will continue to buy more books from customers and to ship more books from integrated BOOKOFF store product inventory. Selling, general and administrative expenses will increase due to the expansion of distribution centers to accommodate a larger inventory and a larger number of store employees. But measures to make E-commerce sites, and especially the smartphone site, easier to use and the tie-up with YAHUOKU! are expected to result in sales growth that matches growth in inventories. As a result, segment sales and earnings are expected to increase.

(HUGALL Business)

To become more profitable, this business will buy more books from customers mainly through a dispatch purchasing service as well as at the One Stop Purchasing Consultation Desk at the Nihombashi Mitsukoshi Department Store and other counters operated in coordination with other business partners. This business also continues to expand the “ReUse Smart at anytime” automated lockers that function as a comprehensive purchasing system.

Selling, general and administrative expenses are expected to increase as this business expands distribution center capacity and recruits more workers to support growth in the scale of operations. This business also anticipates sales growth backed by measures to increase sales of inventory items by using E-commerce and many other channels. Earnings are expected to increase as well because of the more efficient use of expenses as this business grows.

(Packaged Media Business)

At Aoyama Book Center and Ryusui Shobo stores, which sell new books, this business will continue to work on selling books more efficiently while reexamining operating expenses.

Based on the outlook for growth in sales and gross profit in the Reuse Store Business, BOOKOFF Online Business and HUGALL Business, we forecast consolidated sales of ¥85,000 million, operating income of ¥800 million, ordinary income of ¥1,300 million and profit attributable to owners of parent of ¥350 million.

(Consolidated Forecast)

(Unit: million yen)

	Fiscal year ended March 2016	Fiscal year ending March 2017 (Forecast)	Change	% Change
Net sales	76,564	85,000	8,435	11.0
(Reuse Store Business)	68,539	73,100	4,560	6.7
(BOOKOFF Online Business)	5,592	7,000	1,407	25.2
(HUGALL Business)	970	3,400	2,429	250.2
(Packaged Media Business)	1,227	1,280	52	4.2
(Other)	232	220	(12)	(5.4)
Operating income (loss)	(530)	800	1,330	-
Ordinary income	5	1,300	1,294	-

Profit (loss) attributable to owners of parent	(528)	350	878	-

(Amounts rounded down to the nearest one million yen)

(2) Analysis of Financial Position

1. Assets, Liabilities and Net Assets

(Current Assets)

Current assets at the end of the current fiscal year amounted to ¥31,850 million compared with ¥30,016 million at the end of the previous fiscal year, an increase of ¥1,833 million. This was mainly due to an increase in accounts receivable-trade of ¥181 million because of higher sales on credit cards and others, an increase in merchandise of ¥1,469 million caused by new store openings, and the transfer of operations and purchase of shares from companies operating franchise stores. There was a decrease of ¥261 million in cash and deposits.

(Non-current Assets)

Non-current assets at the end of the current fiscal year amounted to ¥18,663 million compared with ¥17,421 million at the end of the previous fiscal year, an increase of ¥1,242 million. This was mainly due to increases of ¥686 million in property, plant and equipment, ¥330 million in intangible assets and ¥224 million in investments and other assets. These increases are mainly the result of new store openings, the transfer of operations and purchase of shares from companies operating franchise stores, the start of purchases and sales of reuse home appliances, the development of store systems for submitting merchandise to YAHUOKU!, and investments to support growth of the BOOKOFF Online and HUGALL businesses.

(Liabilities)

Liabilities at the end of the current fiscal year amounted to ¥34,545 million compared with ¥30,234 million at the end of the previous fiscal year, which was an increase of ¥4,310 million. Income taxes payable decreased ¥218 million due to a decline in taxable income. Loans payable increased ¥3,980 million mainly to procure funds with bank borrowings for new store openings, the transfer of operations and purchase of shares from companies operating franchised stores, the development of IT systems, and the expansion of distribution centers. A ¥336 million increase in the provision for sales rebates due to the introduction of a new membership card service was another reason for the increase in liabilities.

(Net Assets)

Net assets at the end of the current fiscal year amounted to ¥15,968 million compared with ¥17,203 million at the end of the previous fiscal year, a decrease of ¥1,234 million. This was mainly due to a ¥1,043 million decrease in retained earnings resulting mainly from a loss attributable to owners of parent and dividend payments from surplus. In addition, there was a ¥123 million increase in treasury shares as a result of the acquisition of shares of former franchisee Booklet Co., Ltd., which reclassified the BOOKOFF stock held by this company as treasury shares, and the acquisition of BOOKOFF stock held by non-consolidated subsidiary BOOKOFF With Co, Ltd.

2. Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to ¥15,127 million, a decrease of ¥267 million compared to the end of the previous fiscal year.

Consolidated cash flows and the primary reasons for their fluctuation during the current fiscal year are as follows:

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥604 million (compared with ¥1,817 million provided in the previous fiscal year). Although there was a loss before income taxes of ¥133 million, there were positive factors including ¥1,976 million in depreciation, a ¥336 million increase in provision for sales rebates, ¥143 million in amortization of goodwill, and ¥130 million in impairment loss. Negative factors included an increase in inventories of ¥997 million, a decrease in notes and accounts payable-trade of ¥92 million, and income taxes paid of ¥709 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥3,537 million (compared with ¥1,060 million provided in the previous fiscal year). Outlays include ¥1,508 million for the purchase of property, plant, and equipment associated with new store openings, ¥863 million for payments for sale of stores, ¥550 million for payments of loans receivable, ¥512 million for the purchase of intangible assets related to additional investments in systems, and a ¥341 million increase in guarantee deposits. Main cash inflows include a ¥286 million decrease in guarantee deposits associated with store closings.

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥2,674 million (compared with ¥6,914 million in the previous fiscal year) This result was mainly due to a net increase of ¥3,930 million in loans payable, while there were outlays of ¥514 million for cash dividends paid, ¥487 million for repayments of lease obligations, and ¥222 million for payments of long-term accounts payable.

(Trends in Equity Ratio, Equity Ratio Based on Market Value, Ratio of Interest-Bearing Debt to Cash Flow and Interest Coverage Ratio)

	Fiscal year ended March 2014	Fiscal year ended March 2015	Fiscal year ended March 2016
Equity ratio (%)	37.7	36.3	31.6
Equity ratio based on market value (%)	31.0	39.0	36.3
Ratio of interest-bearing debt to cash flow (years)	4.8	11.9	42.4
Interest coverage ratio (times)	16.1	10.0	3.3

Note: Equity ratio (%): Shareholders' equity/total assets
Equity ratio based on market value: Market capitalization/total assets
Market capitalization is calculated using the number of shares outstanding less treasury shares.
Ratio of interest-bearing debt to cash flow (years): Interest-bearing debt/cash flows from operating activities
Interest-bearing debt is the sum of short-term loans payable, current portion of long-term loans payable, long-term loans payable and long-term accounts payable-other, current portion of bonds, and bonds with subscription rights to shares.
Interest coverage ratio (times): Cash flows from operating activities/interest expense

(3) Basic Policy on Profit Distribution and Dividends for FY3/2016 and FY3/2017

The BOOKOFF Corporation considers the distribution of profits to be one of its highest management priorities, and aims to maintain a payout ratio of around 25% on a consolidated net income basis.

The basic policy is to aim for higher dividends supported by growth in sales and earnings while using retained earnings effectively for strengthening financial soundness and making strategic investments that will create a stronger base for future business operations.

Although there was a net loss of ¥25.69 per share for the fiscal year that ended in March 2016, a dividend per share of ¥25 will be paid for this fiscal year as initially planned.

Although we forecast net income per share of ¥17.03 in the fiscal year ending in March 2017, we plan to pay a dividend of ¥25 per share as in the previous fiscal year because we believe that the actions based on the Group medium- to long-term business policies outlined in “3. Management Policy (2) Medium to Long-Term Management Strategies” will produce rapid growth in earnings.

(4) Business Risks

This section contains risk factors that may affect the BOOKOFF Group’s results of operations and financial condition and have a significant effect on the decisions of investors.

These business risks are based on the judgments of the BOOKOFF Group as of the end of March 2016.

1) Business Operations

1. Business Segment Earnings

The Reuse Store Business operates BOOKOFF stores that buy and sell used books, CDs, DVDs, games, mobile phones, trading cards, and other pre-owned goods. BOOKOFF stores exist throughout Japan, as well as in the United States and France. Stores are either operated directly by the BOOKOFF Group or franchised to other operators.

The goal of the BOOKOFF Group is to expand our comprehensive reuse business, leveraging the BOOKOFF brand focusing on BOOKOFF stores with a newly added home appliance category, BOOKOFF SUPER BAZAAR stores (comprehensive large-format stores based on the BOOKOFF model with the addition of fashion goods, sporting goods, baby goods, watches, luxury-brand items, precious metals, kitchenware, household goods, and other reuse goods) and BOOKOFF PLUS stores (BOOKOFF stores combining apparel-related merchandise).

Our BOOKOFF Online Business operates an E-commerce website selling books, CDs, DVDs, games, and other merchandise.

The HUGALL Business operates reuse businesses beyond the traditional retail format.

The Packaged Media Business operates Aoyama Book Center, Ryusui Shobo and yc-vox stores (new book sales) directly operated by the BOOKOFF Group.

While BOOKOFF PLUS and BOOKOFF SUPER BAZAAR reuse stores tend to become profitable rather quickly, the lack of market awareness of the business model and range of reuse merchandise means that achieving earnings stability requires comparatively more time than for traditional BOOKOFF stores. Furthermore, the investment per property for BOOKOFF PLUS and BOOKOFF SUPER BAZAAR stores is relatively large compared with traditional BOOKOFF stores. Depending on the circumstances, these factors could impact the results of operations and financial condition of the BOOKOFF Group.

2. Secondhand Article Procurement and Inventory Control

The BOOKOFF Group procures the majority of its merchandise through purchases from customers within each store’s immediate market. To create a welcoming atmosphere for customers, stores employ both store facilities and operational know-how, including store designs, store operation manuals, employee training, and advertising and promotions. In addition to creating a system to ensure that each store is able to secure a stable merchandise supply, there are services that allow customers to sell goods without visiting a store. This includes the purchase of goods at customers' homes by store personnel and the "takuhonbin" service whereby shipping companies pick up goods from customers' homes.

However, changes in the market for new books, CDs, DVDs and videogame software (including the potential contraction in the primary distribution market for packaged media due to the growth of digital commerce) and competition could affect merchandise procurement. Therefore, there is no guarantee that the BOOKOFF Group will be able to secure a stable supply of secondhand merchandise, either in terms of quantity or quality. There is a risk of the loss of sales opportunities resulting from product shortages caused by the procurement status of secondhand articles, which could affect results of operations.

Further, in contrast with new merchandise, it is challenging to adjust purchasing volumes for secondhand merchandise. The purchase of excessive volumes of merchandise could lead to increased inventories and a higher loss ratio, potentially affecting the BOOKOFF Group's results of operations and financial condition.

3. Development of Human Assets

Based on our philosophy that people are assets, we refer to employees as human assets. From the perspective of developing human assets, store managers have broad authority over matters pertaining to operations, including the hiring of part-time workers, staff training and evaluations, advertising and publicity, sales promotions, and sales floor layout. This policy reflects the idea that the skill of management and level of services can influence a store's performance. Our aim is for store managers to develop into human assets that are well balanced in all areas, ranging from personnel matters to store operations and managing by using performance indicators. A distinctive characteristic of the BOOKOFF Group is that each store in the reuse business is responsible for all operations from purchasing to sales. Consequently, the level of service provided by stores has a direct bearing on merchandise procurement, and this could result in significant sales fluctuations.

Therefore, store operations standards may be influenced by the degree to which human assets are developed, and this could affect earnings. We also recognize that securing and quickly developing human assets is an important management issue concerning store operations. We are working to speed up the development of human assets by upgrading recruiting and training systems to reflect the operational needs of new and existing stores. However, in the event that the recruitment and development of appropriate human assets does not keep pace with plans for new stores, it may not be possible to operate stores as planned and results of operations could be affected.

4. New Store Opening Policy

The BOOKOFF Group will continue to open stores with the aim of being "a company with an infrastructure for people who refuse to discard items that can be reused." To expand our comprehensive reuse business, we will continue to open BOOKOFF SUPER BAZAAR stores (comprehensive large-format stores based on the BOOKOFF model) and BOOKOFF PLUS stores (BOOKOFF stores combining apparel-related merchandise).

In order to continue expanding both the number of stores and the total sales floor area, we will use the store development division to pursue a policy of opening stores with speed and flexibility. However, our results of operations and financial condition could be affected if issues such as unfavorable real estate market conditions make it difficult to purchase properties that satisfy store-opening requirements, or if our plans to open stores change as a result of regulations, such as revisions to store openings under the Large-Scale Retail Store Location Law.

5. Franchise Operations

The BOOKOFF Group operates BOOKOFF and other reuse stores through the use of franchises, and aims to achieve mutual prosperity for both the group and its franchisees. We have a nationwide network of branch offices in Japan where branch managers and supervisors provide support to franchised stores. Additionally, we have instituted support measures such as training programs for franchise store managers, full-time and part-time staff; contract management involving store managers who are sent by BOOKOFF to manage stores; the transfer of directly operated stores to franchisees so that they can become more efficient; and store acquisitions, where BOOKOFF purchases franchised stores. Furthermore, we believe the sharing of management philosophies and views about stores and human assets with franchisees to be of the utmost importance. We will continue to emphasize communication with franchised stores in our role as franchise headquarters.

However, results of operations may be affected if properties that satisfy requirements for franchised stores cannot be purchased or if the number or timing of store openings do not proceed according to plan. We supply guidance for store operations to franchised stores and take other measures. However a franchisee could decide to review its plans to open stores if it believed that BOOKOFF was not fulfilling its responsibilities as the franchisee headquarters or for reasons that are unrelated to BOOKOFF. The inability to open stores as planned due to such events may affect results of operations.

6. BOOKOFF Online Business

In August 2007, the BOOKOFF Group launched BOOKOFF Online, an Internet service selling books, CDs, DVDs and videogame software through consolidated subsidiary BOOKOFF Online, Inc. The sales of this business have grown steadily since its inception. To achieve further expansion, large additional investments may be necessary for such things as warehouse floor space and computer system enhancements. Meanwhile, computer problems resulting in a prolonged server malfunction could inflict direct damage on the earnings and credibility of BOOKOFF Online. In addition, rapidly rising shipping costs could combine to affect the results of operations and financial condition of the BOOKOFF Group and BOOKOFF Online, Inc.

7. HUGALL Business

The BOOKOFF Group's hug all, Inc. subsidiary operates reuse businesses beyond the traditional retail format. At present, the HUGALL Business continues to make up-front investments in staff, warehousing and systems. In the event that purchasing and sales do not proceed according to plan and earnings are insufficient to recover investments, the results of operations and financial condition of the BOOKOFF Group may be affected.

As of March 31, 2016, hug all, Inc. had negative equity of ¥1,120 million.

8. Overseas Stores

As of March 31, 2016, the BOOKOFF Group has seven BOOKOFF stores in the United States through its U.S. subsidiary (excluding franchised stores).

The stores are largely profitable on a per store basis. However, in addition to differences in customs and cultures between Japan and the United States, the BOOKOFF’s name recognition is lower than in Japan and the number of stores is small. Therefore, we believe that a long time will be required until earnings of overseas subsidiaries reach a level that covers the expenses of overseas subsidiaries (including the cost of administrative departments) so that we can start recovering our investments. Each overseas subsidiary is switching from a business model of “exporting books from Japan and selling them locally” to one of “purchasing local books and selling them locally.” We are gradually taking actions aimed at recovering investments by making existing stores more profitable. However, recovering investments could be further prolonged depending on future business conditions and the pace of store openings. The status of that recovery could have a bearing on the BOOKOFF Group’s results of operations and financial condition.

9. Compliance System

With compliance both in Japan and overseas and respect for social norms as its goals, the BOOKOFF Group has established an internal auditing system and a Compliance Management Committee and is dedicated to strict compliance with laws and regulations by making everyone at the group more aware of the importance of compliance.

Nevertheless, the possibility of future problems involving the management system cannot be ruled out. In such an event, lower sales stemming from a decline in the public's confidence could potentially affect results of operations.

2) Legal Restrictions

1. Resale Price Maintenance System

The books and CDs that are the main products handled by the BOOKOFF Business are copyrighted products that are exempt from the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade ("Anti-Monopoly Law"), and form the primary distribution market, based on the Resale Price Maintenance Agreement ("Resale Agreement"). Any future revisions to the Anti-Monopoly Law or the Resale Agreement would likely lead to major changes in the distribution system for the various products. However, at this stage it is difficult to predict what the impact would be on either business operations or results of operations.

2. Secondhand Articles Dealer Act

Reuse merchandise handled by the BOOKOFF Group qualifies as "secondhand articles" under the Secondhand Articles Dealer Act, and we are therefore subject to regulations established by this law. The prefectural public safety commissions are responsible for enforcing this law. The main rules established by the law and related statutes are as follows:

-Permission must be obtained from the prefectural public safety commission when conducting business involving the purchase and sale or exchange of secondhand articles. (Secondhand Articles Dealer Act, Article 3)

-When the purchase or sale price of a secondhand article is ¥10,000 or more, or when engaging in the purchase or sale of secondhand books, CDs, DVDs or videogame software, it is necessary to confirm the address, name, occupation and age of the other party, or to obtain a document noting this information, in order to confirm the other party's identity. (Secondhand Articles Dealer Act, Article 15)

-When engaging in a purchase transaction requiring confirmation of the other party as described above, it is necessary to record the transaction date, the name and volume of the secondhand article(s), distinguishing characteristics of the secondhand article(s), and the other party's address, name, occupation and age in the ledger. (Secondhand Articles Dealer Act, Article 16; however, an official notice states that eased measures apply to the recording of distinguishing characteristics of books.)

In the event that an item purchased from a customer is determined to be a stolen or lost item, civil law states that the item is to be returned to the rightful owner within two years, free of charge. The BOOKOFF Group appropriately executes confirmation and safekeeping measures pertaining to the transaction record in accordance with the Secondhand Articles Dealer Act, such as confirmation of the other party at the time of sale or purchase, the ledger entry and safekeeping of that information. If a purchased item is determined to be stolen, the BOOKOFF Group has established a system to enable the lawful return to the rightful owner without charge.

To date, the regulations in question have not resulted in any significant loss or damage to the BOOKOFF Group. However, we will continue to address issues regarding the establishment and maintenance of a compliance system due to the impact on business operations that could result from failure to comply with regulations.

3. Prefectural Ordinances

The BOOKOFF Group is regulated by ordinances established by prefectural governments. The applicable ordinances have been set with due consideration of regional characteristics. It can be assumed that an ordinance could be strengthened or revised due to changes in the regional environment. The BOOKOFF Group complies with ordinances and makes efforts to ensure that local order is maintained.

4. Expansion of Employees' Pension Coverage for Part-time Workers

As a general rule, the BOOKOFF Group operates its stores with a staff of one to two regular employees along with part-time workers, mainly students and housewives. Consequently, there are a large number of part-time workers (11,448 part-time workers as of March 31, 2016). A future expansion of employees' pension coverage to include part-time workers would lead to higher insurance premiums and labor management costs, which could potentially affect store operations and results of operations.

5. Personal Information Management

The BOOKOFF Group obtains personal information in the following cases:

-Secondhand article transaction agreement entered by the customer based on the Secondhand Articles Dealer Act

-Shipping information in connection with online sales

-Voluntary member information provided by customers to receive member cards

-Transaction information, including member information and credit card information, submitted via the BOOKOFF Online E-commerce site

This personal information is handled under strict security policies. Documents and other paper-based information are stored in locked cabinets. Electronic data is stored on data center servers equipped with strict security measures.

Goods that are purchased from individuals include merchandise that may contain personal information. In addition to request customers to delete such information, we either check for the presence of such information and take appropriate steps to delete it, or have a vendor perform these operations after making a purchase.

In keeping with the regulations and spirit of the Act on the Protection of Personal Information, the BOOKOFF Group is enhancing information security management by strengthening the internal management structure and training for franchisees as well as reinforcing countermeasures to prevent unauthorized access. We exercise caution with regard to the handling of personal information and take steps to prevent the leakage of personal information.

Should a leakage of personal information occur, the affected individual(s) could submit a claim for damages. In addition, results of operations could be affected due to decreased net sales stemming from a decline in the public's confidence.

3) Guarantee Deposits

In principle, the BOOKOFF Group uses rental properties for directly operated stores and pays a deposit and a guarantee to the lessor at the time of the rental contract. As of March 31, 2016, guarantee deposits amounted to ¥8,221 million on a consolidated basis (16.3% of consolidated total assets).

Guarantee deposits are returned when a rental contract ends or is terminated. However, in the event of bankruptcy on the part of the lessor, part or all of the deposit may not be recovered. Furthermore, the payment of a penalty may be required if a rental contract is terminated before its completion.

4) Natural Disasters

The BOOKOFF Group has stores throughout Japan as well as in the United States and France. In addition, BOOKOFF Online has a warehouse in Kanagawa prefecture. If the stores, warehouses and merchandise are damaged by a large-scale natural disaster, the results of operations and financial condition of the BOOKOFF Group may be affected.

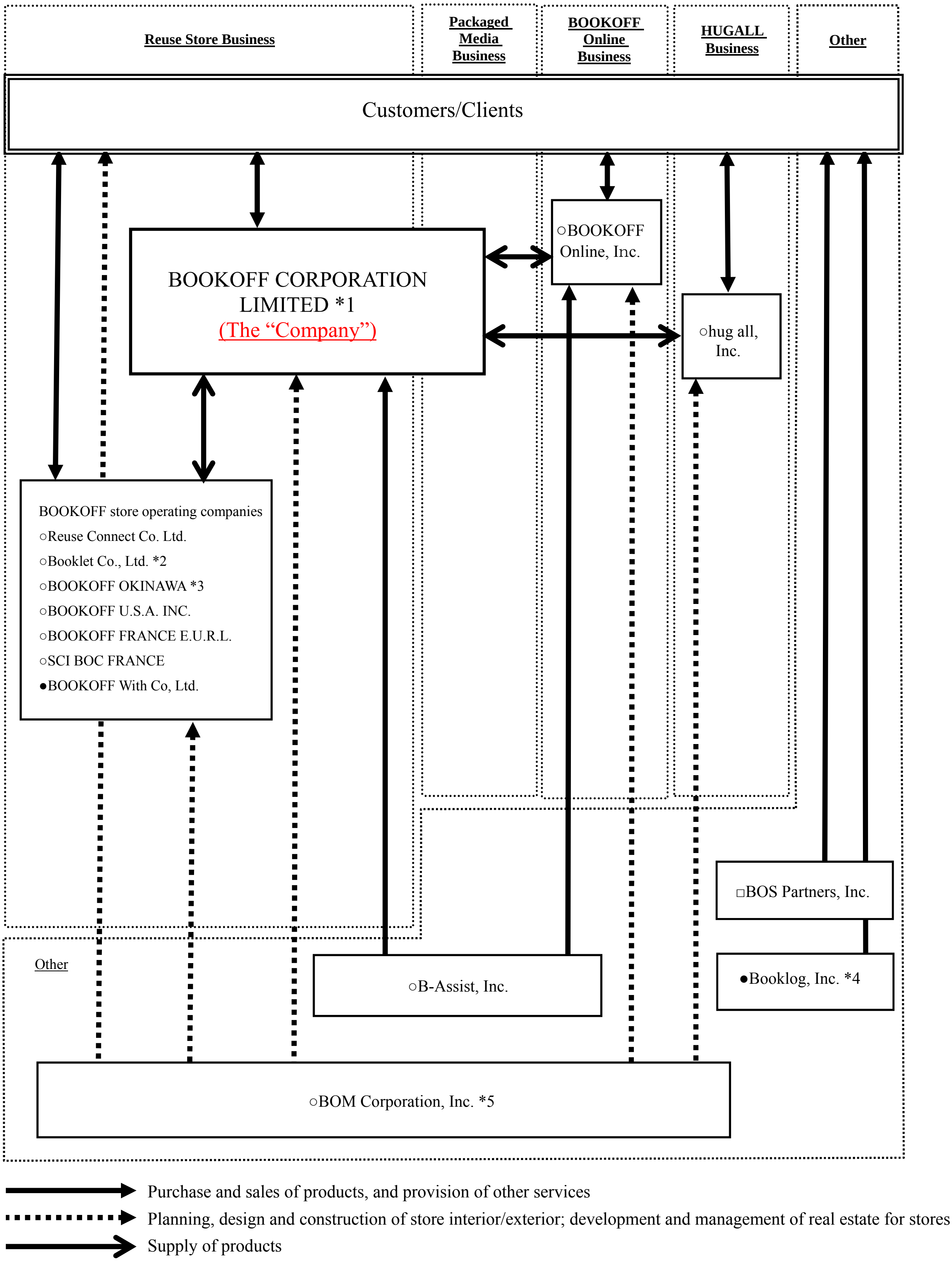
5) Dilution of Stock

On April 24, 2014, BOOKOFF Corporation signed a capital and business alliance agreement with Yahoo Japan Corporation ("Yahoo"). Based on this agreement, BOOKOFF agreed to grant Yahoo 3,100,000 shares of BOOKOFF common stock via an allocation to a third party, as well as up to an additional 10,252,996 shares via conversion of convertible bonds, combining for a total of 13,352,996 shares (133,529 voting rights). Of this total, 10,252,996 shares (102,529 voting rights) expected to be issued due to the conversion of convertible bonds represent 45.4% of the 22,573,200 shares (205,368 voting rights) issued by BOOKOFF as of March 31, 2016 and 49.9% (rounded to the nearest tenth) of the outstanding voting rights as of that date. As a result, per-share value and ownership ratios of BOOKOFF common shares could be diluted, and this dilution may have an impact on price of BOOKOFF stock and results of operations.

6) Capital and Business Alliance

Under the capital and business alliance signed with Yahoo, the BOOKOFF Group will act as a core vendor in the YAHUOKU! online auction service operated by Yahoo, offering reuse merchandise such as books, CDs, DVDs, and games over the Yahoo platform. This alliance will allow the BOOKOFF Group to offer merchandise from its nearly 820 Japan-based stores to consumers throughout Japan. The resulting improvement in sales efficiency of BOOKOFF merchandise should allow the Group to use extra sales floor space to sell new types of merchandise and services that lead to more frequent customer visits and new profit opportunities. Furthermore, the hug all, Inc. subsidiary should be able to use the Group's network of retail outlets and the Yahoo member base to raise awareness of its general purchasing service among consumers. This may result in an increase in usage that leads to accelerated growth, helping expand the BOOKOFF Group's comprehensive reuse business in tandem with BOOKOFF PLUS and BOOKOFF SUPER BAZAAR stores. We believe these plans will lead to sales and earnings growth for the BOOKOFF Group. However, there is no guarantee that this business alliance will be executed exactly in accordance with the alliance agreement. Even in the event that this business alliance is executed according to the agreement, we may not be able to receive the expected economic benefits, which could have an impact on results of operations.

2. Corporate Group



Notes:
1. Consolidated subsidiaries are marked ○, non-consolidated subsidiaries are marked ●, and affiliated companies (companies accounted for using the equity method) are marked □.
2. Booklet Co., Ltd.*2 became a consolidated subsidiary through acquisition of its shares as of May 1, 2015.
   BOOKOFF OKINAWA*3 was newly established and became a consolidated subsidiary as of May 1, 2015.
   Booklog, Inc.*4 became a subsidiary through acquisition of its shares as of January 18, 2016.
   BOM Corporation, Inc.*5 was absorbed by BOOKOFF CORPORATION LIMITED*1, which is the surviving company, as of April 1, 2016.

3. Management Policy

(1) Basic Management Policy

The corporate philosophy of BOOKOFF Corporation is "contributing to society through our business activities" and "the pursuit of employees' material and spiritual wellbeing."

"Contributing to society through our business activities"
- -Extract maximum value from merchandise by having each item fulfill its role multiple times
- -Provide customers with pleasant experiences unavailable anywhere else
- -Bring happiness to every person we come into contact with by being an organization that always has people's interests in mind

"The pursuit of employees' material and spiritual wellbeing"
- -Individuals (all employees) grow by developing the capability (intellectual power) to think about what must be done to achieve a goal, realizing that goal through the best means possible, and becoming people who are respected by their peers (enhancing human potential).
- -Through individual growth, employees develop the ability to achieve "things I wasn't able to do until now" and to develop "a way of thinking that I couldn't grasp until now." The breadth of each individual's growth multiplied by the number of individuals who grow fuels the company's growth.

Moreover, BOOKOFF has established "BOOKOFF for people who don't let things go to waste" as its corporate mission. We will conduct business activities in order to provide the infrastructure for a reuse-based society for customers who think, "I don't need it anymore, but throwing it away is wasteful," and for customers who "want high-quality, inexpensive goods."

(2) Medium- to Long-Term Management Strategies

The BOOKOFF Group focuses on its core reuse business, the mission of which is to help pre-owned goods find new value in a new home. Group companies buy and sell pre-owned goods across a wide range of categories, including books, CDs, DVDs, games, apparel, sporting goods, baby goods, and household items. We believe that our major business domain of the reuse markets will continue to grow for the foreseeable future. In response to this business environment, we have established medium- to long-term business policies, aiming for improved corporate value as each BOOKOFF Group company fulfills its role by executing these policies.

a. Group Medium- to Long-Term Business Policies

The BOOKOFF Group has defined the following two themes as a leading company in the reuse market. By providing BOOKOFF Group stores and services to customers throughout Japan as part of a reuse society infrastructure, we will establish a steady growth cycle as we pursue our corporate philosophy.

Theme I: Maximize purchases by leveraging the comprehensive power of the BOOKOFF Group

We will build an environment in which customers can take advantage of our reuse services at any time and in any place to maximize purchases of products from customers, an important factor in the growth of the reuse industry.

We will leverage the network of BOOKOFF stores, the BOOKOFF brand recognition and our operational capacity to respond to the needs of customers who wish to place their unneeded items into the reuse cycle. In addition to providing locations for people to easily sell their items, we provide in-home purchasing services where we dispatch our staff to customers' homes to purchase items or have a shipping company to pick up items.

Theme II: Maximize sales efficiency in stores and over the Internet

In addition to selling purchased items through our nation-wide network of BOOKOFF, BOOKOFF SUPER BAZAAR, and BOOKOFF PLUS stores, we will offer the same items for sale through YAHUOKU! and other online sales channels, maximizing sales and earnings that our inventories can generate. Furthermore, we will build an integrated system that links stores with each other and stores with logistics centers in order to offer highly satisfactory services through the timely fulfillment of customer orders.

b. Initiatives for Growth by Business

We intend to achieve continued growth by executing the following initiatives, based on the BOOKOFF Group medium- to long-term business policies.

◆ Reinvent BOOKOFF (from BOOKOFF for books to BOOKOFF for all reuse items)

At our BOOKOFF stores, we will continue to review pricing policies based on the market for our existing products (books, CDs, DVDs, games, etc.). Moreover, we will expand to include home appliances in addition to mobile phones throughout Japan, reinventing ourselves as a BOOKOFF for any and all reuse items. While we expand our merchandise lineup to include trading cards, products for hobbies, home appliances and other items, we will also expand our sales channels to include the Internet, offering our in-store inventory on YAHUOKU! at the same time. In this way, we will further reinvent our store package to maintain and increase sales and inventories by responding with flexibility to changes in the business environment.

◆Expand our comprehensive reuse stores (create large and multi-format reuse stores for an overwhelming competitive advantage)

As we replace and remodel BOOKOFF stores into comprehensive reuse BOOKOFF SUPER BAZAAR and BOOKOFF PLUS stores, we will create larger sales areas where customers can closely inspect the reuse products. BOOKOFF SUPER BAZAAR and BOOKOFF PLUS will list product inventory on YAHUOKU!, add home appliances to the product lineup, and take other actions to improve performance through the aggressive expansion into other product categories.

◆Grow our BOOKOFF Online Business (Offer the largest possible book selection and expand into other product categories)

The vision of BOOKOFF Online is to create a more fulfilling life for more people by offering Internet-based entertainment. We plan to continue to increase purchases from customers, as well as to advance the integration of BOOKOFF store inventories to provide a product selection that meets any customer need. By maximizing our secondhand product assortment, we will create a website that customers can conveniently turn to whenever they are looking for a book.

We are aiming for higher profitability backed by outstanding sales efficiency while holding the largest possible volume of inventories. To accomplish this, we will use our tie-up with YAHUOKU! and fill to customers' orders for products in a timely manner. Furthermore, we will use our selection of used books, which is the largest in Japan, as a base for adding many other types of products with the goal of achieving growth along with higher earnings.

◆ Increase the scope of operations and revenues in the HUGALL Business (Advance from the business model launch to growth and profitability)

HUGALL operates under the concept of providing a reuse infrastructure for all people and for all things. We launched this business to expand our business lines within the reuse field by moving beyond the traditional store framework. We will continue to develop at-home purchasing services and the placement of purchasing service desks at retail stores and other stores. Our goal is to create a new brand for purchasing services for customers who would not normally visit a BOOKOFF store.

As we build systems and operations for our services, we will hire more at-home purchasing service employees and increase the number of HUGALL store in BOOKOFF stores and other stores. We will increase the scale of our purchasing capacity, and build systems for selling purchased products through a variety of channels, including online auction sites and BOOKOFF Group stores. This, in turn, will allow us to increase sales and earnings and diversify into other business lines.

We have established a goal of ¥10 billion in consolidated operating income and are implementing many initiatives for growth to reach this goal. Our target for the fiscal year ending March 2020 is to exceed ¥4 billion in consolidated operating income.

(3) Important Issues

This section explains important issues as of the end of March 2016.

a. Realizing the goal of becoming “a company with an infrastructure for people who refuse to discard items that can be reused”

The BOOKOFF Group has positioned the goal of becoming a “company with an infrastructure for people who refuse to discard items that can be reused” as its business mission. We aim to simultaneously expand our customer base and maintain a competitive advantage by instilling the image of “BOOKOFF for people who don’t let things go to waste” in people’s minds.

To achieve this goal, our business activities will be based on a branding strategy that incorporates this business mission. And in order to provide a standard of service that enables customers to use each store with peace of mind, we will improve operational standards by making sure that employees fully understand company manuals and by providing practical training.

b. Initiatives for business growth based on medium- to long-term business policies

Based on medium- to long-term business policies calling for maximizing purchases by leveraging the comprehensive power of the BOOKOFF Group and maximizing sales efficiency in stores and over the Internet, the BOOKOFF Group will achieve progress concerning the following four initiatives.

・ Reinvent BOOKOFF (from BOOKOFF for books to BOOKOFF for all reuse items)
・ Expand our comprehensive reuse stores (Create large and multi-format reuse stores for an overwhelming competitive advantage)
・ Grow our BOOKOFF Online Business (Offer the largest possible book selection and expand into other product categories)
・ Increase the scope of operations and revenues in the HUGALL Business (Advance from the business model launch to growth and profitability)

By taking various actions based on these four initiatives, we are aiming for consistent growth.

c. Communicate and instill the BOOKOFF Group corporate principles

BOOKOFF views thorough compliance as the foundation of socially responsible company. We have established compliance guidelines that must be followed by the BOOKOFF Group's directors and employees for building mutual trust with all stakeholders. In order to ensure the thorough awareness of the guidelines’ principles, there are training sessions and meetings targeting all directors and employees. There are also compliance awareness campaigns that use newsletters and the internal corporate intranet.

For accountability, we use a system of internal controls that create transparency for the division of responsibilities. In addition, we are dedicated to the timely and proper disclosure of corporate information and prompt announcements of results of operations.

4. Basic Approach to the Selection of Accounting Standards

The BOOKOFF Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

The Group will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	FY3/2015 (As of Mar. 31, 2015)	FY3/2016 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	14,421,351	14,159,778
Notes and accounts receivable-trade	1,245,700	1,427,048
Securities	1,000,304	1,000,675
Merchandise	10,796,162	12,265,974
Supplies	41,589	50,756
Deferred tax assets	427,318	588,953
Other	2,084,327	2,361,449
Allowance for doubtful accounts	-	(3,886)
Total current assets	30,016,755	31,850,749
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,156,901	15,213,474
Accumulated depreciation	(9,473,978)	(10,367,581)
Buildings and structures, net	4,682,922	4,845,892
Land	141,643	141,643
Leased assets	3,092,029	3,074,499
Accumulated depreciation	(1,525,772)	(1,442,582)
Leased assets, net	1,566,257	1,631,917
Construction in progress	1,262	43
Other	2,303,858	3,036,686
Accumulated depreciation	(1,864,032)	(2,137,612)
Other, net	439,825	899,074
Total property, plant and equipment	6,831,912	7,518,571
Intangible assets		
Goodwill	113,601	291,536
Leased assets	26,004	18,036
Other	882,898	1,043,695
Total intangible assets	1,022,503	1,353,268
Investments and other assets		
Investment securities	*1 774,455	*1 746,469
Long-term loans receivable	44,254	33,190
Deferred tax assets	598,141	627,893
Guarantee deposits	7,941,912	8,221,980
Other	270,737	253,580
Allowance for doubtful accounts	(62,756)	(91,683)
Total investments and other assets	9,566,743	9,791,430
Total non-current assets	17,421,159	18,663,270
Total assets	47,437,915	50,514,020

(Unit: thousand yen)

	FY3/2015 (As of Mar. 31, 2015)	FY3/2016 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	488,619	400,068
Short-term loans payable	2,910,004	3,597,045
Current portion of long-term loans payable	3,888,201	4,097,830
Current portion of bonds	-	1,000,000
Lease obligations	418,913	410,930
Income taxes payable	641,073	423,046
Provision for bonuses	233,540	272,263
Provision for sales rebates	227,533	564,406
Provision for loss on store closing	10,992	42,989
Accounts payable-other	2,090,279	2,041,543
Other	1,659,198	1,803,008
Total current liabilities	12,568,354	14,653,131
Non-current liabilities		
Bonds payable	1,000,000	-
Bonds with subscription rights to shares	7,700,000	7,700,000
Long-term loans payable	5,956,776	9,040,703
Lease obligations	1,150,338	1,231,396
Asset retirement obligations	1,372,454	1,483,181
Other	486,879	437,141
Total non-current liabilities	17,666,448	19,892,423
Total liabilities	30,234,803	34,545,554
Net assets		
Shareholders' equity		
Capital stock	3,652,394	3,652,394
Capital surplus	4,187,003	4,187,003
Retained earnings	10,463,383	9,420,256
Treasury shares	(1,137,165)	(1,260,826)
Total shareholders' equity	17,165,615	15,998,827
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	115,904	79,226
Foreign currency translation adjustment	(78,408)	(109,587)
Total accumulated other comprehensive income	37,496	(30,361)
Total net assets	17,203,111	15,968,465
Total liabilities and net assets	47,437,915	50,514,020

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

Consolidated Statement of Income

(Unit: thousand yen)

	FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)
Net sales	74,347,920	76,564,060
Cost of sales	30,587,237	30,760,366
Gross profit	43,760,683	45,803,694
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(3,394)	32,813
Salaries and allowances	4,359,496	4,361,740
Salaries of part time employees	11,293,410	12,854,131
Bonuses	435,985	445,224
Provision for bonuses	227,364	272,013
Retirement benefit expenses	-	19,888
Rents	11,043,628	11,199,581
Rent expenses	752,731	778,904
Other	14,523,718	16,370,089
Total selling, general and administrative expenses	42,632,940	46,334,386
Operating income (loss)	1,127,742	(530,692)
Non-operating income		
Gain from installment of vending machine	165,725	154,712
Gain on sales of recycling goods	354,659	465,992
Share of profit of entities accounted for using equity method	1,908	-
Other	336,196	205,454
Total non-operating income	858,489	826,159
Non-operating expenses		
Interest expenses	187,658	182,598
Amortization of bond issuance cost	43,158	-
Share of loss of entities accounted for using equity method	-	2,742
Other	77,490	104,361
Total non-operating expenses	308,307	289,702
Ordinary income	1,677,925	5,764
Extraordinary income		
Gain on sales of investment securities	-	78,799
Gain on sales of shares of subsidiaries and associates	187,923	-
Gain on sales of non-current assets	-	730
Compensation for transfer	49,250	-
Total extraordinary income	237,173	79,530
Extraordinary losses		
Loss on valuation of investment securities	2,356	-
Loss on closing of stores	70,745	36,959
Provision for loss on store closing	10,992	43,177
Loss on sales of non-current assets	-	2,394
Loss on retirement of non-current assets	26,223	5,690
Impairment loss	* 254,019	* 130,838
Loss on liquidation of subsidiaries and associates	45,656	-
Contract termination fees	300,000	-
Total extraordinary losses	709,993	219,059
Profit (loss) before income taxes	1,205,105	(133,764)
Income taxes-current	689,872	437,497
Income taxes-deferred	363,754	(42,695)
Total income taxes	1,053,626	394,801
Profit (loss)	151,479	(528,566)
Profit (loss) attributable to owners of parent	151,479	(528,566)

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)
Profit (loss)	151,479	(528,566)
Other comprehensive income		
Valuation difference on available-for-sale securities	44,421	(28,191)
Foreign currency translation adjustment	43,841	(31,179)
Share of other comprehensive income of entities accounted for using equity method	5,369	(8,486)
Total other comprehensive income	* 93,632	* (67,857)
Comprehensive income	245,111	(596,423)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	245,111	(596,423)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Net Assets

FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,564,294	3,098,903	10,756,442	(1,137,165)	15,282,474
Cumulative effects of changes in accounting policies			(4,927)		(4,927)
Restated balance	2,564,294	3,098,903	10,751,514	(1,137,165)	15,277,546
Changes of items during period					
Issuance of new shares	1,088,100	1,088,100			2,176,200
Dividends of surplus			(439,610)		(439,610)
Profit attributable to owners of parent			151,479		151,479
Net changes of items other than shareholders' equity					
Total changes of items during period	1,088,100	1,088,100	(288,131)	-	1,888,068
Balance at end of current period	3,652,394	4,187,003	10,463,383	(1,137,165)	17,165,615

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	66,113	(122,249)	(56,136)	15,226,338
Cumulative effects of changes in accounting policies				(4,927)
Restated balance	66,113	(122,249)	(56,136)	15,221,410
Changes of items during period				
Issuance of new shares				2,176,200
Dividends of surplus				(439,610)
Profit attributable to owners of parent				151,479
Net changes of items other than shareholders' equity	49,790	43,841	93,632	93,632
Total changes of items during period	49,790	43,841	93,632	1,981,700
Balance at end of current period	115,904	(78,408)	37,496	17,203,111

FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,652,394	4,187,003	10,463,383	(1,137,165)	17,165,615
Changes of items during period					
Dividends of surplus			(514,560)		(514,560)
Loss attributable to owners of parent			(528,566)		(528,566)
Purchase of treasury shares				(123,661)	(123,661)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(1,043,127)	(123,661)	(1,166,788)
Balance at end of current period	3,652,394	4,187,003	9,420,256	(1,260,826)	15,998,827

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	115,904	(78,408)	37,496	17,203,111
Changes of items during period				
Dividends of surplus				(514,560)
Loss attributable to owners of parent				(528,566)
Purchase of treasury shares				(123,661)
Net changes of items other than shareholders' equity	(36,678)	(31,179)	(67,857)	(67,857)
Total changes of items during period	(36,678)	(31,179)	(67,857)	(1,234,645)
Balance at end of current period	79,226	(109,587)	(30,361)	15,968,465

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from operating activities		
Profit (loss) before income taxes	1,205,105	(133,764)
Depreciation	2,038,812	1,976,374
Impairment loss	254,019	130,838
Amortization of goodwill	165,386	143,753
Increase (decrease) in provision for bonuses	(26,272)	14,552
Increase (decrease) in allowance for doubtful accounts	(4,128)	32,813
Increase (decrease) in provision for loss on store closing	10,992	43,177
Provision for allowance of sales discounts	85,403	336,872
Interest expenses	187,658	182,598
Share of (profit) loss of entities accounted for using equity method	(1,908)	2,742
Loss on store closings	70,745	36,959
Loss on retirement of non-current assets	26,223	5,690
Loss (gain) on valuation of investment securities	2,356	-
Loss (gain) on sales of shares of subsidiaries and associates	(187,923)	-
Loss (gain) on liquidation of subsidiaries and associates	45,656	-
Compensation for removal	(49,250)	-
Contract termination fees	300,000	-
Decrease (increase) in notes and accounts receivable-trade	(11,022)	(159,920)
Decrease (increase) in inventories	(786,496)	(997,221)
Increase (decrease) in notes and accounts payable-trade	(407,766)	(92,387)
Increase (decrease) in accounts payable-other	591,176	83,856
Other, net	(71,875)	(162,257)
Subtotal	3,436,892	1,444,677
Interest and dividend income received	7,843	12,778
Interest expenses paid	(181,964)	(182,532)
Proceeds from compensation for removal	49,250	-
Payments for contract termination fees	(300,000)	-
Income taxes refund	2,743	38,702
Income taxes paid	(1,197,291)	(709,548)
Net cash provided by (used in) operating activities	1,817,474	604,078

(Unit: thousand yen)

	FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from investing activities		
Payments into time deposits	(25,327)	(33,670)
Proceeds from withdrawal of time deposits	-	24,242
Purchase of property, plant and equipment	(1,043,706)	(1,508,776)
Purchase of intangible assets	(395,880)	(512,276)
Purchase of investment securities	(1,315)	-
Payments of loans receivable	-	(550,000)
Payment for long-term leasehold deposits	(207,700)	(341,408)
Refund of long-term leasehold deposits	552,819	286,373
Proceeds from transfer of stores	(170,639)	(863,561)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(73,926)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,385,825	-
Other, net	(33,319)	35,080
Net cash provided by (used in) investing activities	1,060,755	(3,537,922)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,410,004)	637,041
Proceeds from long-term loans payable	2,810,000	7,770,000
Repayments of long-term loans payable	(2,994,250)	(4,476,444)
Proceeds from issuance of bonds with subscription rights to shares	7,700,000	-
Payments for long-term accounts payable - other	(392,401)	(222,434)
Repayments of lease obligations	(535,213)	(487,160)
Purchase of treasury shares	-	(32,165)
Proceeds from issuance of common shares	2,176,200	-
Cash dividends paid	(439,610)	(514,560)
Net cash provided by (used in) financing activities	6,914,720	2,674,276
Effect of exchange rate change on cash and cash equivalents	4,474	(8,199)
Net increase (decrease) in cash and cash equivalents	9,797,425	(267,767)
Cash and cash equivalents at beginning of period	5,597,854	15,395,279
Cash and cash equivalents at end of period	15,395,279	15,127,511

(5) Notes to Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Important Items that Form the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 10

Primary consolidated subsidiaries:

BOOKOFF U.S.A. INC.
BOOKOFF Online, Inc.
hug all, Inc.
Booklet Co., Ltd.

From the current fiscal year, newly established BOOKOFF OKINAWA was included in the scope of consolidation.
Booklet Co., Ltd. is included in the scope of consolidation through acquisition of its shares.

~~I~~B&H Co., Ltd. was excluded from the scope of consolidation since this company was absorbed by BOOKOFF CORPORATION (the "Company"), which became the surviving company, after which B&H Co., Ltd. was dissolved as of July 1, 2015.

(2) Primary non-consolidated subsidiaries

BOOKOFF With Co, Ltd.
Booklog, Inc.

(Reason for exclusion from the scope of consolidation)
These companies are excluded from the scope of consolidation because their total assets, net sales, net income/loss (equity in earnings) and retained earnings (equity in earnings) have minor effect on the consolidated financial statements and little practical importance.

2. Application of the Equity Method

(1) Number of affiliates accounted for using the equity method: 1

Company name:

BOS Partners, Inc.

(2) Non-consolidated subsidiaries and affiliates not accounted for using the equity method

Non-consolidated subsidiaries:

BOOKOFF With Co, Ltd.
Booklog, Inc.

(Reason for exclusion from the application of the equity method)
These companies are excluded from the application of the equity method because their net income/loss (equity in earnings) and retained earnings (equity in earnings) have minor effect on the consolidated financial statements and little practical importance.

3. Fiscal years of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of Booklet Co., Ltd., BOOKOFF U.S.A. INC. and BOOKOFF FRANCE E.U.R.L. is the end of February, and the fiscal year-end of SCI BOC FRANCE is the end of December. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of their fiscal year-ends. However, adjustments to the consolidated financial statements are made as needed for significant transactions that occur between their fiscal year-ends and the fiscal year-end for the consolidated financial statements.

FThe presentation of matters other than those disclosed above is omitted, as there are no significant changes from details presented in the most recent securities report, filed on June 29, 2015.

(Change in Accounting Policy)

(Application of the Accounting Standard for Business Combinations, etc.)

The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. from the current fiscal year. Accordingly, difference arising from changes in the Company's ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income and other items has been revised. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

In the consolidated statement of cash flows for the current fiscal year, cash flows associated with acquisition-related costs for purchase of shares of subsidiary resulting in changes in the scope of consolidation are included in cash flows from operating activities.

The Company has adopted these accounting standards, etc. from the beginning of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures. The effect of this matter is insignificant.

(Consolidated Balance Sheet)

* 1. The balance for non-consolidated subsidiaries and affiliates is as follows:

(Thousand yen)

	FY3/2015 (As of Mar. 31, 2015)	FY3/2016 (As of Mar. 31, 2016)
Investment securities (stocks)	291,602	380,373

2. The Company has entered into overdraft agreements with 11 banks in order to efficiently procure working capital. The balance of unexecuted loans under these agreements is as follows:

(Thousand yen)

	FY3/2015 (As of Mar. 31, 2015)	FY3/2016 (As of Mar. 31, 2016)
Total overdraft amount	11,880,000	10,190,000
Executed loans payable	2,870,004	1,840,000
Balance	9,009,996	8,350,000

(Consolidated Statement of Income)

* Impairment loss

The Group recorded an impairment loss for the following asset groups.

FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)

Application	Type	Location	Impairment loss (Thousand yen)
Stores	Buildings and structures, etc.	BOOKOFF Tama Center Carillon Store (Tama City, Tokyo) and other 31 stores	254,019

The Group regards each store as the base unit in identifying the smallest group of assets that generate cash flows.

For stores that have generated continuous losses stemming from their operating activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an impairment loss and recorded as an extraordinary loss.

The breakdown of the impairment loss is as follows:

	(Thousand yen)
Buildings and structures	210,385
Leased assets (property, plant and equipment)	18,658
Property, plant and equipment-other	19,529
Goodwill	3,838
Investments and other assets-other	1,608
Total	254,019

The recoverable amount for the asset group is measured using value in use, which is calculated by discounting future cash flows by 8%.

FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)

Application	Type	Location	Impairment loss (Thousand yen)
Stores	Buildings and structures, etc.	~~Reuse~~ BINGO Aoba Tsutsujigaoka Store (Aoba-ku, Yokohama) and other 20 stores	130,838

The Group regards each store as the base unit in identifying the smallest group of assets that generate cash flows.

For stores that have generated continuous losses stemming from their operating activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an impairment loss and recorded as an extraordinary loss.

The breakdown of the impairment loss is as follows:

	(Thousand yen)
Buildings and structures	105,477
Leased assets (property, plant and equipment)	11,189
Property, plant and equipment-other	14,170
Total	130,838

The recoverable amount for the asset group is measured using value in use. Since the future cash flows are negative, the recoverable amount is determined to be zero.

(Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects related to other comprehensive income

(Thousand yen)

	FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)
Valuation difference on available-for-sale securities		
Amount incurred	61,417	36,057
Amount of reclassification adjustments	-	(78,799)
Before tax effects	61,417	(42,741)
Amount of tax effects	(16,995)	14,550
Valuation difference on other available-for-sale securities	44,421	(28,191)
Foreign currency translation adjustment		
Amount incurred	(1,815)	(31,179)
Amount of reclassification adjustments	45,656	-
Before tax effects	43,841	(31,179)
Amount of tax effects	-	-
Foreign currency translation adjustment	43,841	(31,179)
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred	5,369	(6,793)
Amount of reclassification adjustments	-	(1,693)
Share of other comprehensive income of entities accounted for using equity method	5,369	(8,486)
Total other comprehensive income	93,632	(67,857)

(Segment Information)

a. Segment Information

1. Overview of reportable segments

The reportable segments of the BOOKOFF Group are the constituent units where separate financial information can be obtained and the Board of Directors uses this information on a regular basis to allocate resources and evaluate business performance.

The management philosophy of the BOOKOFF Group is "contributing to society through our business activities" and the "pursuit of employees' material and spiritual wellbeing." Operations include retail stores and a franchise business based on the concept of "reuse," focusing on BOOKOFF secondhand bookstores.

The BOOKOFF Group has four reportable segments defined by merchandise categories and business formats: Reuse Store Business, BOOKOFF Online Business, HUGALL Business and Packaged Media Business.

The Reuse Store Business leverages the BOOKOFF brand to operate BOOKOFF SUPER BAZAAR stores (a large-scale complex of BOOKOFF and other stores carrying a variety of reuse merchandise) and BOOKOFF PLUS stores (BOOKOFF stores combining apparel-related merchandise). This business purchases and sells books, software, apparel, sporting goods, baby goods, watches, luxury-brand bags, precious metals, kitchenware, household goods, etc. BOOKOFF stores exist throughout Japan, as well as in the United States and France. Stores are operated directly by the Company or franchised to other operators.

The BOOKOFF Online Business operates an e-commerce reuse shop (BOOKOFF Online) website that sells books and software.

~~h~~Hug all, Inc. manages the HUGALL Business, which operates new reuse businesses beyond the traditional retail format, dealing in products from a much greater range of categories.

The Packaged Media Business operates Aoyama Book Center, Ryusui Shobo and yc-vox stores (new book sales). All stores are directly operated by the BOOKOFF Group.

2. Methods used to calculate net sales, profit or loss, assets, liabilities and other items in reportable segments

The accounting methods for the reported business segments are generally the same as those stated in Important Items that Form the Basis for Preparing Consolidated Financial Statements.

Profits in the reportable segments are based on operating income.

Inter-segment sales and transfers are based on third-party transaction values.

3. Information concerning net sales, profit or loss, assets, liabilities and other items in reportable segments

FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)

(Unit: thousand yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Packaged Media Business	Total				
Net sales									
Sales to external customers	63,231,914	4,859,564	457,586	5,587,748	74,136,814	211,105	74,347,920	-	74,347,920
Inter-segment sales and transfers	34,983	1,168,188	5,620	-	1,208,792	159,462	1,368,255	(1,368,255)	-
Total	63,266,897	6,027,753	463,206	5,587,748	75,345,606	370,568	75,716,175	(1,368,255)	74,347,920
Segment profit (loss)	3,594,171	(170,432)	(442,832)	(125,057)	2,855,849	(66,946)	2,788,902	(1,661,159)	1,127,742
Segment assets	26,422,495	1,441,855	335,172	618,345	28,817,869	128,212	28,946,081	18,491,834	47,437,915
Other items									
Depreciation and amortization	1,750,055	196,694	8,289	25,173	1,980,213	2,058	1,982,271	55,307	2,037,579
Amortization of goodwill	110,801	-	-	48,724	159,525	5,860	165,386	-	165,386
Increases in property, plant and equipment and intangible assets	1,352,528	243,910	17,383	26,140	1,639,962	352	1,640,314	7,760	1,648,075

Note: “Other” includes planning, design, and construction of interior and exterior works for stores in all segments.

FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)

(Unit: thousand yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Packaged Media Business	Total				
Net sales									
Sales to external customers	68,539,980	5,592,568	970,997	1,227,997	76,331,545	232,514	76,564,060	-	76,564,060
Inter-segment sales and transfers	283,145	1,222,952	4,910	-	1,511,009	280,829	1,791,839	(1,791,839)	-
Total	68,823,126	6,815,521	975,908	1,227,997	77,842,555	513,344	78,355,899	(1,791,839)	76,564,060
Segment profit (loss)	1,679,944	281,071	(481,375)	(24,608)	1,455,032	(39,132)	1,415,899	(1,946,592)	(530,692)
Segment assets	28,266,913	2,322,225	910,666	628,869	32,128,675	84,581	32,213,256	18,300,763	50,514,020
Other items									
Depreciation and amortization	1,711,755	205,361	16,031	2,033	1,935,181	1,440	1,936,622	39,752	1,976,374
Amortization of goodwill	139,358	-	-	-	139,358	4,395	143,753	-	143,753
Increases in property, plant and equipment and intangible assets	2,383,217	482,689	69,382	1,347	2,936,637	-	2,936,637	48,756	2,985,393

Notes: 1. “Other” includes planning, design, and construction of interior and exterior works for stores in all segments.

2. Difference between total amounts for reportable segments and amounts recorded in the consolidated financial statements, and primary items of such difference (items related to the difference adjustments)

(Unit: thousand yen)

Profit	FY3/2015	FY3/2016
Total	2,855,849	1,455,032
Profit classified as "Other"	(66,946)	(39,132)
Inter-segment elimination	156,895	10,094
Corporate expenses (Note)	(1,818,055)	(1,956,686)
Operating income (loss)	1,127,742	(530,692)

Note: Corporate expenses are mainly expenses related to the management division of the Company.

(Unit: thousand yen)

Assets	FY3/2015	FY3/2016
Total	28,817,869	32,128,675
Assets classified as "Other"	128,212	84,581
Other adjustments (Note 1)	(193,695)	(249,275)
Corporate assets (Note 2)	18,685,529	18,550,038
Total assets	47,437,915	50,514,020

Notes: 1. Assets classified as "Other" are mainly offset/elimination amounts of claims/debts and unrealized gains related to the management division of the head office.
2. Corporate assets are mainly surplus funds (cash and deposits, marketable securities) and long-term investments (investment securities) of the Company and its subsidiaries.

(Unit: thousand yen)

Depreciation and amortization	FY3/2015	FY3/2016
Total	1,980,213	1,935,181
Assets classified as "Other"	2,058	1,440
Corporate assets (Note)	55,307	39,752
Total depreciation and amortization	2,037,579	1,976,374

Note: Corporate assets mainly consist of depreciation expenses for systems-related assets.

b. Information concerning impairment loss of noncurrent assets by reportable segment

FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)

(Unit: thousand yen)

	Reporting Segment					Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Packaged Media Business	Total				
Impairment loss	246,095	-	-	-	246,095	8,829	254,924	(905)	254,019

FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)

(Unit: thousand yen)

	Reportable Segment					Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Packaged Media Business	Total				
Impairment loss	131,110	-	-	-	131,110	-	131,110	(272)	130,838

c. Information concerning amortization and unamortized balance of goodwill by reportable segment

FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)

(Unit: thousand yen)

	Reportable Segment					Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Packaged Media Business	Total				
Amortization	110,801	-	-	48,724	159,525	5,860	165,386	-	165,386
Ending balance	109,205	-	-	-	109,205	4,395	113,601	-	113,601

FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)

(Unit: thousand yen)

	Reportable Segment					Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Packaged Media Business	Total				
Amortization	139,358	-	-	-	139,358	4,395	143,753	-	143,753
Ending balance	291,536	-	-	-	291,536	-	291,536	-	291,536

d. Information concerning gain on bargain purchase by reportable segment

FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)

There was no significant gain on bargain purchase recorded in FY3/2015.

FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)

There was no significant gain on bargain purchase recorded in FY3/2016.

(Per-Share Information)

(Unit: Yen)

	FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)
Net assets per share	831.69	777.15
Net income (loss) per share	7.46	(25.69)
Diluted net income per share	-	-

Notes: 1. Diluted net income per share for FY3/2016 is not presented since the Company posted a net loss per share, and had no outstanding dilutive securities. Diluted net income per share for FY3/2015 is not presented since the Company had no outstanding dilutive securities.

2. Net income (loss) per share calculations are based on the following figures.

		FY3/2015 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)
Net income (loss) per share			
Profit (loss) attributable to owners of parent	(thousand yen)	151,479	(528,566)
Amount not attributable to common stockholders	(thousand yen)	-	-
Profit (loss) attributable to owners of parent applicable to common stockholders	(thousand yen)	151,479	(528,566)
Weighted average number of shares of common stock during the fiscal year	(thousand shares)	20,310	20,578
Outline of dilutive shares which were not included in the calculation of fully diluted net income per share because they do not have dilutive effect:		BOOKOFF CORPORATION LIMITED Unsecured Convertible Bond-Type Bonds with Subscription Rights to Shares #1 (aggregate face value ¥7,700,000 thousand)	

(Important Subsequent Events)

Not applicable.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.