

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 13, 2016

Company name: Temp Holdings Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 2181 URL <http://www.temp-holdings.co.jp>  
 Representative: President and Representative Director Masamichi Mizuta  
 Inquiries: Executive Officer (Responsible for Finance) Kiyoshi Seki TEL 03-3375-2220  
 Scheduled date of ordinary general meeting of shareholders: June 17, 2016  
 Scheduled date to file Securities Report: June 20, 2016  
 Scheduled date to commence dividend payments: June 20, 2016  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

|                           | Net sales       |      | Operating income |      | Ordinary income |      | Profit attributable to owners of parent |      |
|---------------------------|-----------------|------|------------------|------|-----------------|------|---|------|
|                           | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                         | %    |
| Year ended March 31, 2016 | 517,597         | 29.1 | 28,052           | 19.5 | 28,190          | 18.6 | 17,356                                  | 29.3 |
| Year ended March 31, 2015 | 401,056         | 10.6 | 23,470           | 26.2 | 23,769          | 28.7 | 13,424                                  | 36.2 |

Note: Comprehensive income Year ended March 31, 2016 ¥18,558 million [37.4%]  
 Year ended March 31, 2015 ¥13,508 million [28.1%]

|                           | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary income/total assets | Operating income/net sales |
|---------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
|                           | Yen                | Yen                        | %  | %                            | %                          |
| Year ended March 31, 2016 | 75.76              | 73.73                      | 15.4   | 12.1                         | 5.4                        |
| Year ended March 31, 2015 | 61.21              | 57.02                      | 14.5   | 11.7                         | 5.9                        |

Reference: Investment profit (loss) on equity method Year ended March 31, 2016 ¥(70) million  
 Year ended March 31, 2015 ¥35 million

Note: The Company conducted the stock split at a ratio of 1:3 of common shares on October 29, 2015. Earnings per share and diluted earnings per share have been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2015.

#### (2) Consolidated financial position

|                      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
|                      | Millions of yen | Millions of yen | %            | Yen                  |
| As of March 31, 2016 | 236,238         | 133,501         | 53.8         | 542.45               |
| As of March 31, 2015 | 228,663         | 103,969         | 43.1         | 449.03               |

Reference: Equity As of March 31, 2016 ¥127,205 million  
 As of March 31, 2015 ¥98,562 million

Note: The Company conducted the stock split at a ratio of 1:3 of common shares on October 29, 2015. Net assets per share has been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2015.

#### (3) Consolidated cash flows

|                           | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                           | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                            |
| Year ended March 31, 2016 | 13,279                               | (15,065)                             | (7,213)                              | 51,138                                     |
| Year ended March 31, 2015 | 28,894                               | (13,529)                             | 8,937                                | 60,205                                     |

## 2. Cash dividends

|                                       | Annual dividends per share |                 |                 |                 |       | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--------------------------------------|---|
|                                       | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |                              |                                      |   |
|                                       | Yen                        | Yen             | Yen             | Yen             | Yen   | Millions of yen              | %                                    | %   |
| Year ended March 31, 2015             | —                          | 14.00           | —               | 18.00           | 32.00 | 2,340                        | 17.4                                 | 2.5   |
| Year ended March 31, 2016             | —                          | 18.00           | —               | 7.00            | —     | 3,046                        | 17.2                                 | 2.6   |
| Year ending March 31, 2017 (Forecast) | —                          | 7.00            | —               | 7.00            | 14.00 |                              | 17.3                                 |   |

Notes:

- (1) The Company conducted a stock split at a ratio of 1:3 of common shares on October 29, 2015. Year-end dividends for the year ended March 31, 2016 is provided after taking into consideration of the above stock split.
- (2) If the above stock split is not considered, year-end dividends and total of dividends for the year ended March 31, 2016 is 21 yen and 39 yen respectively.

## 3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

|                                      | Net sales       |      | Operating income |     | Ordinary income |     | Profit attributable to owners of parent |     | Earnings per share |
|--------------------------------------|-----------------|------|------------------|-----|-----------------|-----|---|-----|--------------------|
|                                      | Millions of yen | %    | Millions of yen  | %   | Millions of yen | %   | Millions of yen                         | %   | Yen                |
| Six months ending September 30, 2016 | 271,000         | 10.1 | 13,300           | 0.0 | 13,400          | 0.3 | 8,500                                   | 4.9 | 36.25              |
| Full year                            | 564,000         | 9.0  | 30,000           | 6.9 | 30,200          | 7.1 | 19,000                                  | 9.5 | 81.02              |

Percentages indicate year-on-year changes

## 4. Notes

### (1) Changes in significant subsidiaries during the year ended March 31, 2016

Yes

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Newly included: 1 company

P & P Holdings Corporation

Excluded: —

### (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

### (3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

|                      |                    |                      |                    |
|----------------------|--------------------|----------------------|--------------------|
| As of March 31, 2016 | 235,791,100 shares | As of March 31, 2015 | 220,781,742 shares |
|----------------------|--------------------|----------------------|--------------------|

Number of treasury shares at the end of the period

|                      |                  |                      |                  |
|----------------------|------------------|----------------------|------------------|
| As of March 31, 2016 | 1,288,875 shares | As of March 31, 2015 | 1,282,290 shares |
|----------------------|------------------|----------------------|------------------|

Average number of shares during the period

|                           |                    |                           |                    |
|---------------------------|--------------------|---------------------------|--------------------|
| Year ended March 31, 2016 | 229,094,130 shares | Year ended March 31, 2015 | 219,316,054 shares |
|---------------------------|--------------------|---------------------------|--------------------|

Note: The Company conducted the stock split at a ratio of 1:3 of common shares on October 29, 2015. Number of issued shares (common shares) has been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2015.

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

|                           | Net sales       |      | Operating income |       | Ordinary income |       | Profit          |        |
|---------------------------|-----------------|------|------------------|-------|-----------------|-------|-----------------|--------|
|                           | Millions of yen | %    | Millions of yen  | %     | Millions of yen | %     | Millions of yen | %      |
| Year ended March 31, 2016 | 8,862           | 1.6  | 5,670            | (4.7) | 5,588           | (6.2) | 5,463           | (10.3) |
| Year ended March 31, 2015 | 8,720           | 34.2 | 5,950            | 86.4  | 5,956           | 109.3 | 6,089           | 121.1  |

|                           | Earnings per share | Diluted earnings per share |
|---------------------------|--------------------|----------------------------|
|                           | Yen                | Yen                        |
| Year ended March 31, 2016 | 23.85              | 23.21                      |
| Year ended March 31, 2015 | 27.77              | 25.87                      |

Note: The Company conducted the stock split at a ratio of 1:3 of common shares on October 29, 2015. Earnings per share and diluted earnings per share have been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2015.

(2) Non-consolidated financial position

|                      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
|                      | Millions of yen | Millions of yen | %            | Yen                  |
| As of March 31, 2016 | 124,321         | 86,151          | 69.3         | 367.38               |
| As of March 31, 2015 | 119,389         | 69,393          | 58.1         | 316.14               |

Reference: Equity      As of March 31, 2016      ¥86,151 million  
                                  As of March 31, 2015      ¥69,393 million

Note: The Company conducted the stock split at a ratio of 1:3 of common shares on October 29, 2015. Net assets per share has been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2015.

\* Implementation status of auditing procedures

This financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for consolidated financial statements in accordance with the Financial Instruments and Exchange Act have not been completed.

\* Proper use of earnings forecasts, and other special matters

The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Consequently, actual business and other results may differ substantially due to various factors.

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

|                                       | As of March 31, 2015 | As of March 31, 2016 |
|---------------------------------------|----------------------|----------------------|
| Assets                                |                      |                      |
| Current assets                        |                      |                      |
| Cash and deposits                     | 60,645               | 51,227               |
| Notes and accounts receivable - trade | 60,149               | 69,524               |
| Deferred tax assets                   | 4,324                | 3,987                |
| Other                                 | 5,729                | 6,006                |
| Allowance for doubtful accounts       | (152)                | (134)                |
| Total current assets                  | 130,696              | 130,611              |
| Non-current assets                    |                      |                      |
| Property, plant and equipment         |                      |                      |
| Buildings and structures              | 5,218                | 5,320                |
| Accumulated depreciation              | (3,189)              | (3,141)              |
| Accumulated impairment loss           | (72)                 | (72)                 |
| Buildings and structures, net         | 1,956                | 2,106                |
| Tools, furniture and fixtures         | 3,921                | 4,401                |
| Accumulated depreciation              | (3,074)              | (3,259)              |
| Accumulated impairment loss           | (11)                 | (17)                 |
| Tools, furniture and fixtures, net    | 835                  | 1,123                |
| Land                                  | 815                  | 803                  |
| Other                                 | 812                  | 1,116                |
| Accumulated depreciation              | (390)                | (607)                |
| Accumulated impairment loss           | (33)                 | (33)                 |
| Other, net                            | 388                  | 476                  |
| Total property, plant and equipment   | 3,996                | 4,510                |
| Intangible assets                     |                      |                      |
| Trademark right                       | 11,061               | 10,110               |
| Goodwill                              | 66,023               | 70,302               |
| Other                                 | 3,718                | 5,774                |
| Total intangible assets               | 80,803               | 86,187               |
| Investments and other assets          |                      |                      |
| Investment securities                 | 5,693                | 7,228                |
| Guarantee deposits                    | 4,979                | 5,597                |
| Deferred tax assets                   | 1,909                | 1,534                |
| Other                                 | 932                  | 716                  |
| Allowance for doubtful accounts       | (347)                | (146)                |
| Total investments and other assets    | 13,167               | 14,929               |
| Total non-current assets              | 97,967               | 105,627              |
| Total assets                          | 228,663              | 236,238              |

(Millions of yen)

|  | As of March 31, 2015 | As of March 31, 2016 |
|--|----------------------|----------------------|
| Liabilities  |                      |                      |
| Current liabilities  |                      |                      |
| Accounts payable - trade                                       | 674                  | 902                  |
| Short-term loans payable                                       | 15,099               | 787                  |
| Current portion of long-term loans payable                     | 4,640                | 4,640                |
| Accounts payable - other                                       | 28,665               | 33,152               |
| Income taxes payable   | 6,940                | 5,321                |
| Accrued consumption taxes                                      | 16,626               | 7,664                |
| Provision for bonuses  | 7,229                | 8,242                |
| Provision for directors' bonuses                               | 114                  | 139                  |
| Other  | 6,579                | 6,632                |
| Total current liabilities                                      | 86,569               | 67,482               |
| Non-current liabilities  |                      |                      |
| Convertible bond-type bonds with subscription rights to shares | 14,798               | 851                  |
| Long-term loans payable  | 13,920               | 24,993               |
| Deferred tax liabilities                                       | 3,640                | 3,638                |
| Net defined benefit liability                                  | 4,050                | 2,657                |
| Long-term accounts payable - other                             | 1,499                | 3,017                |
| Other  | 216                  | 97                   |
| Total non-current liabilities                                  | 38,124               | 35,255               |
| Total liabilities  | 124,694              | 102,737              |
| Net assets   |                      |                      |
| Shareholders' equity   |                      |                      |
| Capital stock  | 10,081               | 17,055               |
| Capital surplus  | 13,673               | 20,520               |
| Retained earnings  | 73,499               | 88,134               |
| Treasury shares  | (316)                | (327)                |
| Total shareholders' equity                                     | 96,938               | 125,382              |
| Accumulated other comprehensive income                         |                      |                      |
| Valuation difference on available-for-sale securities          | 1,388                | 1,945                |
| Foreign currency translation adjustment                        | 255                  | 72                   |
| Remeasurements of defined benefit plans                        | (20)                 | (194)                |
| Total accumulated other comprehensive income                   | 1,624                | 1,823                |
| Non-controlling interests                                      | 5,406                | 6,295                |
| Total net assets   | 103,969              | 133,501              |
| Total liabilities and net assets                               | 228,663              | 236,238              |

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 |
|--|-------------------------------------|-------------------------------------|
| Net sales  | 401,056                             | 517,597                             |
| Cost of sales  | 304,531                             | 394,949                             |
| Gross profit   | 96,524                              | 122,647                             |
| Selling, general and administrative expenses                   | 73,054                              | 94,594                              |
| Operating income   | 23,470                              | 28,052                              |
| Non-operating income   |                                     |                                     |
| Interest income  | 11                                  | 14                                  |
| Dividend income  | 89                                  | 84                                  |
| Subsidy income   | 99                                  | 112                                 |
| Share of profit of entities accounted for using equity method  | 35                                  | —                                   |
| Foreign exchange gains   | 96                                  | —                                   |
| Gain on bad debts recovered                                    | 1                                   | 78                                  |
| Other  | 102                                 | 259                                 |
| Total non-operating income                                     | 436                                 | 549                                 |
| Non-operating expenses   |                                     |                                     |
| Interest expenses  | 106                                 | 148                                 |
| Share of loss of entities accounted for using equity method    | —                                   | 70                                  |
| Foreign exchange losses  | —                                   | 65                                  |
| Commission fee   | 1                                   | 78                                  |
| Other  | 29                                  | 48                                  |
| Total non-operating expenses                                   | 136                                 | 411                                 |
| Ordinary income  | 23,769                              | 28,190                              |
| Extraordinary income   |                                     |                                     |
| Gain on sales of shares of subsidiaries and associates         | —                                   | 158                                 |
| Gain on sales of investment securities                         | 32                                  | —                                   |
| Gain on sales of non-current assets                            | 0                                   | 0                                   |
| Reversal of loss on liquidation of subsidiaries and affiliates | 204                                 | 89                                  |
| Gain on transfer of business                                   | —                                   | 157                                 |
| Gain on revision of retirement benefit plan                    | —                                   | 460                                 |
| Settlement received  | —                                   | 240                                 |
| Gain on change in equity                                       | —                                   | 103                                 |
| Gain on step acquisitions                                      | 52                                  | —                                   |
| Total extraordinary income                                     | 290                                 | 1,209                               |
| Extraordinary losses   |                                     |                                     |
| Loss on disposal of non-current assets                         | 7                                   | —                                   |
| Impairment loss  | 462                                 | 392                                 |
| Loss on sales of investment securities                         | 22                                  | —                                   |
| Loss on sales of shares of subsidiaries and associates         | —                                   | 24                                  |
| Amortization of goodwill                                       | 441                                 | —                                   |
| Loss on liquidation of subsidiaries and associates             | 170                                 | —                                   |
| Loss on change in equity                                       | 220                                 | —                                   |
| Other  | 18                                  | —                                   |
| Total extraordinary losses                                     | 1,343                               | 417                                 |
| Profit before income taxes                                     | 22,716                              | 28,982                              |
| Income taxes - current   | 9,713                               | 9,954                               |
| Income taxes - deferred  | (353)                               | 717                                 |
| Total income taxes   | 9,359                               | 10,671                              |
| Profit   | 13,357                              | 18,310                              |
| Profit (loss) attributable to non-controlling interests        | (67)                                | 954                                 |
| Profit attributable to owners of parent                        | 13,424                              | 17,356                              |

## Consolidated statements of comprehensive income

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 |
|--|-------------------------------------|-------------------------------------|
| Profit   | 13,357                              | 18,310                              |
| Other comprehensive income                                     |                                     |                                     |
| Valuation difference on available-for-sale securities          | (55)                                | 556                                 |
| Foreign currency translation adjustment                        | 203                                 | (135)                               |
| Remeasurements of defined benefit plans, net of tax            | 3                                   | (173)                               |
| Total other comprehensive income                               | 151                                 | 247                                 |
| Comprehensive income   | 13,508                              | 18,558                              |
| Comprehensive income attributable to                           |                                     |                                     |
| Comprehensive income attributable to owners of parent          | 13,455                              | 17,630                              |
| Comprehensive income attributable to non-controlling interests | 53                                  | 927                                 |

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period  | 9,980                | 13,572          | 62,140            | (313)           | 85,380                     |
| Cumulative effects of changes in accounting policies  |                      |                 | (18)              |                 | (18)                       |
| Restated balance  | 9,980                | 13,572          | 62,121            | (313)           | 85,361                     |
| Changes of items during period  |                      |                 |                   |                 |                            |
| Issuance of new shares  | 101                  | 101             |                   |                 | 202                        |
| Dividends of surplus  |                      |                 | (2,046)           |                 | (2,046)                    |
| Profit attributable to owners of parent   |                      |                 | 13,424            |                 | 13,424                     |
| Purchase of treasury shares   |                      |                 |                   | (3)             | (3)                        |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders |                      |                 |                   |                 | —                          |
| Net changes of items other than shareholders' equity  |                      |                 |                   |                 |                            |
| Total changes of items during period  | 101                  | 101             | 11,377            | (3)             | 11,576                     |
| Balance at end of current period  | 10,081               | 13,673          | 73,499            | (316)           | 96,938                     |

|   | Accumulated other comprehensive income                |   |   |  | Non-controlling interests | Total net assets |
|---|---|---|---|--|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of current period  | 1,444   | 172                                     | (24)                                    | 1,593  | 2,829                     | 89,803           |
| Cumulative effects of changes in accounting policies  |   |   |   |  |                           | (18)             |
| Restated balance  | 1,444   | 172                                     | (24)                                    | 1,593  | 2,829                     | 89,785           |
| Changes of items during period  |   |   |   |  |                           |                  |
| Issuance of new shares  |   |   |   |  |                           | 202              |
| Dividends of surplus  |   |   |   |  |                           | (2,046)          |
| Profit attributable to owners of parent   |   |   |   |  |                           | 13,424           |
| Purchase of treasury shares   |   |   |   |  |                           | (3)              |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders |   |   |   |  |                           | —                |
| Net changes of items other than shareholders' equity  | (55)  | 83                                      | 3                                       | 30   | 2,576                     | 2,607            |
| Total changes of items during period  | (55)  | 83                                      | 3                                       | 30   | 2,576                     | 14,184           |
| Balance at end of current period  | 1,388   | 255                                     | (20)                                    | 1,624  | 5,406                     | 103,969          |



Fiscal year ended March 31, 2016

(Millions of yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period  | 10,081               | 13,673          | 73,499            | (316)           | 96,938                     |
| Cumulative effects of changes in accounting policies  |                      |                 |                   |                 | —                          |
| Restated balance  | 10,081               | 13,673          | 73,499            | (316)           | 96,938                     |
| Changes of items during period  |                      |                 |                   |                 |                            |
| Issuance of new shares  | 6,973                | 6,973           |                   |                 | 13,947                     |
| Dividends of surplus  |                      |                 | (2,721)           |                 | (2,721)                    |
| Profit attributable to owners of parent   |                      |                 | 17,356            |                 | 17,356                     |
| Purchase of treasury shares   |                      |                 |                   | (11)            | (11)                       |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders |                      | (126)           |                   |                 | (126)                      |
| Net changes of items other than shareholders' equity  |                      |                 |                   |                 |                            |
| Total changes of items during period  | 6,973                | 6,846           | 14,634            | (11)            | 28,443                     |
| Balance at end of current period  | 17,055               | 20,520          | 88,134            | (327)           | 125,382                    |

|   | Accumulated other comprehensive income                |   |   |  | Non-controlling interests | Total net assets |
|---|---|---|---|--|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of current period  | 1,388   | 255                                     | (20)                                    | 1,624  | 5,406                     | 103,969          |
| Cumulative effects of changes in accounting policies  |   |   |   |  |                           | —                |
| Restated balance  | 1,388   | 255                                     | (20)                                    | 1,624  | 5,406                     | 103,969          |
| Changes of items during period  |   |   |   |  |                           |                  |
| Issuance of new shares  |   |   |   |  |                           | 13,947           |
| Dividends of surplus  |   |   |   |  |                           | (2,721)          |
| Profit attributable to owners of parent   |   |   |   |  |                           | 17,356           |
| Purchase of treasury shares   |   |   |   |  |                           | (11)             |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders |   |   |   |  |                           | (126)            |
| Net changes of items other than shareholders' equity  | 556   | (183)                                   | (173)                                   | 199  | 888                       | 1,088            |
| Total changes of items during period  | 556   | (183)                                   | (173)                                   | 199  | 888                       | 29,531           |
| Balance at end of current period  | 1,945   | 72                                      | (194)                                   | 1,823  | 6,295                     | 133,501          |

## Consolidated statements of cash flows

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities                                 |                                     |                                     |
| Profit before income taxes   | 22,716                              | 28,982                              |
| Depreciation   | 2,749                               | 3,061                               |
| Impairment loss  | 462                                 | 392                                 |
| Amortization of goodwill   | 4,243                               | 5,294                               |
| Increase (decrease) in accrued benefit                               | 278                                 | (1,580)                             |
| Increase (decrease) in provision for bonuses                         | 575                                 | 831                                 |
| Increase (decrease) in provision for directors' bonuses              | (7)                                 | 25                                  |
| Increase (decrease) in allowance for doubtful accounts               | (14)                                | (218)                               |
| Interest and dividend income   | (101)                               | (98)                                |
| Interest expenses  | 106                                 | 148                                 |
| Share of (profit) loss of entities accounted for using equity method | (35)                                | 70                                  |
| Loss (gain) on change in equity                                      | 220                                 | (103)                               |
| Loss (gain) on step acquisitions                                     | (52)                                | —                                   |
| Loss (gain) on sales of shares of subsidiaries and associates        | —                                   | (133)                               |
| Loss (gain) on sales of investment securities                        | (9)                                 | —                                   |
| Loss (gain) on disposal of non-current assets                        | 6                                   | 0                                   |
| Loss on liquidation of subsidiaries and associates                   | 170                                 | —                                   |
| Loss (gain) on transfer of business                                  | —                                   | (157)                               |
| Subsidy income   | (99)                                | (112)                               |
| Decrease (increase) in notes and accounts receivable - trade         | (7,651)                             | (5,864)                             |
| Increase (decrease) in operating debt                                | 5,202                               | 2,370                               |
| Increase (decrease) in accrued consumption taxes                     | 10,759                              | (9,407)                             |
| Increase (decrease) in long-term accounts payable - other            | (118)                               | 1,300                               |
| Decrease (increase) in other assets                                  | (459)                               | 188                                 |
| Increase (decrease) in other liabilities                             | (564)                               | (392)                               |
| Subtotal   | 38,376                              | 24,595                              |
| Interest and dividend income received                                | 114                                 | 108                                 |
| Interest expenses paid   | (110)                               | (143)                               |
| Proceeds from subsidy income   | —                                   | 131                                 |
| Proceeds from subsidy income   | 99                                  | 112                                 |
| Income taxes paid  | (10,332)                            | (11,756)                            |
| Income taxes refund  | 747                                 | 231                                 |
| Net cash provided by (used in) operating activities                  | 28,894                              | 13,279                              |

(Millions of yen)

|   | Fiscal year ended<br>March 31, 2015 | Fiscal year ended<br>March 31, 2016 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from investing activities  |                                     |                                     |
| Payments into time deposits   | (102)                               | (146)                               |
| Proceeds from withdrawal of time deposits   | 102                                 | 350                                 |
| Purchase of property, plant and equipment   | (873)                               | (1,491)                             |
| Proceeds from sales of property, plant and equipment  | 71                                  | 0                                   |
| Purchase of intangible assets   | (1,354)                             | (2,791)                             |
| Purchase of investment securities   | (80)                                | (568)                               |
| Proceeds from sales of investment securities  | 998                                 | 3                                   |
| Purchase of shares of subsidiaries  | (1,874)                             | –                                   |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation                                    | (9,191)                             | (10,457)                            |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation                         | –                                   | 54                                  |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation                          | –                                   | (32)                                |
| Payments for transfer of business   | (625)                               | –                                   |
| Proceeds from transfer of business  | –                                   | 162                                 |
| Payments of loans receivable  | (31)                                | (9)                                 |
| Collection of loans receivable  | 38                                  | 107                                 |
| Payments for guarantee deposits   | (740)                               | (1,016)                             |
| Proceeds from collection of guarantee deposits  | 343                                 | 482                                 |
| Other, net  | (210)                               | 288                                 |
| Net cash provided by (used in) investing activities   | (13,529)                            | (15,065)                            |
| Cash flows from financing activities  |                                     |                                     |
| Increase in short-term loans payable  | 15,213                              | –                                   |
| Decrease in short-term loans payable  | (121)                               | (15,000)                            |
| Proceeds from long-term loans payable   | –                                   | 15,713                              |
| Repayments of long-term loans payable   | (4,640)                             | (4,860)                             |
| Purchase of treasury shares   | (3)                                 | (11)                                |
| Proceeds from share issuance to non-controlling shareholders  | 1,045                               | 60                                  |
| Cash dividends paid   | (2,046)                             | (2,721)                             |
| Dividends paid to non-controlling interests   | (7)                                 | (21)                                |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | –                                   | (279)                               |
| Other, net  | (502)                               | (93)                                |
| Net cash provided by (used in) financing activities   | 8,937                               | (7,213)                             |
| Effect of exchange rate change on cash and cash equivalents   | (54)                                | (67)                                |
| Net increase (decrease) in cash and cash equivalents  | 24,248                              | (9,066)                             |
| Cash and cash equivalents at beginning of period  | 35,957                              | 60,205                              |
| Cash and cash equivalents at end of period  | 60,205                              | 51,138                              |