



Financial Results for the Year Ended March 31, 2015 (J-GAAP)

May 14, 2015

Name of listed company: Nichii Gakkan Company Listed on: Tokyo Stock Exchange 1st Section
 Securities code: 9792 URL: http://www.nichiigakkan.co.jp
 Representative: Akihiko Terada, Chairman, President and CEO
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 Scheduled date to hold the ordinary general meeting of shareholders: June 25, 2015
 Scheduled date to start dividends distribution: June 26, 2015
 Scheduled date of filing annual securities report: June 26, 2015
 Supplementary materials prepared: Yes
 Results information meeting held: Yes (for institutional investors and financial analysts)

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated financial results for the year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Consolidated operating results

(Percentage figures represent changes from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2015	271,868	0.2	5,173	(18.2)	3,144	(36.3)	416	(85.3)
Year ended March 31, 2014	271,447	1.6	6,322	(27.7)	4,940	(40.7)	2,831	(35.4)

(Note) Comprehensive income: Year ended March 31, 2015: 264 million yen(-90.3%) Year ended March 31, 2014: 2,726 million yen(-41.7%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2015	6.03	—	0.7	1.7	1.9
Year ended March 31, 2014	40.51	—	4.6	2.9	2.3

Reference: Equity-method investment profit (loss): Year ended March 31, 2015: ¥10 million yen Year ended March 31, 2014: ¥— million yen

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2015	184,554	56,685	30.5	860.09
As of March 31, 2014	176,246	62,327	35.2	887.18

Reference: Shareholders' equity: As of March 31, 2015: ¥56,333 million yen As of March 31, 2014: ¥61,999 million yen

(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 Year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2015	10,629	(8,085)	(3,198)	9,821
Year ended March 31, 2014	7,520	(4,110)	(1,026)	10,439

2. Dividends

	Annual dividends					Total Dividends Paid (annual)	Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2014	—	10.00	—	10.00	20.00	1,397	49.4	2.3
Year ended March 31, 2015	—	10.00	—	10.00	20.00	1,353	331.7	2.3
Year ending March 31, 2016 (forecast)	—	11.00	—	11.00	22.00		54.4	

3. Forecast of consolidated financial results for the year ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentage figures represent changes from previous year for full year figures and from same period of previous year for interim period figures.)

	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
First six months	137,700	1.2	2,690	(1.1)	1,290	(27.4)	320	(46.1)	4.96
Full year	294,300	8.3	8,900	72.0	6,100	94.0	2,600	524.9	40.41

* Notes

(1) Changes in subsidiaries during the fiscal year (Changes in specified subsidiaries resulting in changes in scope of consolidation): None

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

- 1) Changes in accounting policies due to revisions of accounting standards, etc.: Yes
- 2) Changes in accounting policies due to reasons other than those stated in 1): None
- 3) Changes in accounting estimates: Yes
- 4) Restatement: None

(3) Number of shares outstanding (common stock)

- 1) Number of shares issued and outstanding (including treasury stock)

Year ended March 31, 2015:	73,017,952	Year ended March 31, 2014:	73,017,952
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- 2) Number of treasury stock

Year ended March 31, 2015:	7,521,206	Year ended March 31, 2014:	3,133,768
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- 3) Average number of shares issued and outstanding in each period

Year ended March 31, 2015:	69,011,405	Year ended March 31, 2014:	69,885,348
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(Reference) Overview of the non-consolidated business results

1. Non-consolidated financial results for the year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Non-consolidated operating results

(Percentage figures represent changes from previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2015	238,835	0.2	2,705	(22.4)	1,699	(41.8)	272	(81.5)
Year ended March 31, 2014	238,342	0.9	3,485	(47.6)	2,918	(56.5)	1,471	(56.9)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2015	3.94	—
Year ended March 31, 2014	21.06	—

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2015	153,910	57,486	37.4	877.70
As of March 31, 2014	150,186	63,124	42.0	903.28

Reference: Shareholders' equity: As of March 31, 2015: 57,486 million yen As of March 31, 2014: 63,124 million yen

2. Forecast of non-consolidated financial results for the year ending March 31, 2015 (April 1, 2015– March 31, 2016)

(Percentage figures represent changes from previous year for full year figures and from same period of previous year for interim period figures.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	120,900	1.1	1,900	23.5	1,500	16.6	970	33.8	15.05
Full year	243,700	2.0	3,500	29.4	2,300	35.4	1,100	304.4	17.10

* Implementation status of audit procedures

The audit procedure based on the Financial Instruments and Exchange Act does not apply to this Financial Report, and the audit procedure for the consolidated financial statements and the non-consolidated financial statements based on the Financial Instruments and Exchange Act has not been completed as of the release of this Financial Report.

* Explanation concerning the appropriate use of financial result forecasts and other special notes

The above forecasts are based on information Nichii Gakkan had as of the time this report was prepared and on certain assumptions judged to be reasonable. Various factors may cause actual results to differ significantly from forecasts. Please refer to the disclaimers, provided under“(1) Analysis of business results” of “1. Analysis of business results and financial position” on page 2 of the attached document, regarding the assumptions upon which forecasts are based and the use of forecasts.

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1. Analysis of business results and financial position

(1) Analysis of business results

1) Overview of business results

During the fiscal year under review, the Japanese economy traced a modest recovery path, with the ratio of active job openings to applicants remaining higher than 1 throughout the fiscal year, its highest level in 22 years, largely due to improvement in corporate earnings, despite weak consumer spending in certain areas.

In the social-security sector, the inpatient discharge rate was adopted as a performance indicator as part of the revision of medical fees implemented in April 2014, and the Amendatory Law to the Related Acts for Securing Comprehensive Medical and Long-Term Care in the Community, introduced in June, sought to promote community-based integrated care, including the establishment of a new funding program for cooperation between the medical and long-term care fields funded by consumption tax increases. In January 2015, revision of the long-term care rate for next fiscal year was approved by Cabinet, and while basic rates will be substantially lowered, efforts will be made to further improve the treatment of care workers, to strengthen measures for elderly people with mild to moderate dementia, and to evaluate and ease the staffing situation.

In this business environment, the Nichii Gakkan Group pushed ahead with a new business strategy focused on business expansion and promotion of globalization under a new business execution system, to make sure that the Group would be unaffected by institutional risk and achieve stable growth of long-term profits.

In terms of business expansion, the Group sought to further develop services, including supporting cooperation between the medical and long-term care fields and improving dementia care, with an eye on developments in the medical and long-term care insurance system. The Group also endeavored to expand and improve its service menu, including housekeeping services that are no dependent on the system and sales of sanitary products. The Group also focused on building up a base for future growth, strengthening the development of COCO Juku Junior, and actively opening childcare centers to support women's participation in society.

In terms of promotion of globalization, in the growing China market, the Group formed partnerships in both the public and private sectors, forming a strategic alliance with the China Planning Institute on Aging, an organization under the direct jurisdiction of the Chinese Government, and also turning excellent housekeeping businesses and excellent vocation training schools in China into Group companies, to facilitate the rollout of service suited to Chinese culture and customs. The Group also made a start on the development of instructors required in the human resources development business, and attempted to advance to the service provision stage in its China business.

Looking at the operating results, the number of students in care worker basic training fell due to decline in demand for qualifications as a result of improvement in the employment environment, and the number of users of care services dropped due to a shortage of human resources in the long-term care field especially in urban areas.

The Group incurred upfront investment costs associated with proactive the establishment of pay nursing homes for the elderly at Nichii Carepalace Company, a consolidated subsidiary.

Meanwhile, turning to strategic businesses such as COCO Juku Junior, housekeeping services, and childcare services, the number of users rose steadily, giving a definite sense of growth.

The Group posted net sales of 271,868 million yen in the fiscal year under review (271,447 million yen in the previous fiscal year), operating income of 5,173 million yen (6,322 million yen), and ordinary income of 3,144 million yen (4,940 million yen). Net income was 416 million yen (2,831 million yen).

Results by business segment are as follows:

<Medical Support Segment>

The business posted gains in sales and profits, reflecting expansion in contracted services in existing hospitals as well as improvement in operational efficiency due to efforts to strengthen the human resources base by supporting staff's career development and improving their working conditions. The early stabilization of operations at some large-scale hospitals initiated in the second half also contributed to revenues.

With respect to the development of management support services, the Group focused on services to comprehensively support management of medical services, including the hosting of seminars for medical workers and enhancement of management analysis and improvement proposal services.

Net sales for the segment came to 106,488 million yen for the fiscal year under review (compared with 105,972 million yen posted the previous fiscal year). Operating income for the segment was 9,134 million yen (compared with

8,660 million yen posted the previous fiscal year).

<Long-term Care Segment>

As a shortage of human resources emerged in urban areas, the Group conducted a review of its customer acquisition strategy, with an eye on trends for increased efficiency of the medical and long-term care insurance system and the revision of the long-term care rate in April 2015. The Group also focused on the enhancement of specialist care including dementia care and home-visit care, and the efficient rollout of welfare services for persons with disabilities and housekeeping services at home-visit care facilities (Health Care Segment).

Nichii Carepalace Company actively participated in tenders, resulting in the establishment of two Nichii Home paying nursing homes in the fiscal year under review and decisions to establish seven homes next fiscal year. With delays in the commencement of operations at the newly opened homes, the Group incurred upfront costs relating to the first quarter of the next fiscal year.

Looking at the status of new operating bases established during the fiscal year under review, for its home care services, the Group opened twelve care plan facilities (bringing the total number of these facilities to 802), ten home-visit care facilities (increasing the total number of these facilities, including home-visit bathing facilities, to 1,122), eleven day-care facilities (bringing the total number of these facilities to 378), three home nursing care facility (bringing the total number of these facilities to 68), and one combined service facility (bringing the total number of these facilities to 1). For its facility care services, the Group established eight Nichii no Hohoemi group homes (bringing the total number of these homes to 270), five Nichii no Kirameki pay nursing homes (bringing the total number of these homes to 63), and two Nichii Home pay nursing homes (bringing the total number of these homes to 56).

Net sales for the segment reached 144,385 million yen (compared with 142,856 million yen posted the previous fiscal year). Operating income for the segment was 11,647 million yen (compared with 12,549 million yen posted the previous fiscal year).

<Health Care Segment>

The Group worked to enhance comprehensive livelihood support services for all generations, focusing on housekeeping services, healthcare product sales and catering. As a result, the business remained strong and posted gains in sales and profits, with net sales from Nichii Life and sales of healthcare products continuing to show double-digit growth.

As a result, sales in this segment came to 3,846 million yen in the fiscal year under review (compared with 3,682 million yen in the previous fiscal year), and operating income was 239 million yen (221 million yen).

<Education Segment>

The business posted disappointing results, recording declines in sales and profits as the number of students taking training for new care workers continued to decrease due to a decline in the need to gain qualifications against the backdrop of improvement in the employment environment. However, the number of students taking courses for medical office work began to trend upward through the second half, and the slump showed signs of bottoming out.

The Group developed human resources who can be immediately effective workers by providing a practical curriculum. It also sought to match human resources with employment by proactively organizing job consultations and onsite tours in collaboration with the relevant businesses.

In the language education business, the Group focused on gaining students, expanding the language education network by franchising COCO Juku Junior and developing the overseas study support structure, strengthening corporate sales, and developing more customer-oriented services. As a result, the number of students showed steady growth driven by COCO Juku Junior. The Group also endeavored to improve profitability by making unified business operation reforms across the existing education business and language business, including classroom integration and a review of promotion strategy.

Net sales for the segment in the fiscal year under review totalled 16,750 million yen (compared with 18,512 million yen in the previous fiscal year). Operating loss for the segment was 7,990 million yen (compared with an operating loss of 7,269 million yen in the previous fiscal year).

<Other>

The Group focused its efforts on the development of peripheral businesses and services to support smooth business

operations in mainstay businesses and enhance added value, such as the publication and sales of books related to medical services or long-term care, goods management, and the breeding of therapy dogs.

Net sales for the segment amounted to 397 million yen in the fiscal year under review (compared with 423 million yen posted in the previous fiscal year). Operating income for the segment was 347 million yen (compared with 45 million yen posted in the previous fiscal year).

2) Outlook for the year ending March 31, 2016

In the fiscal year ending March 31, 2016, the Group will put its mainstay business back on the growth path by identifying employment needs and increasing its ability to supply human resources through the reform of its education business, in accordance with the medium-term management strategy. The Group will actively develop small-scale childcare and childcare within corporations in light of government policy trends and social needs including support for women's participation in society and further globalization. The Group will also work to expand and improve housework and child rearing support for working women and services not covered by long-term care insurance for the elderly.

In the language education business, the Group will promote franchising of COCO Juku Junior and overseas study support and will also endeavor to improve the efficiency of business and classroom operations with the aim of moving the language education business into profitability quickly.

In the China business, the Group will make capital contributions to local businesses offering housekeeping and other services in China, and will gradually launch various services including human resources development business, long-term care, housekeeping, postnatal care, and sales of goods.

The businesses the Group will include in the scope of consolidation through capital contributions all have their fiscal year end on December 31 and, at the present time, the Company has decided to make 14 local businesses into Group companies. However, the process from applying for an operating license in each region to making a capital contribution takes a certain amount of time and these businesses are not expected to make a full-fledged contribution to consolidated operating results before the second half of the fiscal year as the services gradually start from July.

In the fiscal year ending March 31, 2016, the Group forecasts net sales of 294,300 million yen (compared with 271,868 million yen in the fiscal year under review), operating income of 8,900 million yen (5,173 million yen), ordinary income of 6,100 million yen (3,144 million yen), and profit attributable to owners of parent of 2,600 million yen (416 million yen).

In the China business, the Group forecasts net sales of 16,200 million yen and operating income of 1,400 million yen, based on an exchange rate assumption of 18 Japanese Yen per Chinese Yuan Renminbi.

The Group forecasts growth in sales and profits in all segments. Details are as follows.

[Segment forecasts]

Medical Support Segment	The Group is winning big new contracts and will win contracts with private hospitals and clinics during the fiscal year ending March 31, 2016. It will also strive to further increase the efficiency of operations. In China, the Group will actively develop postnatal care services, which are increasingly in demand due to cultural factors and relaxation of the one-child policy, and will translate this into growth in sales and profits.
Long-Term Care Segment	Although basic rate for services will be lowered as part of revision of the long-term care rate, the Group will seek to expand the volume of services supplied and gain premiums by identifying employment needs and developing its human resources base through changes in the organizational structure for human resources development. In China, the Group will seek to familiarize the Chinese people with the Japanese style of nursing care through the rollout of nursing care services using the Company's nursing care expertise, and will translate this into growth in sales and profits.
Health Care Segment	The Group will seek further business expansion through improvement of its customer support capability in areas such as housekeeping services and healthcare products. In China, the Group will achieve growth in sales and profits by improving customer satisfaction and gaining more users of its services through the active development of housekeeping services and the sale of high quality sanitary products.
Education Segment	The Group will seek to increase the number of COCO Juku Junior students by strengthening franchising and further developing the overseas study support structure. The Group will also reduce the labor costs and other operating costs of classrooms through efficient classroom deployment, and translate this into growth in sales and profits (narrowing of the operating loss).
Childcare Segment	The Group is actively developing facilities to coincide with enforcement of the Support System for Children and Child Rearing, and opened a further 20 child care centers in April. The Group will aim for the early commencement of operations at the newly opened facilities in collaboration with the other businesses. In China, the Group will achieve growth in sales and profits through active development of babysitting services linked to post-natal care and sales of high-quality care goods for children.

[Segment changes]

From the viewpoint of organizational changes and management approach, qualification-type courses such as courses for medical office work and training for new care workers in the Education Segment will now be incorporated into the Medical Support Segment and the Long-Term Care Segment respectively (the Education Segment will consist of language education courses and hobby/general education courses).

With respect to the childcare business, the operation of in-hospital childcare centers were previously included in the Medical Support Segment and other childcare services were recorded in the Long-Term Care Segment. However, in light of its expanding size and importance, the childcare business will now be reported as a separate segment called the Childcare Segment.

Control of the operations of Nichii Green Farm Company (production and sale of flowers, plants, seeds, seedlings, etc., operation and management of sightseeing facilities, breeding and sales of pet dogs, etc.) will be transferred from the Other Segment to the Health Care Segment.

(2) Analysis of financial position

1) Overview of financial position

During the fiscal year under review, cash and cash equivalents ("cash") decreased 618 million yen year on year, to 9,821 million yen. Cash flows from each category of activities and their main factors are described below.

[Cash flows from operating activities]

Net cash provided by operating activities stood at 10,629 million yen. The main factors were income before income

taxes and minority interests and depreciation and amortization.

[Cash flows from investing activities]

Net cash used in investing activities came to 8,085 million yen. This was primarily the result of the purchase of property, plant and equipment and lending.

[Cash flows from financing activities]

Net cash used in financing activities was 3,198 million yen. This was chiefly due to the purchase of treasury stock.

Trends in cash flow indicators for the Group can be seen below.

	Year ended March 31, 2014	Year ended March 31, 2015
Equity ratio (%)	35.2	30.5
Equity ratio based on present value (%)	38.0	37.5
Debt redemption (years)	8.1	6.8
Interest coverage ratio (times)	3.6	3.9

Notes: Equity ratio: Shareholders' equity/total assets

Equity ratio based on present value: Total present value of stock/total assets

Debt redemption: Interest-bearing liabilities/operating cash flow

Interest coverage ratio: Operating cash flow/interest payments

1. Each indicator was calculated from consolidated financial results.
2. Total present value of stock is the product of closing stock price at the end of period and the total number of outstanding shares at the end of period (after deducting treasury stock).
3. Operating cash flow is equal to the cash flows from operating activities in the consolidated statements of cash flow.

Interest-bearing liabilities are all the liabilities on which interest is paid, out of the liabilities in the consolidated balance sheet.

Interest payments are the interest payments as shown in the consolidated statements of cash flow.

(3) Basic principles of profit distribution and dividends for the fiscal year under review and the next fiscal year

Our basic policy is to provide our shareholders with stable and continuous profit distributions. Considering business performance trends from a mid- to long-term standpoint, we formulated a consolidated dividend policy.

For the year ended March 31, 2015, we are planning to pay a year-end dividend of 10 yen per share.

(Yen)

(Record date)	Cash Dividends per Share		
	2Q-end	Year-end	Annual
Year ended March 31, 2015	10.00 (Actual)	10.00 (Forecast)	20.00 (Forecast)
Year ending March 31, 2016	11.00 (Forecast)	11.00 (Forecast)	22.00 (Forecast)

(4) Business and other risks

Potential risks to the operations of each segment of the Nichii Group are described below.

The Group strives to mitigate these risks by enhancing its business portfolio, focusing on developing and providing high value-added services that are not dependent on the medical insurance and long-term care insurance systems. However, under unexpected circumstances, these risks could have serious implications for the Group's business performance and financial position.

The Company identified the following risks at the end of the fiscal year under review, but risks associated with investments in shares in the Company are not limited to those described below.

1) Business risks

As social security benefit payments are increasing with the aging population, the government is promoting integrated tax and social security reform to build a sustainable social security system. Since the Company's core segments are closely associated with the medical insurance system and the long-term care insurance system, the reform plan could affect the Company's performance.

A consumption tax increase is due in 2017. Medical service fees and compensation for long-term care, which are sources of revenue of medical institutions and long-term care businesses, are exempt from consumption tax, but consumption tax does apply to investments in and purchases of healthcare equipment. The consumption tax hike could therefore have adverse effects on the Group's performance.

[Medical Support Segment]

The Nichii Group's Medical Support segment provides, among other services, medical services other than medical practice by medical institutions, medical-related services, and medical practice management consulting.

Medical institutions will see major fluctuations in revenues due to biennial revisions of the medical service fees and medical insurance system reform.

The Group provides services to medical institutions, and the integrated tax and social security reform, percentage changes in medical service fees, or advances in information technology could affect the Group's contracts, including contract fees.

[Long-term Care and Health Care Segments]

The Nichii Group's Long-Term Care segment principally provides services regulated under the Long-Term Care Insurance Law and other relevant laws. Income from these services could be impacted by the revisions to the long-term care insurance system made every five years or by the revisions to compensation for long-term care made every three years. The Company strives to diversify risks by providing services in the Health Care Segment that are not covered by long-term care insurance and by expanding its service offerings. Nevertheless, these efforts may not be sufficient to offset a decrease in income that could be caused by a reduction in compensation for long-term care and other factors, which could have a significant adverse effect on earnings.

The long-term care facilities (including group homes, pay nursing homes, and day-care facilities) operated by the Group offer community-based services under lease agreements. The term of most of these lease agreements is 20 years, and declines in occupancy rates caused by decreases in resident numbers and falls in market rates for residents could have adverse effects on earnings in the Long-Term Care segment.

[Education Segment]

The Company's medical and social welfare courses, including the Medical Office Administration course and beginning staff's training, are qualification courses for enhancing career opportunities, and enrolments change significantly in response to changes in the employment situation, which in turn could affect the Group's results.

Of the course fees paid at the time of application for the above existing courses and the English conversation schools COCO Juku, COCO Juku Junior, and GABA, the amount equivalent to lessons not yet provided is included in the liability section of the balance sheet as "Advances received." If a large number of students cancel their classes within a short period of time, a substantial amount of the advances received must be reimbursed, which may affect the financial position and financial results of the Company.

2) Risks due to the internal management system

The Nichii Group is working to strengthen its self-enforcing operational control structure and internal check functions to prevent human error and fraudulent activities. However, problems in operational control could cause a loss of stakeholder trust and could affect the Group's performance.

[Risks due to personal information]

The Nichii Group handles personal information specified in the Act on the Protection of Personal Information. The Group recognizes the protection of personal information as an extremely important business issue and has established the Personal Information Protection Committee to ensure the appropriate acquisition and handling of information. In addition, the Group takes preventive steps to block leaks of personal information, including the establishment of regulations and in-house education and training.

However, personal information leaks could cause a loss of confidence in society and claims for compensation, among other things, which in turn could affect the Group's results

3) Official license and legal regulation in personnel business

To provide worker dispatching services in the Medical Support segment and Health Care segment, the Group has already obtained a license for the general worker dispatching business under the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Worker Dispatching Law). Under the Worker Dispatching Law, if a business engaged in a worker dispatching business meets any of the conditions for disqualification or commits illegal acts, its license could be canceled, or it could be ordered to suspend its business.

The Nichii Group strives to enhance compliance, but if the Group violates laws and regulations, its performance could be adversely affected.

4) Risk related to changes in the employment environment

The Nichii Group has its own unique talent acquisition scheme for securing human resources based on a business model dubbed "From Education to Employment." However, with decline in the working population forecast, any shortage of human resources arising from changes in the employment environment could adversely affect the Group's service provision.

5) Risks due to natural disasters and accidents

The Nichii Group provides services at medical institutions with which the Group has contractual relations, long-term care facilities, schools, and other facilities across the country. If natural disasters, including earthquakes and tsunamis, occur, or if infectious diseases, including new types of influenza, spread, the Group's staff and facilities could not work in the affected areas. In that case, the Group will strive to maintain its system for providing services by endeavoring to promptly restore the functions of the affected facilities and dispatching support staff. However, if the Group cannot provide services, its results and financial position could be adversely affected. Considering the effects of the Great East Japan Earthquake on March 11, 2011, each branch and facility of the Group is reviewing all its countermeasures against risks related to business continuity in emergencies and is seeking to strengthen its crisis management system, putting priority on the safety of customers.

6) Risks related to the application of impairment accounting

The Nichii Gakkan Group may need to realize an impairment loss on land and buildings owned, goodwill and/or other assets if the profitability of each business declines significantly, which may affect the financial position and financial results of the Group.

If IFRS is adopted, goodwill will become a non-amortizable asset. If in an impairment test, which will be conducted at least once a year, the recoverable value proves to be lower than the book value, an impairment loss could be posted.

7) Risks due to overseas expansion

The Nichii Group is implementing a globalization strategy focused on China business, and is developing business not only in China but also in Singapore, Australia, Canada and the Philippines. The Group endeavors to implement measures to reduce the risks associated with business expansion overseas and to deal with them appropriately, but the Group's business progress and operating results may be affected in the event of a change that could not be predicted or exceeded projections such as the following.

- Unforeseen changes in laws and regulations
- Political or social disorder including acts of terrorism
- Greater than anticipated fluctuation in market or economic trends or exchange rates
- Differences in labor-management relations or business customs

2. Overview of Nichii Group

The Nichii Group consists of Nichii Gakkan Company and its 32 subsidiaries and three affiliates, and is engaged in four segments (Medical Support, Long-Term Care, Health Care and Education).

In the Medical Support segment, the Group provides contract administration services to medical institutions and pharmacies, sells medical equipment to them, and disinfects and sterilizes equipment in medical institutions. The Group's services in this segment also include medical business consulting, the operation of childcare centers in hospitals, and the operation, etc. of clinics in Singapore.

The Long-Term Care segment provides institutional services such as long-term care insurance. These services include home-care services (including home-care support, home-visit care, home-visit bathing, home-visit nursing care, and day care services) and facility-care services (including care for residents in specific facilities and care for group home residents with dementia). In this segment, the Group sells and leases welfare equipment and provides welfare services for the disabled. The Group also directly manages childcare centers and operates childcare centers in companies.

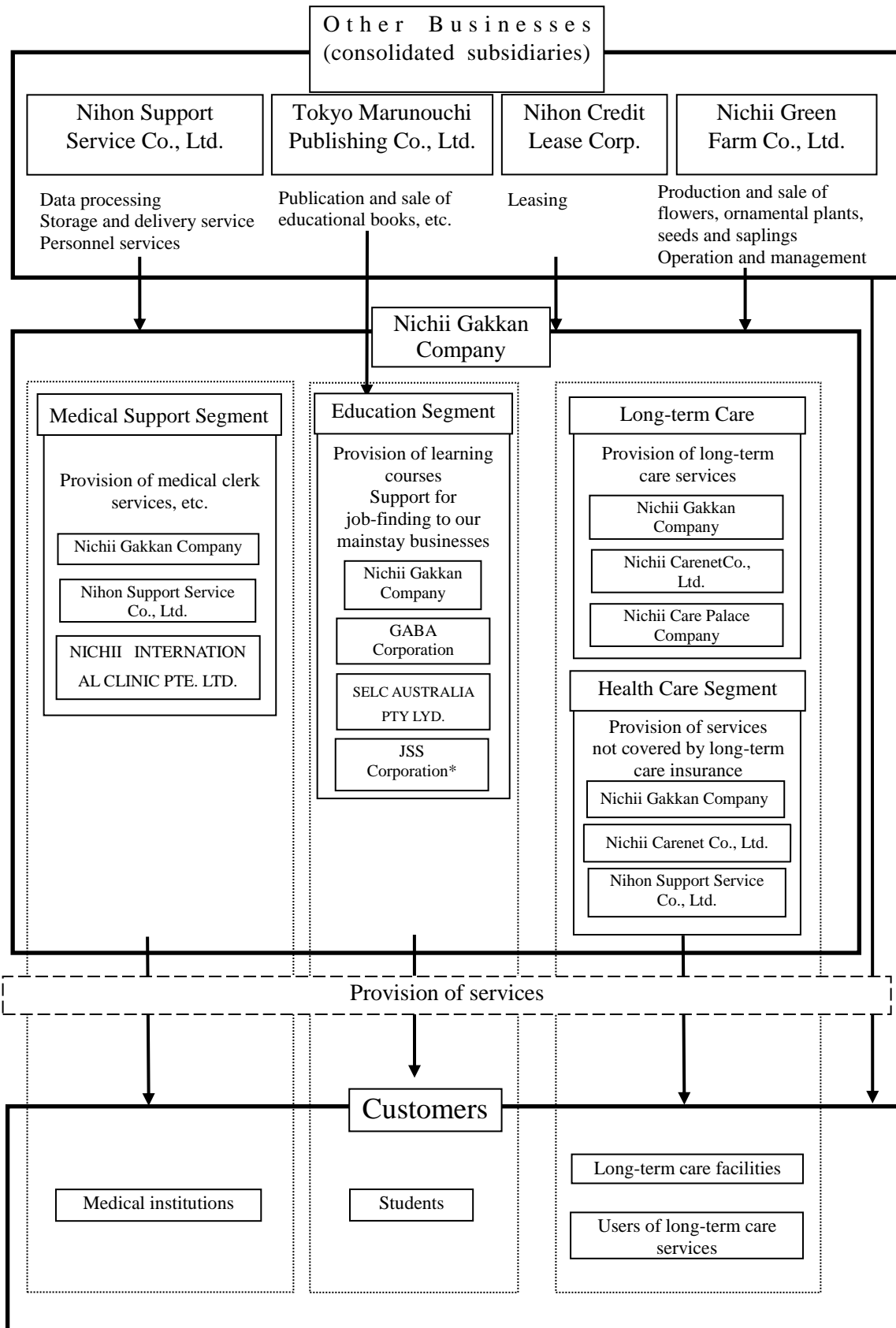
The Health Care segment sells health care products as services not covered by institutional services such as long-term care insurance, and also provides a housekeeping service, catering, and a care staff dispatching service, among other services.

The Education segment develops courses primarily for training medical office workers and care staff and operates Web College, an e-learning website providing a range of courses for personal development and hobbies. The Group is aggressively developing its language education business. In the language education business, GABA Corporation provides one-on-one English conversation lessons and COCO Juku and COCO Juku Junior provide group lessons, and the Group offers other language education services to meet the needs of a wide range of age groups by, for instance, developing the overseas study support system.

In addition, the Group, primarily subsidiaries, offers data processing, stores and delivers goods, publishes and sells books, produces and sells flowers, plants, seeds, and seedlings, and engages in leasing and worker dispatching services. The Group also operates Lakewoods Garden Himeharu no Sato, a theme park, in Mobara, Chiba and breeds and sells pet dogs.

The table below shows the main services and products in each business category of the Group and the main companies that provide those services and products. These business categories are roughly the same as business segments.

Segments	Principal Businesses/Products	Principal Companies
Medical Support	Medical practice services such as reception, medical fee claims, accounting, computer operations, and medical record management; sale, disinfection and sterilization services (inside the hospital) for medical equipment; medical affairs consulting; operation of in-hospital childcare centers; operation, etc. of clinics in Singapore	Nichii Gakkan Company Nihon Support Service Co., Ltd. NICHII INTERNATIONAL CLINIC PTE. LTD
Long-term Care	Home-care support (creation of care plan), home-visit care, home-visit bathing, home-visit nursing care, day care, care service for specified facility residents, care for group home residents with dementia, sale and rental of welfare equipment, welfare services for the handicapped, operation of in-company childcare centers, direct management of childcare centers	Nichii Gakkan Company Nichii Carenet Co., Ltd. Nichii Carepalace Company
Health Care	Sales of health care products, housekeeping service, catering, care staff dispatching service	Nichii Gakkan Company Nichii Carenet Co., Ltd. Nihon Support Service Co., Ltd.
Education	Courses for medical office work, training for new care workers, training for the Certified Care Worker qualification, development of helpers for expectant and new mothers and English conversation schools; operation of members' sports clubs, focused on swimming schools	Nichii Gakkan Company GABA Corporation SELC AUSTRALIA PTY LTD. JSS Corporation
Other	Data processing, storage and delivery service, publication and sale of books, production and sale of flowers, ornamental plants, seeds and saplings, leasing, personnel service and operation and management of tourist facilities, breeding and sales of pet dogs	Nihon Support Service Co., Ltd. Tokyo Marunouchi Publishing Co., Ltd. Nichii Green Farm Company Nihon Credit Lease Corp.



Note: Asterisk indicates equity-method affiliate.

(For reference)

In the fiscal year ending March 31, 2016, the Group will change its reportable segments as follows.

- Qualification-type courses such as courses for medical office work and training for new care workers in the Education segment will be integrated into the Medical Support Segment and Long-Term Care Segment respectively. The Education Segment will offer mainly language education training and hobby/general education courses.
- The childcare business will be separated from the Medical Support Segment and Long-Term Care Segment to form a separate segment called the Childcare Segment.
- Control of the operations of Nichii Green Farm Company (production and sale of flowers, plants, seeds, seedlings, etc., operation and management of sightseeing facilities, breeding and sales of pet dogs, etc.) will be transferred from the Other Segment to the Health Care Segment.
- China business will be added to the Medical Support Segment, Long-Term Care Segment, Health Care Segment and Childcare Segment.

The table below shows the main services and products in each business category and the positioning of each business.

Segments	Principal Businesses/Products	Principal Companies
Medical Support	Medical practice services such as reception, medical fee claims, accounting, computer operations, and medical record management; sale, disinfection and sterilization services (inside the hospital) for medical equipment; medical affairs consulting; operation, etc. of clinics in Singapore; provision of courses for medical office work; provision of post-natal care human resources development and post-natal care services in China, etc.	Nichii Gakkan Company Nihon Support Service Co., Ltd. NICHII INTERNATIONAL CLINIC PTE. LTD. Subsidiaries in China
Long-Term Care	Home-care support (creation of care plan), home-visit care, home-visit bathing, home-visit nursing care, day care, care service for specified facility residents, care for group home residents with dementia, sale and rental of welfare equipment, welfare services for the handicapped; provision of training for new care workers and training for the Certified Care Worker qualification; provision of nursing care human resources development and nursing care services in China, etc.	Nichii Gakkan Company Nichii Carenet Co., Ltd. Nichii Carepalace Company Subsidiaries in China
Health Care	Sales of health care products, housekeeping service, catering, care staff dispatching service; production and sale of flowers, plants, seeds and seedlings, operation and management of sightseeing facilities, breeding and sale of pet dogs; provision of housekeeping services human resources development and housekeeping services and sale of high quality sanitary goods in China, etc.	Nichii Gakkan Company Nichii Carenet Co., Ltd. Nihon Support Service Co., Ltd. Nichii Green Farm Company Subsidiaries in China
Education	Operation of English conversation schools, provision of hobby/general education courses, operation of members' sports clubs focused on swimming schools, etc.	Nichii Gakkan Company GABA Corporation SELC AUSTRALIA PTY LTD. JSS Corporation
Childcare	Operation of in-hospital childcare centers, operation of in-company/directly managed childcare centers; provision of babysitter development and baby-sitting services and sales of high-quality care goods for children in China	Nichii Gakkan Company Subsidiaries in China
Other	Data processing, storage and delivery service, publication and sale of books, lease business, etc.	Nihon Support Service Co., Ltd. Tokyo Marunouchi Publishing Co., Ltd. Nihon Credit Lease Corp.

3. Management principles

(1) Basic philosophy

Since its foundation, the Nichii Group has made “Integrity, Honor, Passion” its principles and basic values. These principles are our unchanging basic philosophy and also represent our unwavering belief as a company.

As the Nichii Group pursues further globalization, we believe that the unanimous acceptance of this basic philosophy by the senior management of all our Chinese Group companies (subsidiaries of Nichii Gakkan’s Chinese subsidiary; as of March 31, 2015, 14 companies have entered into agreements) marks the start of a new stage in our development.

We will work to ensure that our Group companies both inside and outside of Japan share the same vision based on the same basic philosophy and that this guides and energizes our employees, and we will translate this into improvement in our operating performance.

In addition to the philosophy described above, the Nichii Group has set itself the goal of being industry leader in net sales, earnings, product strength, employee compensation, and corporate ethics, to build a relationship of trust with its stakeholders.

Our basic policy is to increase our corporate value by working together to achieve these goals and becoming a company that can contribute to the progress and development of society and a company that is trusted and chosen by society.

(2) Management goals

The Group aims to achieve the following three management indicators:

- 1) Year-on-year sales growth: double-digit growth
- 2) Operating margin: 7% or more
- 3) ROE: 15% or more

(3) Mid- to long-term strategies and issues to be addressed

In Japan, competition between companies is intensifying amidst further globalization, and Japanese society is experiencing structural problems stemming from a super-aging society with a declining working population.

In this business environment, the Group aims to realize long-term stable growth and contribute to solving the problems facing society by pursuing business diversification and geographical diversification from a global perspective.

In October 2014, the Group used the construction of a business platform in China as an opportunity to shift to a new business execution system and launched a new business strategy focused on further globalization.

In April 2015, the Group divided Japan into four areas and established “branch offices” to oversee branches and facilities in each area, and it also transferred the operation and management of courses for medical office work and courses for new care workers from its 51 education business branches to its 98 medical support business branches and 98 health care business branches. These moves were all undertaken with the intention of moving head office functions closer to the business frontline.

Through such business strategy and organizational reforms, the Group will develop the business schemes and service knowhow it has accumulated since its foundation on a global scale, and will endeavor to provide services carefully tailored to regional characteristics and customer characteristics through a frontline-oriented and customer-oriented approach.

The Company, whose core business is livelihood support, will develop the base for creating human resources in anticipation of increasing difficulties acquiring human resources. In the meantime, each employee will use his or her ingenuity to further strengthen mainstay businesses (Medical Support and Long-Term Care), to achieve early profitability of strategic businesses (language education, child care, etc.) and to achieve rapid growth in China, thereby further strengthening the financial base which is the source of competitiveness, and increasing our corporate strength.

We will cyclically enhance the strength of our human resources, our capital strength, and the strength of our services, and promote the creation of an environment in which women and elderly people can work and live with peace of mind, thereby contributing to the development of local communities and local economies, and ultimately to the activation of the Japanese economy.

(4) Other significant matters for management

There are no applicable matters.

4. Basic Approach to Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese accounting standards. We will examine the adoption of international financial reporting standards in light of the situation both inside and outside of Japan.

5. Consolidated financial statements

(1) Consolidated balance sheets

	(Thousand yen)	
	Fiscal 2014	Fiscal 2015
	(As of March 31, 2014)	(As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	9,595,734	9,676,856
Notes and accounts receivable—trade	32,203,271	32,967,460
Short-term investment securities	3,501,938	2,699,192
Merchandise and finished goods	623,388	536,475
Work in progress	15,111	36,544
Raw materials and supplies	310,210	219,948
Deferred tax assets	2,888,713	2,427,270
Other	9,258,717	11,157,583
Less: allowance for doubtful accounts	(31,299)	(27,572)
Total current assets	58,365,785	59,693,759
Fixed assets		
Property, plant and equipment		
Buildings and structures	52,550,390	53,903,041
Accumulated depreciation	(23,496,612)	(25,509,323)
Buildings and structures—net	29,053,777	28,393,717
Machinery, equipment and vehicles	86,622	86,622
Accumulated depreciation	(82,557)	(83,161)
Machinery, equipment and vehicles—net	4,065	3,460
Tools, furniture and fixtures	4,628,861	4,569,346
Accumulated depreciation	(3,328,125)	(3,371,089)
Tools, furniture and fixtures—net	1,300,735	1,198,256
Land	8,163,254	8,163,254
Lease assets	31,417,199	39,320,846
Accumulated depreciation	(3,532,624)	(4,687,647)
Lease assets—net	27,884,574	34,633,198
Construction in progress	366,235	590,285
Total property, plant and equipment	66,772,643	72,982,173
Intangible assets		
Goodwill	18,446,825	16,584,638
Software	1,924,742	2,244,111
Software in progress	1,274,064	1,506,446
Lease assets	398,977	225,680
Other	216,875	206,446
Total intangible assets	22,261,486	20,767,324
Investment and other asset		
Investment securities	2,784,187	2,916,228
Long-term loans receivable	7,132,989	8,116,797
Long-term prepaid expenses	2,493,804	2,512,314
Guarantee deposits	12,881,961	13,077,561
Deferred tax assets	2,720,016	2,913,933
Other	1,240,236	1,970,790
Less: allowance for doubtful accounts	(406,643)	(396,100)
Total investments and other assets	28,846,552	31,111,525
Total fixed assets	117,880,682	124,861,023
Total assets	176,246,468	184,554,782

	(Thousand yen)	
	Fiscal 2014	Fiscal 2015
	(As of March 31, 2014)	(As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	861,540	899,695
Short-term loans payable	4,014,826	1,943,712
Current portion of long term loans payable	9,541,357	8,953,071
Lease obligations	1,283,027	1,302,049
Income taxes payable	1,674,761	1,024,196
Accrued consumption taxes	881,693	3,594,420
Accrued expenses	15,669,460	15,858,530
Advances received	11,019,906	10,676,085
Provision for bonuses	5,092,365	5,058,440
Provision for directors' bonuses	39,700	39,700
Other	5,651,457	5,144,723
Total current liabilities	55,730,097	54,494,625
Non-current liabilities		
Long-term loans payable	17,316,153	23,987,773
Lease obligations	28,683,159	36,165,228
Long-term advances received	3,006,894	2,896,955
Deferred tax liabilities	601	516
Provision for directors' retirement benefits	167,784	166,513
Asset retirement obligations	1,774,879	2,242,411
Net defined benefit liability	5,786,553	6,209,067
Other	1,453,096	1,706,465
Total non-current liabilities	58,189,123	73,374,932
Total liabilities	113,919,220	127,869,558
Net assets		
Shareholders' equity		
Capital stock	11,933,790	11,933,790
Capital surplus	17,354,214	17,354,214
Retained earnings	38,335,223	37,399,513
Treasury stock, at cost	(5,374,688)	(9,921,957)
Total shareholders' equity	62,248,540	56,765,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,037	21,479
Foreign currency translation adjustments	58,966	69,069
Remeasurements of defined benefit plans	(332,870)	(522,886)
Total accumulated other comprehensive income	(248,866)	(432,337)
Minority interests	327,574	352,000
Total net assets	62,327,248	56,685,224
Total liabilities and net assets	176,246,468	184,554,782

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

	(Thousand yen)	
	Fiscal 2014 (from April 1, 2013 to March 31, 2014)	Fiscal 2015 (from April 1, 2014 to March 31, 2015)
Net sales	271,447,305	271,868,409
Cost of sales	215,725,965	217,721,410
Gross profit	55,721,340	54,146,999
Selling, general and administrative expenses		
Advertising and promotion expenses	7,424,579	6,377,257
Directors' compensation	193,810	182,361
Salaries and benefits	17,947,101	18,315,059
Provision for employee bonuses	1,268,227	1,252,937
Provision for directors' bonuses	39,700	39,700
Provision for directors' retirement benefits	7,932	7,961
Provision for employee retirement benefits	440,428	452,476
Legal welfare expenses	3,150,632	3,211,670
Travel and transportation expenses	1,659,845	1,691,315
Rent expenses	3,001,303	3,194,422
Provision for doubtful accounts	(4,585)	5,257
Depreciation and amortization	2,214,831	1,736,949
Amortization of goodwill	1,844,971	1,846,949
Other	10,210,435	10,659,247
Total selling, general and administrative expenses	49,399,213	48,973,567
Operating income	6,322,126	5,173,432
Non-operating income		
Interest income	143,611	157,596
Rent income	196,132	211,210
Subsidy income	125,846	96,939
Incentive income	1,600	108,832
Share of profit of entities accounted for using equity method	-	10,801
Other	361,855	333,512
Total non-operating income	829,046	918,893
Non-operating expenses		
Interest expenses	2,091,011	2,740,804
Rent expenses	63,555	62,526
Other	55,995	144,194
Total non-operating expenses	2,210,561	2,947,525
Ordinary income	4,940,611	3,144,800
Extraordinary income		
Gain on sales of investment securities	1,030,370	5,042
Other	850	-
Total extraordinary income	1,031,220	5,042

	(Thousand yen)	
	Fiscal 2014 (from April 1, 2013 to March 31, 2014)	Fiscal 2015 (from April 1, 2014 to March 31, 2015)
Extraordinary losses		
Loss on retirement of property, plant and equipment, net	80,438	20,036
Loss on sales of property, plant and equipment, net	-	2,134
Loss on liquidation of subsidiaries and affiliates	77,036	-
Loss on valuation of shares of subsidiaries and associates	-	24,062
Provision for loss on store closing	8,284	-
Impairment loss	26,908	72,740
Other	1,556	5,531
Total extraordinary losses	194,224	124,505
Income before income taxes and minority interests	5,777,606	3,025,337
Income taxes—current	3,174,356	2,246,672
Income taxes—deferred	(258,768)	330,699
Total income taxes	2,915,588	2,577,372
Income before minority interests	2,862,018	447,964
Minority interests in income	30,808	31,926
Net income	2,831,209	416,037

(Consolidated statements of comprehensive income)

	(Thousand yen)	
	Fiscal 2014 (from April 1, 2013 to March 31, 2014)	Fiscal 2015 (from April 1, 2014 to March 31, 2015)
Income before minority interests	2,862,018	447,964
Other comprehensive income		
Valuation difference on available-for-sale securities	(121,889)	(3,558)
Foreign currency translation adjustments	(13,223)	10,103
Remeasurements of defined benefit plans, net of tax	-	(190,016)
Total other comprehensive income	(135,113)	(183,471)
Comprehensive income	2,726,904	264,492
Comprehensive income attributable to:		
Owners of the parent	2,696,096	232,566
Minority interests	30,808	31,926

(3) Consolidated statements of changes in net assets
Fiscal 2014 (from April 1, 2013 to March 31, 2014)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the period	11,933,790	17,354,214	36,818,238	(5,372,812)	60,733,430
Cumulative effects of changes in accounting policies					
Restated balance	11,933,790	17,354,214	36,818,238	(5,372,812)	60,733,430
Changes of items during the period					
Dividends from retained earnings			(1,327,831)		(1,327,831)
Net income			2,831,209		2,831,209
Purchase of treasury stock				(1,876)	(1,876)
Change of scope of consolidation			13,606		13,606
Changes other than shareholders' equity during the period (net)					
Total changes of items during the period	-	-	1,516,985	(1,876)	1,515,109
Balance at the end of the period	11,933,790	17,354,214	38,335,223	(5,374,688)	62,248,540

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	146,927	72,190	-	219,118	302,765	61,255,314
Cumulative effects of changes in accounting policies						
Restated balance	146,927	72,190	-	219,118	302,765	61,255,314
Changes of items during the period						
Dividends from retained earnings						(1,327,831)
Net income						2,831,209
Purchase of treasury stock						(1,876)
Change of scope of consolidation						13,606
Changes other than shareholders' equity during the period (net)	(121,889)	(13,223)	(332,870)	(467,984)	24,808	(443,175)
Total changes of items during the period	(121,889)	(13,223)	(332,870)	(467,984)	24,808	1,071,933
Balance at the end of the period	25,037	58,966	(332,870)	(248,866)	327,574	62,327,248

Fiscal 2015 (from April 1, 2014 to March 31, 2015)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the period	11,933,790	17,354,214	38,335,223	(5,374,688)	62,248,540
Cumulative effects of changes in accounting policies			96,902		96,902
Restated balance	11,933,790	17,354,214	38,432,126	(5,374,688)	62,345,433
Changes of items during the period					
Dividends from retained earnings			(1,397,676)		(1,397,676)
Net income			416,037		416,037
Purchase of treasury stock				(4,547,351)	(4,547,351)
Disposal of treasury stock			(27)	82	54
Change of scope of consolidation			(50,947)		(50,947)
Changes other than shareholders' equity during the period (net)					
Total changes of items during the period	-	-	(1,032,613)	(4,547,268)	(5,579,881)
Balance at the end of the period	11,933,790	17,354,214	37,399,513	(9,921,957)	56,765,561

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	25,037	58,966	(332,870)	(248,866)	327,574	62,327,248
Cumulative effects of changes in accounting policies						96,902
Restated balance	25,037	58,966	(332,870)	(248,866)	327,574	62,424,151
Changes of items during the period						
Dividends from retained earnings						(1,397,676)
Net income						416,037
Purchase of treasury stock						(4,547,351)
Disposal of treasury stock						54
Change of scope of consolidation						(50,947)
Changes other than shareholders' equity during the period (net)	(3,558)	10,103	(190,016)	(183,471)	24,426	(159,044)
Total changes of items during the period	(3,558)	10,103	(190,016)	(183,471)	24,426	(5,738,926)
Balance at the end of the period	21,479	69,069	(522,886)	(432,337)	352,000	56,685,224

(4) Consolidated statements of cash flows

(Thousand yen)

	Fiscal 2014 (from April 1, 2013 to March 31, 2014)	Fiscal 2015 (from April 1, 2014 to March 31, 2015)
Cash flows from operating activities:		
Income before income taxes and minority interests	5,777,606	3,025,337
Depreciation and amortization	6,111,588	6,062,982
Amortization of goodwill	1,844,971	1,846,949
Impairment loss	26,908	72,740
Increase (decrease) in provision for retirement benefits	(4,995,024)	-
Increase (decrease) in provision for directors' retirement benefits	465	(1,271)
Increase (decrease) in provision for bonuses	87,523	(33,925)
Increase (decrease) in allowance for doubtful accounts	(575,446)	(14,306)
Increase (decrease) in provision for loss on store closing	1,654	(8,284)
Increase (decrease) in net defined benefit liability	5,278,605	268,231
Interest and dividends income	(148,646)	(161,729)
Interest expenses	2,091,011	2,740,804
Share of (profit) loss of entities accounted for using equity method	-	(10,801)
(Gain) loss on sales of investment securities	(1,030,370)	(5,042)
Loss on valuation of shares of subsidiaries and associates	-	24,062
Loss on retirement of property, plant and equipment, net	80,438	20,036
(Gain) loss on sales of property, plant and equipment, net	-	2,134
Loss on liquidation of subsidiaries and affiliates	77,036	-
(Increase) decrease in notes and accounts receivable-trade	(2,840)	(763,473)
(Increase) decrease in inventories	66,887	161,165
(Increase) decrease in other current assets	(173,161)	(236,320)
Decrease (increase) in claims provable in bankruptcies	544,914	5,562
(Increase) decrease in other fixed assets	430,032	239,090
Increase (decrease) in notes and accounts payable—trade	34,643	35,327
Increase (decrease) in accrued consumption taxes	(171,242)	2,712,696
Increase (decrease) in other current liabilities	(2,955,442)	(159,448)
Increase (decrease) in other non-current liabilities	174,692	163,663
Other, net	11,807	30,065
Sub-total	12,588,614	16,016,246
Interest and dividends income received	37,400	46,436
Proceeds from dividend income from entities accounted for using equity method	-	2,500
Interest expenses paid	(2,092,055)	(2,740,490)
Income taxes paid	(3,013,669)	(2,695,564)
Net cash provided by operating activities	7,520,290	10,629,128

(Thousand yen)

	Fiscal 2014 (from April 1, 2013 to March 31, 2014)	Fiscal 2015 (from April 1, 2014 to March 31, 2015)
Cash flows from investing activities:		
Payments into time deposits	(812,000)	(1,008,000)
Proceeds from withdrawal of time deposits	814,000	808,000
Purchase of short-term investment securities	(2,604,461)	(2,198,508)
Proceeds from sales of short-term investment securities	2,900,000	2,700,000
Purchase of property, plant and equipment	(1,816,697)	(1,748,377)
Proceeds from sales of property, plant and equipment	-	1,162
Purchase of intangible assets	(1,303,727)	(1,623,016)
Purchase of investment securities	(200,000)	(1,009,776)
Proceeds from sales of investment securities	1,969,115	607,538
Purchase of stocks of subsidiaries and affiliates	(532,800)	(531,163)
Purchase of investments in subsidiaries and affiliates	(358,200)	(744,077)
Payments of loans receivable	(1,421,141)	(2,978,775)
Collection of loans receivable	136,568	152,873
Payments for guarantee deposits	(953,333)	(608,434)
Proceeds from collection of guarantee deposits	326,755	392,096
Subsidy income	61,473	177,039
Other, net	(316,297)	(474,032)
Net cash used in investing activities	(4,110,747)	(8,085,450)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	3,032,458	(2,069,915)
Proceeds from long-term loans payable	5,500,000	16,000,000
Repayment of long-term loans payable	(6,746,000)	(9,735,750)
Proceeds from sales of treasury stock	-	54
Purchase of treasury stock	(1,876)	(4,547,351)
Cash dividends paid by parent company	(1,326,160)	(1,396,663)
Cash dividends paid to minority shareholders	(6,000)	(7,500)
Repayments of lease obligations	(1,296,884)	(1,278,973)
Other, net	(181,723)	(162,253)
Net cash provided by (used in) financing activities	(1,026,186)	(3,198,352)
Effect of exchange rate changes on cash and cash equivalents	(7,448)	(5,133)
Net increase (decrease) in cash and cash equivalents	2,375,908	(659,807)
Cash and cash equivalents at beginning of year	8,028,550	10,439,653
Increase in cash and cash equivalents from newly consolidated subsidiary	35,194	41,199
Cash and cash equivalents at end of year	10,439,653	9,821,045