Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2017 (Japanese Standards)

All information contained in this document has been prepared in accordance with generally accepted accounting principles in Japan.
This document has been translated from the Japanese original for reference purpose only.

January 27, 2017

Company name: Duskin Co., Ltd. Shares listed: Tokyo
Code number: 4665 (URL http://www.duskin.co.jp/corp/index.html)
Representative: Teruji Yamamura, President & CEO
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Scheduled date of filing quarterly report: February 13, 2017
Scheduled date of dividend payment: -
Preparation of supplemental explanatory materials: No
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are dropped.)

1. Consolidated financial results for the period from April 1, 2016 to December 31, 2016

(1) Results of operation

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

	Sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
9 months ended Dec. 31, 2016	123,676	-1.3	5,132	14.0	6,385	13.4	4,371	14.3
9 months ended Dec. 31, 2015	125,267	-2.3	4,503	8.7	5,629	-3.2	3,824	12.5

(Note) Comprehensive income: Dec. 31, 2016: 4,695 million yen (-34.2%) Dec. 31, 2015: 7,135 million yen (26.3%)

	Net income per share	Net income per share (fully diluted)
	yen	yen
9 months ended Dec. 31, 2016	79.46	—
9 months ended Dec. 31, 2015	66.32	—

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets
	millions of yen	millions of yen	%
As of Dec. 31, 2016	189,134	143,234	75.3
As of Mar. 31, 2016	190,322	143,648	75.0

(Reference) Shareholders' equity: Dec. 31, 2016: 142,378 million yen Mar. 31, 2016: 142,727 million yen

2. Dividends

	Dividends per share				
	End of 1st Q	End of 2nd Q	End of 3rd Q	Year-end	Total (Annual)
	yen	yen	yen	yen	yen
Year ended Mar. 31, 2016	—	20.00	—	20.00	40.00
Year ending Mar. 31, 2017	—				
Year ending Mar. 31, 2017 (Forecast)		20.00	—	20.00	40.00

(Note) Revision of forecast for dividend recently announced: None

3. Forecast of consolidated financial results for the FY2016 (April 1, 2016 - March 31, 2017)

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

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Year ending Mar. 31, 2017	163,000	-1.3	5,000	-6.9	6,500	-3.1	3,200	7.3	59.21

(Note) Revision of forecast for consolidated financial results recently announced: None

We are currently reexamining the forecast for consolidated results of operations for FY2016 (April 1, 2016 to March 31, 2017) . If there is a need to revise this forecast, an announcement will be made promptly.

***Notes**

(1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries resulting in an adjustment to the scope of consolidation): None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes
(Note) Please refer to page 5, (2. Summary information (Other information) (2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements.)

(3) Changes in accounting principles and estimates, and retrospective restatements
1) Changes due to revision of accounting standards: None
2) Changes other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatements: None

(4) Number of shares issued (Common stock)

1)	Number of shares issued at the end of the period (including treasury stock)	9 months ended Dec. 31, 2016	57,494,823	Year ended Mar. 31, 2016	57,494,823
2)	Number of treasury stock at the end of the period	9 months ended Dec. 31, 2016	3,449,137	Year ended Mar. 31, 2016	1,948,572
3)	Average number of shares during the period (during the quarter)	9 months ended Dec. 31, 2016	55,007,348	9 months ended Dec. 31, 2015	57,665,057

* Implementation status of quarterly review
This summary of financial statements is exempt from the quarterly review procedure required by the Financial Instruments and Exchange Act. Review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Act were not being performed at the time of the announcement of this summary of financial statements.

* Explanation regarding the appropriate use of business forecasts
(Note for the financial forecast)
The financial forecast contained in this report is based on information available at the time of preparation of the report and certain assumptions considered reasonable, and thus the Company makes no warranty as to the achievability of the forecast. Readers are advised that actual results may differ significantly from the forecast.

Contents of attachment:

1. Qualitative information

(1) Business results

In the period from April 1- December 31, 2016, Japan's economy gradually recovered due to an improvement in the employment and income situation. However, personal spending was sluggish and the recovery continued to be slow. The economic outlook became more unclear due to growing uncertainties about overseas economies, including concerns about a slowdown of the Chinese economy, Britain's exit from the EU and the presidential transfer of power in the U.S.

In the second year of Medium-term Management Policy 2015, Commitment & Action, Duskin continued various initiatives to achieve a sales recovery and to build a foundation for further business growth. At Clean & Care Group, we continued our efforts to reinforce and diversify our customer contacts, and to review the cost structures of production & logistics, distribution and procurement as well as information systems. Food Group continued its efforts to rebuild the Mister Donut brand, and develop other food businesses that will become key elements of this group along with Mister Donut. To expand our overseas businesses, we acquired a Malaysian donut chain. We undertook various initiatives to respond to the shortage of human resources in Japan, which is becoming more evident. We are also working on further improving our corporate governance.

While Clean & Care Group posted higher sales, Food Group recorded lower sales. As a result, consolidated sales were 123,676 million yen, a 1,591 million yen (1.3%) decrease from the same period of the previous year. Despite lower sales, increased expenses for retirement benefits and higher shipping expenses for raw materials, the cost ratio improved due to decreases in the cost of Style Cleaner and the cost of raw materials. As a result, consolidated operating income was 5,132 million yen, a 629 million yen (14.0%) increase, and consolidated ordinary income was 6,385 million yen, a 756 million yen (13.4%) increase from the same period of the previous year. While loss on abandonment of noncurrent assets and loss on liquidation of affiliates decreased, the extraordinary loss became larger due to losses from the Kumamoto Earthquake in April and gains on sales of investment securities recorded in the third quarter of the previous year, which did not occur this year. Tax expenses decreased due to the sale of stocks of an affiliate, for which Duskin posted an impairment loss in the previous year. As a result, profit attributable to owners of parent was 4,371 million yen, a 546 million yen (14.3%) increase from the same period of the previous year.

(millions of yen)

	9 months ended Dec. 31, 2015	9 months ended Dec. 31, 2016	Increase/decrease	
				%
Consolidated sales	125,267	123,676	-1,591	-1.3
Consolidated operating income	4,503	5,132	629	14.0
Consolidated ordinary income	5,629	6,385	756	13.4
Profit attributable to owners of parent	3,824	4,371	546	14.3

Results by business segment

1) Clean & Care Group

Sales of dust control products, the core products of this segment, were at the same level as the same period of the previous year. This is due to the added sales of the locations transferred from our franchisees in the previous year, while the sales to our franchisees decreased. The Rent-All, which rents household products and equipment for events, Uniform businesses and cosmetic businesses posted higher sales. As a result, sales of Clean & Care Group totaled 84,580 million yen, a 487 million yen (0.6%) increase from the same period of the previous year.

While expenses increased due to higher promotional expenses and increased expenses for retirement benefits, cost of sales decreased due to the lower cost of Style Cleaner, a decrease in new items for rent including mats and the lower price of heavy oil. As a result, operating income totaled 10,614 million yen, a 285 million yen (2.8%) increase from one year earlier.

(millions of yen)

	9 months ended Dec. 31, 2015	9 months ended Dec. 31, 2016	Increase/decrease	
				%
Sales	84,092	84,580	487	0.6
Operating income	10,328	10,614	285	2.8

Cleaning Basic Three with a set of cleaning items, the LaLa floor mop, the Shushu handy mop, and the Style Cleaner, performed well. However, sales of other mops were lower. As a result, total mop sales were down from one year earlier. Among other products and services, the futon cleaning and delivery service to wash futons (Japanese mattress and duvet) with water to remove mites and other soiling recorded higher sales than in the same period of the previous year. This performance was due to consumers' greater awareness of the convenience of this service with shipment/delivery by home delivery services, because of an improved website and flyers. Sales of Kitchen Sponge were lower than in the same period of the previous year. This is due to the surge in demand at franchisees one year earlier as the Kitchen Sponge was redesigned and the price was revised in July 2015. Sales of filter products and water purifiers and related products also decreased. We started a new rental service for the robot cleaner SiRo in some areas from September 2016.

Among mat products, the main products for commercial customers, our original highly functional mats such as Inside custom-made indoor use mats and thin dust control and water absorption mats continued to perform well. However, other mat products posted lower sales. As a result, total sales of mat products were slightly lower than in the same period of the previous year. Sales of dust control products for commercial customers were higher than in the same period of the previous year. Office Drink/Snack Service, a new service launched in the previous year to gain more access to commercial customers performed well. New products released during the first quarter included a water server which purifies tap water to eliminate the need for bottled water and Fragrance Dome (fragrant urinal bowl scale preventing cleaner). Sales of these new products continued to grow.

In the technical services sector where market needs are increasing, we increased the workforce. The result was an increase in customer-level sales of air-conditioner cleaning and housekeeping services, which caused loyalty fees to increase. Home Repair Service, which we started in this fiscal year to provide wall and floor repair services, contributed to sales growth. However, equipment and chemical sales to franchisees decreased. As a result, total sales of technical services were lower than the same period of the previous year.

2) Food Group

While other food businesses posted higher sales, Mister Donut customer-level sales decreased, which led to a decrease in royalty fees and raw material sales to our franchisees. As a result, sales of Food Group were 30,796 million yen, a 2,192 million yen (6.6%) decrease from one year earlier. Earnings decreased due to the lower sales and higher shipping expenses for raw materials. Food Group recorded a 510 million yen operating loss. This is a 593 million yen improvement from one year earlier due to lower cost ratio through reductions in the cost of purchasing raw materials and promotional expenses.

(millions of yen)

	9 months ended Dec. 31, 2015	9 months ended Dec. 31, 2016	Increase/decrease	
				%
Sales	32,988	30,796	-2,192	-6.6
Operating loss	-1,103	-510	593	—

Following the launches of Croissant Muffin in the first quarter, and Halloween Donut in the second quarter, Mister Donut continued to release new items for specific seasons and for popular events. Examples of new products released in the third quarter include Big Donut, which families and friends can share at the Christmas parties, Donut Pop Christmas, a limited offering of popular Donut Pops in Christmas colors, and misdo SNOOPY Christmas Party Set, a donut set with a party plate featuring Snoopy that is sold for a limited time. Mister Donut continued its efforts to reflect the feedback of customers in the development and sale of products. At the Dream Donut Fair, Mister Donut offers popular donut items which are newly arranged based on customers' ideas for a limited period. Another initiative is Donut Buffet, a special all-you-can-eat plan within a limited time frame (reservations required). Responding to the growing health consciousness among consumers, Mister Donut developed and started sales of low-caffeine coffee. In November, Mister Donut revised the prices of some popular items so that a wider range of customers can always enjoy our donuts. Mister Donut participated in the SoftBank SUPER FRIDAY campaign, in which special coupons valid on Fridays are distributed to all SoftBank smart phone users. This campaign contributed to customer-level sales of December 2016, which were higher than in the same period of the previous year. However, total customer-level sales of third quarter were lower than one year earlier due to closures of underperforming shops.

This year, Mister Donut is working on medium-term brand rebuilding measures and implementing renovations to create a new concept store -V/21. Mister Donut revised prices in November and announced its new business policy for future shop development. The number of customers is now increasing. We are committed to achieving a recovery in sales, through this new business policy. We completed the development of Mister Donut to go, a takeout-only store suitable for convenient locations for customers such as shopping buildings and areas near railway stations, and opened the first shop in November.

3) Other Businesses

During the first three quarters, the yen continued to be stronger than in the same period of the previous year. At Duskin Kyoeki, a leasing and insurance company, sales were lower than one year earlier. At Duskin Hong Kong, which procures raw materials and equipment, sales decreased due to the smaller volume of paper towels. Duskin Shanghai Co., Ltd, which operates Clean & Care Businesses in Shanghai, China performed well. The purchase of additional stock of Mister Donut Shanghai Co., Ltd made this company a consolidated subsidiary in August 2015, which led to a sales increase in overseas businesses. Duskin Healthcare, which provides management services to medical facilities, recorded higher sales. As a result, Other Businesses recorded sales of 8,299 million yen, a 113 million yen (1.4%) increase from one year earlier.

Operating income totaled 145 million yen, a 313 million yen increase from one year earlier.

(millions of yen)

	9 months ended Dec. 31, 2015	9 months ended Dec. 31, 2016	Increase/decrease	
				%
Sales	8,186	8,299	113	1.4
Operating income/loss	-167	145	313	—

Clean & Care Businesses posted higher customer-level sales than one year earlier in Taiwan, Shanghai, China and South Korea. Mister Donut recorded higher sales from one year earlier in Taiwan, South Korea, the Philippines, Malaysia and Indonesia while sales decreased in Shanghai and Thailand. Segment sales figures do not include consumption tax.

(2) Financial Position

At the end of third quarter of FY2016, total assets amounted to 189,134 million yen, a 1,187 million yen decrease compared with the end of the previous fiscal year. This is mainly due to a 5,013 million yen decrease in marketable securities and 2,670 million yen increase in investment securities.

Liabilities amounted to 459 million yen, a 772 million yen decrease from the end of the previous fiscal year mainly due to a 1,166 million yen decrease in the provision for bonuses.

Net assets totaled 143,234 million yen, a 414 million yen decrease. This is mainly due to a 2,167 million yen increase in retained earnings and a decrease of 2,902 million yen as a result of the purchase of treasury stock.

(3) Forecast

A forecast for consolidated results of operations for FY2016 (April 1, 2016 to March 31, 2017) was announced on

November 10, 2016. We are currently reexamining this forecast. If there is a need to revise this forecast, an announcement will be made promptly.

(Consolidated) (millions of yen, %)

	Year ending March 31, 2017 (forecast)			Year ended March 31, 2016 (actual)	
		%	change (%)		%
Sales	163,000	100.0	-1.3	165,203	100.0
Operating income	5,000	3.1	-6.9	5,372	3.3
Ordinary income	6,500	4.0	-3.1	6,707	4.1
Net income attributable to shareholders of parent	3,200	2.0	7.3	2,983	1.8

(Non-consolidated) (millions of yen, %)

	Year ending March 31, 2017 (forecast)			Year ended March 31, 2016 (actual)	
		%	change (%)		%
Sales	136,100	100.0	-1.9	138,697	100.0
Operating income	3,000	2.2	-16.5	3,593	2.6
Ordinary income	5,500	4.0	-10.4	6,136	4.4
Net income	3,000	2.2	63.8	1,831	1.3

(Note) This forecast is based on projections and assumptions made using information available at the time of the announcement. These projections and assumptions are subject to the uncertainties inherent in future business operations. Actual results may differ materially, depending on various factors.

2. Summary Information (Other information)

(1) Changes in significant subsidiaries during the period

None

(2) Adoption of special accounting methods for preparation of consolidated financial statements.

To determine tax expenses for consolidated subsidiaries, a reasonable estimate is made for the effective tax rate after the application of deferred tax accounting for net income before income taxes and minority interests for the fiscal year, including the third quarter. Tax expenses are then calculated by multiplying quarterly net income before income taxes and minority interests by this estimated effective tax rate.

(3) Changes in accounting principles and estimates, and retrospective restatements

None

(4) Additional information

(Implementation Guidance on Recoverability of Deferred Tax Assets)

Starting with the first quarter of FY2016, Duskin is using the revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, issued March 28, 2016).

3. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	19,006	20,143
Notes and accounts receivable - trade	10,109	10,010
Lease investment assets	1,460	1,359
Securities	19,528	14,514
Merchandise and finished goods	7,590	7,153
Work in process	174	166
Raw materials and supplies	1,432	1,369
Deferred tax assets	1,473	1,226
Other	2,524	4,712
Allowance for doubtful accounts	-39	-40
Total current assets	63,260	60,618
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,397	44,884
Accumulated depreciation	-25,494	-26,220
Buildings and structures, net	18,902	18,663
Machinery, equipment and vehicles	24,139	24,582
Accumulated depreciation	-17,618	-17,994
Machinery, equipment and vehicles, net	6,520	6,587
Land	23,588	23,637
Construction in progress	324	295
Other	13,100	11,972
Accumulated depreciation	-9,703	-8,807
Other, net	3,397	3,165
Total property, plant and equipment	52,733	52,350
Intangible assets		
Goodwill	305	647
Other	7,263	6,475
Total intangible assets	7,569	7,123
Investments and other assets		
Investment securities	56,608	59,279
Long-term loans receivable	8	6
Deferred tax assets	2,283	2,219
Guarantee deposits	6,408	6,254
Other	1,596	1,319
Allowance for doubtful accounts	-147	-35
Total investments and other assets	66,758	69,043
Total non-current assets	127,062	128,516
Total assets	190,322	189,134

(millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,353	7,030
Short-term loans payable	―	36
Current portion of long-term loans payable	9	9
Income taxes payable	413	929
Provision for bonuses	2,876	1,709
Asset retirement obligations	8	7
Accounts payable - other	7,057	7,374
Guarantee deposit received for rental products	9,657	9,807
Other	4,552	4,435
Total current liabilities	31,929	31,342
Non-current liabilities		
Long-term loans payable	10	2
Net defined benefit liability	13,286	13,060
Asset retirement obligations	643	637
Long-term guarantee deposited	728	783
Long-term accounts payable - other	74	74
Other	0	0
Total non-current liabilities	14,744	14,558
Total liabilities	46,673	45,900
Net assets		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	10,835	10,835
Retained earnings	119,910	122,077
Treasury shares	-3,843	-6,745
Total shareholders' equity	138,255	137,519
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,462	8,289
Deferred gains or losses on hedges	-18	0
Foreign currency translation adjustment	-37	-299
Remeasurements of defined benefit plans	-3,934	-3,132
Total accumulated other comprehensive income	4,472	4,858
Non-controlling interests	920	855
Total net assets	143,648	143,234
Total liabilities and net assets	190,322	189,134

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

Consolidated statements of income

(millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	125,267	123,676
Cost of sales	72,262	68,529
Gross profit	53,005	55,146
Selling, general and administrative expenses	48,502	50,013
Operating income	4,503	5,132
Non-operating income		
Interest income	450	312
Dividend income	264	295
Rent income on facilities	71	72
Commission fee	179	165
Share of profit of entities accounted for using equity method	92	129
Miscellaneous income	331	570
Total non-operating income	1,390	1,547
Non-operating expenses		
Interest expenses	0	0
Compensation expenses	116	36
Cancellation penalty	0	86
Commission for purchase of treasury shares	44	60
Miscellaneous loss	103	111
Total non-operating expenses	264	294
Ordinary income	5,629	6,385
Extraordinary income		
Gain on sales of non-current assets	4	0
Gain on sales of investment securities	559	—
Gain on bargain purchase	50	—
Gain on liquidation of investment securities	—	114
Gain on sales of shares of subsidiaries and associates	—	24
Other	14	7
Total extraordinary income	629	147
Extraordinary losses		
Loss on sales of non-current assets	4	21
Loss on abandonment of non-current assets	235	125
Impairment loss	130	83
Loss on liquidation of subsidiaries and associates	115	—
Loss on disaster	—	174
Other	0	8
Total extraordinary losses	486	412
Profit before income taxes	5,772	6,120
Income taxes	2,132	1,749
Profit	3,640	4,370
Loss attributable to non-controlling interests	-184	-0
Profit attributable to owners of parent	3,824	4,371

(Consolidated statements of comprehensive income)

(millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	3,640	4,370
Other comprehensive income		
Valuation difference on available-for-sale securities	3,325	-173
Deferred gains or losses on hedges	0	18
Foreign currency translation adjustment	50	-186
Remeasurements of defined benefit plans, net of tax	204	795
Share of other comprehensive income of entities accounted for using equity method	-86	-129
Total other comprehensive income	3,495	324
Comprehensive income	7,135	4,695
Comprehensive income attributable to owners of parent	7,282	4,757
Comprehensive income attributable to non-controlling interests	-146	-61

(3) Notes to consolidated financial statements

(Notes relating to going concern assumption)

None

(Notes on significant changes in shareholders' equity)

At the end of the third quarter of FY2016, shareholders' equity was 735 million yen less than at the end of the previous fiscal year.

This is mainly due to a 4,371 million yen increase in retained earnings along with higher profit attributable to owners of parent, a 2,204 million yen decrease in retained earnings due to a dividend payment, and a 2,902 million yen increase in treasury stock.

Following the authorization by the Board of Directors at its meeting on July 29, 2016, 1,500,000 shares of Duskin stock were repurchased using stock market transactions at a cost of 2,901 million yen.

(Segment information)

[Segment information]

I Nine month period (April 1, 2015 - December 31, 2015)

1. Sales, profit/loss for business segment

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
To outside customers	84,092	32,988	8,186	125,267	—	125,267
Inter-segment sales	728	6	2,025	2,760	-2,760	—
Total	84,821	32,995	10,211	128,028	-2,760	125,267
Segment income/loss	10,328	-1,103	-167	9,057	-4,553	4,503

(Notes) 1. Other Businesses are comprised of the businesses that are not categorized in reportable business segments, including hospital management services, office equipment and vehicle leasing, insurance agent services, and overseas businesses.

2. Segment loss adjustments of 4,553 million yen include a 24 million yen elimination for inter-segment sales and transfers and -4,578 million yen expenses of corporate expenses that cannot be allocated to a particular business segment.

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

2. Impairment loss of noncurrent assets or goodwill by business segment

(Significant impairment loss on noncurrent assets)

None

(Significant change in the amount of goodwill)

There was no significant event that significantly affected the amount of goodwill during the third quarter of

FY2016.

The amortization of goodwill during the third quarter of FY2016 and the balance of goodwill at the end of the third quarter are as follows:

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	97	52	―	―	150
Balance (Note)	287	108	―	―	395

(Note) Balance at the end of the third quarter includes 287 million yen of goodwill resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees at the Clean Group and 95 million yen of goodwill of Hachiya Dairy Products at the Food Group.

(Significant gains on negative goodwill)

None

II Nine-month period (April 1, 2016 - December 31, 2016)

1. Sales, profit/loss for business segment

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
To outside customers	84,580	30,796	8,299	123,676	―	123,676
Inter-segment sales	589	9	1,622	2,221	-2,221	―
Total	85,169	30,805	9,921	125,897	-2,221	123,676
Segment income/loss	10,614	-510	145	10,249	-5,116	5,132

(Notes) 1. Other Businesses are comprised of the businesses that are not categorized in reportable business segments, including hospital management services, office equipment and vehicle leasing, insurance agent services, and overseas businesses.

2. Segment loss adjustments of 5,116 million yen include a 56 million yen elimination for inter-segment sales and transfers and -5,173 million yen expenses of corporate expenses that cannot be allocated to a particular business segment.

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

2. Impairment loss of noncurrent assets or goodwill by business segment

(Significant impairment loss on noncurrent assets)

None

(Significant change in the amount of goodwill)

Clean Group recorded 142 million yen of goodwill of Duskin Yatsushiro Co., Ltd. and 145 million yen of goodwill of Duskin Kagoshima Co., Ltd. resulting from the acquisition of these companies by Duskin. The amortization of goodwill during the third quarter of FY2016 and the balance of goodwill at the end of the third quarter are as follows:

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	158	9	—	—	167
Balance (Note)	607	39	—	—	647

(Note) Goodwill at the end of the third quarter includes 607 million yen of goodwill at the Clean Group and 39 million yen of goodwill at the Food Group resulting from the acquisition by Duskin and its subsidiaries of the business operations of several franchisees.

(Significant gains on negative goodwill)

None