Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

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.

May 13, 2016

Shares listed: Tokyo

Company name: Duskin Co., Ltd.
Code number: 4665 URL: http://www.duskin.co.jp/corp/index.html
Representative: Teruji Yamamura, President & CEO
Contact: Akihisa Tsurumi, Senior Executive Director Tel: (06) 6821-5071
Scheduled date of ordinary general meeting of shareholders: June 24, 2016
Scheduled date of dividend payment commencement: June 27, 2016
Scheduled date for release of annual securities report: June 27, 2016
Preparation of supplemental explanatory materials: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

1. Consolidated financial results for the fiscal year ended March 31, 2016

(Amounts less than one million yen are dropped.)

(1) Results of operation

(Percentages indicate the change against the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income attributable to shareholders of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended Mar. 31, 2016	165,203	-1.7	5,372	6.0	6,707	-5.3	2,983	-13.3
Year ended Mar. 31, 2015	167,987	0.1	5,067	-23.7	7,083	-14.9	3,441	-22.6

(Note: Comprehensive income - Year ended March 31, 2016: 1,401 million yen (-82.2%), Year ended March 31, 2015: 7,870 million yen (26.0%))

	Net income per share	Net income per share (fully diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	yen	yen	%	%	%
Year ended Mar. 31, 2016	52.18	-	2.0	3.5	3.3
Year ended Mar. 31, 2015	56.19	-	2.3	3.5	3.0

(Reference: Equity in net income and losses of affiliated companies - Year ended March 31, 2016: 126 million yen, Year ended March 31, 2015: -6 million yen)

(2) Financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
As of Mar. 31, 2016	190,322	143,648	75.0	2,569.53
As of Mar. 31, 2015	198,475	155,196	77.6	2,544.09

(Reference: Shareholders' equity - Year ended March 31, 2016: 142,727 million yen, Year ended March 31, 2015: 154,038 million yen)

(3) 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
	millions of yen	millions of yen	millions of yen	millions of yen
Year ended Mar. 31, 2016	11,199	-2,826	-12,952	22,503
Year ended Mar. 31, 2015	6,251	5,515	-4,514	27,118

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	end of 1st Q	end of 2nd Q	end of 3rd Q	Year-end	Total (annual)			
	yen	yen	yen	yen	yen	millions of yen	%	%
Year ended Mar. 31, 2015	-	20.00	-	20.00	40.00	2,442	71.2	1.6
Year ended Mar. 31, 2016	-	20.00	-	20.00	40.00	2,221	76.7	1.6
Year ending Mar. 31, 2017 (Forecast)	-	20.00	-	20.00	40.00		71.7	

3. Forecast of consolidated financial results for the year ending March 31, 2017

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

	Sales		Operating income		Ordinary income		Net income attributable to shareholders of parent		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
6 months ending Sept. 30, 2016	82,800	0.3	1,600	-40.3	2,100	-38.8	1,200	-38.9	21.60
Year ending Mar. 31, 2017	166,500	0.8	4,400	-18.1	5,500	-18.0	3,100	3.9	55.81

***Notes**

(1) Changes in significant subsidiaries during the period

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

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

1. Changes due to revision of accounting standards: Yes
2. Changes other than 1, above: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None

(Note: For more information, see "4. Consolidated financial statements, (5) Notes to consolidated financial statements (Changes in accounting principles) " on page 19 (attachment).)

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of period (including treasury stock)	Year ended Mar. 31, 2016:	57,494,823	Year ended Mar. 31, 2015:	63,494,823
2. Number of treasury stock at the end of the period	Year ended Mar. 31, 2016:	1,948,572	Year ended Mar. 31, 2015:	2,947,257
3. Average number of shares during the period	Year ended Mar. 31, 2016:	57,176,104	Year ended Mar. 31, 2015:	61,239,949

(Reference) Overview of the non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2016

(1) Results of operations

(Percentages indicate the change against the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended Mar. 31, 2016	138,697	-2.0	3,593	19.7	6,136	-0.5	1,831	-46.0
Year ended Mar. 31, 2015	141,580	-0.7	3,002	-18.9	6,167	-9.2	3,394	-13.3

	Net income per share	Net income per share (fully diluted)
	yen	yen
Year ended Mar. 31, 2016	32.03	-
Year ended Mar. 31, 2015	55.42	-

(2) Financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
As of Mar. 31, 2016	175,151	125,578	71.7	2,260.79
As of Mar. 31, 2015	183,202	134,071	73.2	2,214.31

(Reference: Shareholders' equity - Year ended March 31, 2016: 125,578 million yen, Year ended March 31, 2015: 134,071 million yen)

2. Forecast of financial results for the year ending March 31, 2017

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

	Sales		Operating income		Ordinary income		Net income		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
6 months ending Sept. 30, 2016	68,600	-0.8	400	-74.5	2,000	-38.6	1,400	-34.0	25.20
Year ending Mar. 31, 2017	138,900	0.1	2,400	-33.2	4,700	-23.4	2,800	52.9	50.41

* Implementation status of audit procedures

This summary of financial statements is exempt from the audit procedures required by the Financial Instruments and Exchange Act.
Audit procedures based on the Financial Instruments and Exchange Act were being performed at the time of the announcement of this summary of financial statements.

* Explanation regarding the appropriate use of business forecasts

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. Accordingly, readers are advised that actual results may differ significantly from the forecast.

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1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

In FY2015 (April 1, 2015 - March 31, 2016), Japan's economy recovered due to an improvement in the employment and income situation. However, the economic outlook remains unclear due to growing uncertainties about overseas economies, including concerns about a slowdown in the Chinese economy and stagnant personal spending during the latter half of the year. With increasingly diversifying consumer needs, the introduction of various cleaning tools, and competition with convenience stores entering the sweet snack market, our business climate became more challenging.

Duskin has initiated the ONE DUSKIN plan with the goal of uniting all Duskin businesses to serve our customers in a more effective and hospitable manner. In line with this plan to establish a corporate structure to make sustainable growth possible, we have started various initiatives of the first phase of the ONE DUSKIN, Medium-term Management Policy 2015. We want to achieve a recovery in sales, which have been sluggish in recent years.

At Clean & Care Group, we continued our efforts to improve our membership website DDuet, which we started in the previous year to diversify and reinforce customer contacts. Clean & Care Group also pursued initiatives to transform our businesses into a sanitary management service provider. To offer comprehensive solutions most suitable for specific customer needs, we are developing Hygiene Master Professionals with sanitary management expertise. To address Japan's aging population, a new development group was formed. We also started reviews of various services for seniors provided in cooperation with a local government (Wako-shi, Saitama).

Food Group started to rebuild the Mister Donut brand, which has been experiencing a gradual sales decline in recent years. Mister Donut launched new concept shops called NEW MISDO to continue to deliver new value in an enjoyable and exciting setting while making the most of Mister Donut's strength in offering a wide variety of fresh home-made donuts. Under this concept, Mister Donut started remodeling existing stores. Food Group also focused its efforts on developing new businesses that can become additional pillars in the Group. In line with these efforts, we opened Pie Face stores, and started franchising the Chiffon & Spoon.

While Clean & Care Group posted steady growth throughout the year, Food Group recorded lower sales. As a result, consolidated sales were 165,203 million yen, a 2,783 million yen (1.7%) decrease from the previous year. With significantly higher income at Clean & Care Group, consolidated operating income was 5,372 million yen, a 304 million yen (6.0%) increase from one year earlier. However, consolidated ordinary income was 6,707 million yen, a 375 million yen (5.3%) decrease from one year earlier, mainly due to a decrease in interest income and gains on redemption of investment securities. Profit attributable to owners of parent was 2,983 million yen, a 457 million yen (13.3%) decrease from the previous year. This was mainly due to larger extraordinary loss due to an increase in noncurrent asset impairment losses and higher income tax adjustment resulting from a lower corporate tax rate.

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Increase/decrease	
				%
Consolidated sales	167,987	165,203	-2,783	-1.7%
Consolidated operating income	5,067	5,372	304	6.0%
Consolidated ordinary income	7,083	6,707	-375	-5.3%
Consolidated net income attributable to parent company shareholders	3,441	2,983	-457	-13.3%

*Starting with FY2015, Duskin adopted Revised Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013) and net income is reported as profit attributable to owners of parent.

Results by business segment

1) Clean & Care Group

Sales of dust control products, the core products of this segment, were higher than in the previous year. Rent-All, which rents daily commodities and equipment for various events, technical services and other business also posted higher sales. As a result, sales at Clean & Care Group were 110,191 million yen, a 1,181 million yen (1.1%) increase from the previous year.

Operating income totaled 13,001 million yen, a 1,746 million yen (15.5%) increase from one year earlier. This is mainly due to higher sales, the lower cost for Style Cleaner (a new type of electrically-powered dust cleaner placed on the floor) and expenses in the previous year for the regional conventions held for our sales representatives across Japan.

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Increase/decrease	
				%
Sales	109,009	110,191	1,181	1.1%
Operating income	11,254	13,001	1,746	15.5%

Sales of dust control products for residential customers decreased as cancellations by existing customers were higher than sales to new customers. Improvements in new customer sales and cancellation rates through various initiatives helped stem the rate of sales decline. We continued to focus on further promoting a handy, easy and healthy cleaning method with a set of three cleaning items, Cleaning Basic Three: the LaLa floor mop, the ShuShu handy mop, and the Style Cleaner. The nationwide spring sales campaign with a larger volume of flyers delivered between the end of the previous year and the beginning of the current fiscal year, and TV commercials, helped stem the sales decline. "Return Service By Post" was introduced in addition to the conventional rental product replacements to better meet the customers' needs, and contributed to sales.

Cleaning Basic Three, the main products of this category, performed well while sales of other mops were lower than one year earlier. Total sales of mop products were lower than one year earlier. Among other products, non-rental products such as Clean-Living Box and deodorizing air fresheners, filter products and water purifiers recorded lower sales .The popular Kitchen Sponge continued to produce a significant sales increase over the previous year after the product renewal this year.

Sales of dust control products for commercial customers were higher than one year earlier due to a lower cancellation rate. Sales of the Office Drink/Snack Service, which was introduced as a new service to gain more access to commercial customers and offers convenient drinks and snacks for office workers, contributed to the favorable results.

Our original highly functional mats, such as Inside custom-made indoor use mats and thin dust control and water absorption mats as well as Basic Mat, the core product of this line, posted higher sales. As a result, total sales of mat products were higher than in the previous year. Among other products, Cube, a new deodorizer released in the previous year, and Cabinet Towel posted lower sales. Paper Towels for washrooms and Toilet Seat Foam Cleaner (AUTO type) posted higher sales from one year earlier.

In the technical services sector, we increased the workforce to meet growing market needs. As a result, customer-level sales and royalties increased. In addition, equipment and chemical sales recovered. As a result, the technical services sector recorded higher sales than one year earlier.

In other businesses in the Clean & Care Group, Rent-All achieved significantly higher sales from one year earlier due to favorable results in rental services for assisted-living and health care products, and items related to events. Uniform Service, Home Instead, which provides senior care services, and the cosmetic-related businesses, Health & Beauty, Azare Products Co., Ltd., and Kyowa Cosmetics, Co., Ltd. recorded higher sales than one year earlier.

Chugai Sangyo Co., Ltd., (uniform planning and sales) was included in the consolidated financial statements in the previous fiscal year with an irregular fiscal period of 15 months. Chugai Sangyo's results for a regular 12 month period are included starting with the fiscal year that ended in March 2016.

2) Food Group

With shop openings in new food businesses, sales of company owned shops increased. However, 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 44,007 million yen, a 4,281 million yen (8.9%) decrease from one year earlier.

While expenses decreased due to a reduction in promotional expenses and the smaller disposal of raw materials, Food Group recorded a 1,469 million yen operating loss, which was a 1,267 million yen increase compared with the 201 million yen operating loss in the previous year.

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Increase/decrease	
				%
Sales	48,289	44,007	-4,281	-8.9%
Operating income	-201	-1,469	-1,267	―

Mister Donut focused this fiscal year on high-value added products and seasonal products that are available only at Mister Donut shops. Mister Donut released Brooklyn Merry-go-Round and Cotton Snow Candy during the first quarter, Mister Summer Donut and Marron Donut during the second quarter, Pon De Chou Donut and Mister Paris-Brest during the third quarter and Crème Brulee Donut during the fourth quarter. With Crème Brulee Donut, Mister Donut introduced a new process to caramelize the top of the donut with a torch. Also released was a Super Chewy Pon De Ring with a further emphasis of the chewy texture of Pon De Ring that has been popular since its release. However, the sales promotions for these new products were not appealing enough for customers to visit Mister Donut shops, and did not achieve the expected results compared to the products introduced in the previous year. In addition, the number of shops decreased due to the closures of underperforming shops. As a result, total customer-level sales were lower than in the previous year.

The total of other food businesses were higher than in the previous year. Pie Face, an Australian bakery café chain specializing in meat pies and coffee, the Chiffon & Spoon, a specialty chiffon cake shop, and Bakery Factory, a large suburban type bakery shop recorded higher sales mainly due to the increased number of shops.

Katsu & Katsu, pork cutlet restaurants, popular among people of all ages, continued to achieve favorable results due to steady growth at existing restaurants and new openings; one each in Kyoto, Hyogo, and Osaka. Café Du Monde and The Don, a donburi chain, posted lower sales than one year earlier due to a smaller number of stores. At Hachiya Dairy Products, a consolidated subsidiary (ice cream manufacturer), orders decreased. ICE DE LION, a specialty ice cream shop, opened a unit store in Kanagawa in February. In addition to its co-branded stores with Mister Donut, ICE DE LION started its unit store for test marketing.

3) Other Businesses

Duskin Shanghai Co., Ltd, which operates Clean & Care Businesses, and Duskin Hong Kong Co., Ltd., which procures raw materials and equipment, posted higher sales from one year earlier. The purchase of additional stock of Mister Donut Shanghai Co., Ltd made this company consolidated subsidiary, which lead to a sales increase in overseas businesses. As a result, Other Businesses recorded sales of 11,004 million yen, a 316 million yen (3.0%) increase from one year earlier. Overseas subsidiaries recorded a 202 million yen operating loss, a 114 million yen increase compared with the 87 million yen operating loss in the previous year. This is mainly due to adjusting the recognition of goods in transit for the different fiscal year-end of a subsidiary.

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Increase/decrease	
				%
Sales	10,688	11,004	316	3.0%
Operating income	-87	-202	-114	―

At Duskin Kyoeki, a leasing and insurance company, a large account's basic leasing was changed to a re-leasing agreement. As a result, Duskin Kyoeki recorded lower sales and higher income. Duskin Healthcare, which provides management services to medical facilities, recorded higher sales and income that was about the same in the previous year due to higher expenses.

Clean & Care Businesses posted higher customer-level sales than one year earlier in Taiwan, China (Shanghai), and South Korea. Sales of dust control products for the residential market in Shanghai steadily increased.

Mister Donut recorded higher customer-level sales in Taiwan, China (Shanghai), South Korea, Thailand and Malaysia. But sales decreased in the Philippines due to the downturn in the local economy. Mister Donut grew steadily in Indonesia, where the first shop opened in May 2015.

Segment sales figures do not include consumption tax.

(2) Outlook for the next fiscal year

In FY2016, which is the second year of Medium-term Management Policy 2015, we will continue to implement basic strategies and focused measures. We expect a sales decrease at Mister Donut. This is due to closures of underperforming shops and temporary closures for shop renovations as Mister Donut is working on rebuilding the brand. However, consolidated sales are expected to increase because of the outlook for higher Clean & Care Group sales.

We forecast higher sales and gross profit. However, lower operating income and ordinary income are expected due to actuarial differences caused by the revised discount rate for calculating retirement benefit obligations. While disaster losses from the Kumamoto Earthquake are expected, higher net income is expected due to a decrease in noncurrent asset impairment losses and a decrease in the reversal of deferred tax assets due to the corporate tax rate reduction.

(Consolidated)

(millions of yen, %)

	Year ending March 31, 2017 (forecast)			Year ended March 31, 2016 (actual)	
		%	change (%)		%
Sales	166,500	100.0	0.8	165,203	100.0
Operating income	4,400	2.6	-18.1	5,372	3.3
Ordinary income	5,500	3.3	-18	6,707	4.1
Net income attributable to parent company shareholders	3,100	1.9	3.9	2,983	1.8

(Non-consolidated)

(millions of yen, %)

	Year ending March 31, 2017 (forecast)			Year ended March 31, 2016 (actual)	
		%	change (%)		%
Sales	138,900	100.0	0.1	138,697	100.0
Operating income	2,400	1.7	-33.2	3,593	2.6
Ordinary income	4,700	3.4	-23.4	6,136	4.4
Net income attributable to parent company shareholders	2,800	2.0	52.9	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.

(3) Financial position

1) Assets, liabilities, and net assets

a. Current assets

As of March 31, 2016, current assets amounted to 63,260 million yen, a 4,467 million yen decrease compared to the previous fiscal year. This is mainly attributable to a 2,036 million yen decrease in short-term marketable securities and 1,810 million yen decrease in cash and deposits.

b. Noncurrent assets

Noncurrent assets totaled 127,062 million yen at the end of the fiscal year, a 3,686 million yen decrease compared to the previous fiscal year. This is mainly due to a 2,809 million yen decrease in investment securities.

c. Current liabilities

Current liabilities amounted to 31,929 million yen, a 2,096 million yen decrease compared to the previous fiscal year. This is mainly due to a 1,014 million yen decrease in current liabilities - other and a 979 million yen decrease in accrued income tax.

d. Noncurrent liabilities

Noncurrent liabilities totaled 14,744 million yen at the end of the fiscal year, a 5,490 million yen increase from the previous fiscal year. This is due to a 5,446 million yen increase in net defined benefit liability.

e. Net assets

Net assets totaled 143,648 million yen at the end of the fiscal year, an 11,547 million yen decrease from the previous fiscal year. This is mainly due to a 2,517 million yen increase in valuation difference on available-for-sale securities, a 11,204 million yen decrease in retained earnings resulting from profit attributable to owners of parent of 2,983 million yen less 2,321 million yen paid out in dividends and cancellation of treasury stock of 11,833 million yen, and 3,855 million yen recorded in remeasurements of defined benefit plans.

2) Cash flows

Cash and cash equivalents (Cash) at the end of the fiscal year totaled 22,503million yen, a 4,614 million yen decrease from 27,118 million yen at the end of the previous fiscal year.

a. Cash flow from operating activities

Cash inflows from operating activities amounted to 11,199 million yen, a 4,947 million yen increase from the previous fiscal year. Income before income taxes totaled 5,655 million yen, a 1,205 million yen decrease from the previous year, while depreciation of 6,766 million yen, a 342 million yen decrease from the previous fiscal year, and decrease in accrued income tax of 1,166 million yen (a 2,470 million yen decrease from the previous fiscal year) were recorded.

b. Cash flow from investing activities

Net cash used by investing activities totaled 2,826 million yen, (5,515 million yen provided in the previous fiscal year). This is mainly due to sale and redemption of marketable securities and investment securities with a value of 21,086 million yen, a 4,191 million yen decrease from the previous fiscal year, purchase of marketable securities and investment securities with a value of 16,026 million yen, a 4,506 million yen increase from the previous fiscal year, and purchase of tangible noncurrent assets with a value of 5,808 million yen, a 1,179 million yen increase from the previous fiscal year.

c. Cash flow from financing activities

Net cash used in financing activities amounted to 12,952 million yen, an 8,438 million yen increase from the previous year. The dividend payment totaled 2,317 million yen, a 146 million yen decrease from the previous fiscal year, and a 10,506 million yen outlay was recorded for the purchase of treasury stock, an

8,663 million yen increase from the previous fiscal year.

3) Cash flow related indicators

A summary of cash flow related indicators is presented below.

	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016
Equity ratio (%)	75.1	74.3	77.6	75.0
Equity ratio at market price (%)	58.5	60.1	63.5	59.0
Interest-bearing debt to CF ratio (years)	0.0	0.0	0.0	0.0
Interest coverage ratio	3,847.9	3,790.7	5,213.5	43,306.0

(Note)

1. These indicators are calculated using the following formulas based on consolidated figures.
   Ratio of net worth: Net worth (net assets - minority interests)/Total assets
   Ratio of net worth at market price: Current aggregate value of shares/Total assets
   Interest-bearing debt to CF Ratio: Interest — bearing debt/Cash flows from operating activities
   Interest coverage ratio: Cash flows from operating activities/Interest expenses
2. The current aggregate value of shares is calculated based on the number of shares outstanding at fiscal year-end, excluding treasury stock.
3. Cash flows from operating activities in the consolidated statements of cash flows are used for the cash flows from operating activities.
4. Interest-bearing debt covers all debt bearing interest recorded in the consolidated statement of financial position.
5. Interest expenses in the consolidated statements of cash flows are used for the interest expenses.

(4) Basic Policies Regarding Distribution of Profits and Dividends for the Current and Following Fiscal Years

Duskin follows a policy on dividends intended to meet shareholders' expectations for the long term by placing priority on returning profits to shareholders through a steady and continuous dividend distribution for each fiscal year, while securing the internal reserves necessary for profitable operating results, future business development and maintaining sound management. Duskin plans to distribute a dividend in accordance with the basic policy to meet expectations of our shareholders on a long term basis.

In accordance with this policy, Duskin distributes dividends twice each year: an interim and a year-end dividend. The year-end dividend is determined at the general meeting of shareholders. The Articles of Incorporation state that "the Company may, by a resolution of the Board of Directors, with the record date of September 30 of every year, distribute interim dividends."

Duskin plans to pay a year-end dividend of 20 yen per share for FY2015. An interim dividend of 20 yen was paid. The full-year dividend will be 40 yen per share.

For FY2016, Duskin plans to pay an interim dividend of 20 yen per share, and a year-end dividend of 20 yen per share for a total of 40 yen.

2. Management Guidelines

(1) Management Guidelines and Medium-to Long-term Business Plan

Management guidelines and medium-to long-term Business Plan are omitted because there have been no significant changes since the announcement made in the earnings announcement dated May 15, 2015. This earnings announcement can be viewed on the following websites.

Duskin website:

http://www.duskin.co.jp/english/ir/index.html

Tokyo Stock Exchange website: Search service of listed companies

http://www2.tse.or.jp/tseHpFront/JJK010020Action.do (Japanese)

(2) Financial Goals

The following revisions have been made to the financial goals for FY2017, the final year of Medium-term Management Policy 2015, and were announced on March 24, 2016.

After revision (consolidated sales) 173,000 million yen (consolidated operating income) 6,000 million yen

(3) Key Initiatives

Japan's overall economy continued to stagnate. While corporate earnings are solid with steady and sustained capital investment mainly by large companies, personal spending was sluggish due to concerns about the slowdown in overseas economies. Drastic and speedy changes are taking place in consumer purchasing behavior, which makes the outlook unclear and difficult.

Our immediate challenges are achieving a turn-around of the existing businesses that have been sluggish for recent years, identifying new growing businesses, making aggressive investments of resources in these businesses, and performing fundamental reviews of cost and expenses to make these investments.

Another challenge is to recruit people to provide technical services in expanding markets, which is becoming more difficult year after year. To respond to the growing needs for housekeeping services, Duskin plans to use foreign housekeeping workers as a specified organization for Project to Accept Foreigners Conducting Housekeeping Services in National Strategic Special Zones.

1) Enhance marketing capabilities (centralization of information)

With our business models developed by business units, we are facing difficulties in capturing the current needs of society. We need measures to optimize our strength in our nationwide franchise network. As a first step, we will develop an integrated database that centralizes all of our business information, shares the marketing information with our franchisees and executes marketing measures and policies based on such information. This is our key challenge. As we expect a more highly sophisticated information society, we will utilize this centralized marketing information with information and communication technology (ICT) to unite all Duskin businesses to serve our customers in a more effective and hospitable manner, and thereby implement our ONE DUSKIN Plan.

2) Improve existing businesses

a. Clean & Care Group

There have been growing needs for housekeeping and other services to assist consumers in their daily lives due to growing number of senior households and the advance of women's role in society. The needs for food safety in food service establishments and sanitary management for washrooms in offices are also growing. Our goal is to expand our sales by reinforcing our customer contacts, and innovating our direct-selling business model that has been used consistently since our founding. Our membership website DDuet, which started full-scale operation in 2015, is contributing to sales growth and reduction in cancellations by directly delivering useful information to both residential and commercial customers. We will continue to encourage more customers to become members.

To meet the needs that are not covered by the Public Nursing Insurance Program, Duskin opened a consultation counter for seniors in cooperation with a local government. We are reviewing a new business model to respond to the requests and needs of seniors and will provide solutions.

With an aim to reinforce our customer contacts, we will enhance and expand our Call Center's capabilities involving order processing, sales and operational assistance, and marketing.

(a) Home Service

- Nationwide rollout of Return Service By Post, which enables customers to return used rental items that have been delivered to customers at their workplaces or at home.
- Train sales representatives who can meet their customers' needs by utilizing smart phones and tablets loaded with the "Concierge" function.

(b) Business Service

- Develop Hygiene Master with sanitary management expertise
- Proposals for sanitary management in professional kitchens, washrooms and offices that meet the customers' needs
- Enhanced sales activities with a focus on sanitary management designed for national accounts

(c) Life Care Service

- Review of services which assist seniors in their daily lives through public-private partnership (Wako-shi, Saitama)
- Develop service menus for daily life assistance services for seniors.
- Aggressively develop the Home Instead business, which focuses on senior care and dementia care services

b. Food Group

Due to Japan's aging population with a lower birth rate and changes in social structure because of the increasing number of two-income households, we are facing changes in service area and consumer purchasing behavior such as a tendency to spend less. Convenience stores are improving the quality and variety of their sweets items. Overseas sweets shops are starting operations in Japan successively. Competition is becoming increasingly intense. The greatest challenge for Food Group is to identify and develop new businesses as well as to rebuild the Mister Donut brand.

(a) Mister Donut

- Renovate shops to create different motivations for visiting the shops and different conditions/environments for their locations. 1,000 shop renovation/openings in 5 years by FY2020.
- Provide home-made, fresh, high value-added products that only a donut specialty shop can make
- Enhance hospitality to serve customers
- Improve take-out services to meet different motivations to buy gift items

(b) Other Food Businesses

- Aggressive openings of Katsu & Katsu, The Chiffon & Spoon, Bakery Factory, ICE DE LION, and Pie Face.

3) New growth

We will develop new businesses with future growth potential by making use of M&A and tie-up agreements as well as by introducing overseas brands in Japan. We will use many actions for expanding our businesses in the overseas markets, which are experiencing remarkable growth.

a. New Businesses

We will continue to work on developing new businesses in areas where we can take advantage of our strengths and businesses related to our existing operations. We aim to grow as a group of companies able to respond to all customer needs. We intend to review the possibilities of M&A for the business activities in Japan and abroad that have affinity with Duskin Group and the potential to create new values through alliances.

b. Overseas business development

Neighboring Asian nations are experiencing rapid economic development and there is a remarkable improvement in personal income. We view this as an opportunity to establish our Duskin and Mister Donut brands in these markets.

(a) Clean & Care Businesses

- Establish a business model in China (Shanghai)
- Expand the cleaning products and services market in Taiwan and South Korea

(b) Mister Donut Business

- Open more shops in South East Asia
- Develop selling/service methods and sales channels that match local characteristics

4) Cost Reduction

Reviewing of cost structure is essential to effectively reallocate our resources, especially capital. We will continue to review the structure of procurement, production & logistics, distribution and information systems. While giving due consideration to CSR, we will work on reviewing the procurement of raw materials to improve the cost ratio, and overall expenses in pursuit of optimal level for Duskin Group. We will allocate the resources we save due to these reviews to investments necessary for introducing products, services and systems that are more convenient for customers.

5) Corporate Governance

We are dedicated to further improving our corporate governance, including compliance, internal controls and risk management, thorough awareness of our Code of Conduct by directors and employees (including part-timers). We will thereby establish a corporate structure that makes sustainable growth possible. In addition, we plan to improve the effectiveness of the Board of Directors by utilizing advice from the newly formed Council of Outside Directors and Audit & Supervisory Board Members.

In December 2015, the Consumer Affairs Agency issued an order to Duskin because the expressions used in flyers and direct mail promotions concerning our window film application service distributed by a regional office was deemed as a false attribution of superior quality, which is prohibited by the Act Against Unjustifiable Premiums and Misleading Representations. We have humbly accepted this order, and subsequently implemented measures to prevent a reoccurrence by enhancing our internal control systems and legal compliance, including regularly conducting seminars about proper expressions for our advertising and promotional materials.

3. Basic Policies for Selecting Accounting Standards

To facilitate comparisons of its consolidated financial statements across different fiscal years and with other companies, Duskin Group intends to prepare its consolidated financial statements based on Japanese generally accepted accounting principles (JGAAP) for the time being.

With regard to the adoption of international financial reporting standards (IFRS), Duskin intends to monitor developments in Japan and overseas, and to respond appropriately to such developments.

4. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	as of March 31, 2015	as of March 31, 2016
Assets		
Current assets		
Cash and deposits	20,817	19,006
Notes and accounts receivable - trade	10,201	10,109
Lease investment assets	1,549	1,460
Securities	21,564	19,528
Merchandise and finished goods	8,104	7,590
Work in process	158	174
Raw materials and supplies	1,292	1,432
Deferred tax assets	1,801	1,473
Other	2,270	2,524
Allowance for doubtful accounts	-33	-39
Total current assets	67,727	63,260
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,495	44,397
Accumulated depreciation	-24,641	-25,494
Buildings and structures, net	17,853	18,902
Machinery, equipment and vehicles	23,577	24,139
Accumulated depreciation	-17,053	-17,618
Machinery, equipment and vehicles, net	6,524	6,520
Land	24,192	23,588
Construction in progress	1,067	324
Other	12,740	13,100
Accumulated depreciation	-9,417	-9,703
Other, net	3,322	3,397
Total property, plant and equipment	52,960	52,733
Intangible assets		
Goodwill	425	305
Other	7,731	7,263
Total intangible assets	8,156	7,569
Investments and other assets		
Investment securities	59,417	56,608
Long-term loans receivable	10	8
Deferred tax assets	2,383	2,283
Guarantee deposits	6,479	6,408
Other	1,532	1,596
Allowance for doubtful accounts	-193	-147
Total investments and other assets	69,630	66,758
Total non-current assets	130,748	127,062
Total assets	198,475	190,322

(millions of yen)

	as of March 31, 2015	as of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,915	7,353
Current portion of long-term loans payable	30	9
Income taxes payable	1,392	413
Provision for bonuses	3,270	2,876
Asset retirement obligations	5	8
Accounts payable - other	6,957	7,057
Guarantee deposit received for rental products	9,887	9,657
Other	5,567	4,552
Total current liabilities	34,026	31,929
Non-current liabilities		
Long-term loans payable	20	10
Net defined benefit liability	7,839	13,286
Asset retirement obligations	577	643
Long-term guarantee deposited	732	728
Long-term accounts payable - other	82	74
Other	0	0
Total non-current liabilities	9,253	14,744
Total liabilities	43,279	46,673
Net assets		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	10,841	10,835
Retained earnings	131,115	119,910
Treasury shares	−5,170	−3,843
Total shareholders' equity	148,139	138,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,944	8,462
Deferred gains or losses on hedges	—	−18
Foreign currency translation adjustment	32	−37
Remeasurements of defined benefit plans	−78	−3,934
Total accumulated other comprehensive income	5,899	4,472
Non-controlling interests	1,157	920
Total net assets	155,196	143,648
Total liabilities and net assets	198,475	190,322

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

Consolidated statements of income

(millions of yen)

	FY2014 April 1, 2014 - March 31, 2015	FY2015 April 1, 2015 - March 31, 2016
Net sales	167,987	165,203
Cost of sales	98,165	94,740
Gross profit	69,821	70,462
Selling, general and administrative expenses	64,753	65,090
Operating income	5,067	5,372
Non-operating income		
Interest income	937	571
Dividend income	252	293
Rent income on facilities	96	95
Commission fee	193	215
Share of profit of entities accounted for using equity method	—	126
Gain on transfer of goodwill	9	—
Gain on redemption of investment securities	300	—
Miscellaneous income	428	483
Total non-operating income	2,217	1,785
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	—	53
Share of loss of entities accounted for using equity method	6	—
Compensation expenses	63	219
Loss on cancellation of leasehold contracts	22	0
Commission for purchase of treasury shares	3	44
Miscellaneous loss	105	132
Total non-operating expenses	201	449
Ordinary income	7,083	6,707
Extraordinary income		
Gain on sales of non-current assets	11	4
Gain on sales of investment securities	108	559
Gain on bargain purchase	—	50
Other	6	14
Total extraordinary income	126	629
Extraordinary losses		
Loss on sales of non-current assets	7	12
Loss on abandonment of non-current assets	223	308
Impairment loss	88	1,165
Loss on liquidation of subsidiaries and associates	—	115
Amortization of Goodwill	—	79
Other	28	1
Total extraordinary losses	349	1,682
Profit before income taxes	6,860	5,655
Income taxes - current	2,716	1,645
Income taxes - deferred	754	1,215
Total income taxes	3,471	2,860
Profit	3,389	2,794
Profit (loss) attributable to non-controlling interests	-51	-188
Profit attributable to owners of parent	3,441	2,983

(Consolidated statements of comprehensive income)

(millions of yen)

	FY2014 April 1, 2014 - March 31, 2015	FY2015 April 1, 2015 - March 31, 2016
Profit	3,389	2,794
Other comprehensive income		
Valuation difference on available-for-sale securities	3,575	2,517
Deferred gains or losses on hedges	—	-18
Foreign currency translation adjustment	145	34
Remeasurements of defined benefit plans, net of tax	635	-3,830
Share of other comprehensive income of entities accounted for using equity method	126	-95
Total other comprehensive income	4,481	-1,392
Comprehensive income	7,870	1,401
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,871	1,556
Comprehensive income attributable to non-controlling interests	-0	-154

(3) Consolidated statements of changes in net assets

FY2014 (Apr. 1, 2014 - Mar. 31, 2015)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,352	10,841	130,300	-3,326	149,167
Cumulative effects of changes in accounting policies			-163		-163
Restated balance	11,352	10,841	130,137	-3,326	149,004
Changes of items during the period					
Dividends of surplus			-2,463		-2,463
Profit attributable to owners of parent			3,441		3,441
Purchase of treasury stock				-1,843	-1,843
Net changes of items other than shareholders' equity					
Total changes of items during the period	―	―	977	-1,843	-865
Balance at end of current period	11,352	10,841	131,115	-5,170	148,139

	Accumulated other comprehensive income				Minority 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 the beginning of current period	2,369	-190	-709	1,469	1,265	151,903
Cumulative effects of changes in accounting policies						-163
Restated balance	2,369	-190	-709	1,469	1,265	151,739
Changes of items during the period						
Dividends of surplus						-2,463
Profit attributable to owners of parent						3,441
Purchase of treasury stock						-1,843
Net changes of items other than shareholders' equity	3,575	223	631	4,430	-108	4,321
Total changes of items during the period	3,575	223	631	4,430	-108	3,456
Balance at end of current period	5,944	32	-78	5,899	1,157	155,196

FY2015 (Apr. 1, 2015 - Mar. 31, 2016)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,352	10,841	131,115	-5,170	148,139
Cumulative effects of changes in accounting policies		-6	-32		-39
Restated balance	11,352	10,834	131,082	-5,170	148,099
Changes of items during the period					
Dividends of surplus			-2,321		-2,321
Net income			2,983		2,983
Purchase of treasury stock				-10,506	-10,506
Retirement of treasury stock			-11,833	11,833	—
Changes in the parent company’s holdings related to transactions involving shareholders with non-controlling interest		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	-11,172	1,326	-9,844
Balance at end of current period	11,352	10,835	119,910	-3,843	138,255

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	5,944	—	32	-78	5,899	1,157	155,196
Cumulative effects of changes in accounting policies							-39
Restated balance	5,944	—	32	-78	5,899	1,157	155,156
Changes of items during the period							
Dividends of surplus							-2,321
Net income							2,983
Purchase of treasury stock							-10,506
Retirement of treasury stock							—
Changes in the parent company’s holdings related to transactions involving shareholders with non-controlling interest							0
Net changes of items other than shareholders' equity	2,517	-18	-70	-3,855	-1,427	-236	-1,663
Total changes of items during the period	2,517	-18	-70	-3,855	-1,427	-236	-11,508
Balance at end of current period	8,462	-18	-37	-3,934	4,472	920	143,648

(4) Consolidated statements of cash flows

(millions of yen)

	FY2014 April 1, 2014 - March 31, 2015	FY2015 April 1, 2015 - March 31, 2016
Cash flows from operating activities		
Profit before income taxes	6,860	5,655
Depreciation	7,109	6,766
Amortization of goodwill	201	295
Increase (decrease) in allowance for doubtful accounts	-2	6
Bad debts expenses	—	1
Interest and dividend income	-1,190	-864
Interest expenses	1	0
Foreign exchange losses (gains)	-5	2
Share of (profit) loss of entities accounted for using equity method	6	-126
Loss (gain) on sales of property, plant and equipment	-3	8
Loss on retirement of property, plant and equipment	291	148
Loss (gain) on sales and redemption of investment securities	-408	-559
Loss (gain) on valuation of investment securities	3	—
Gain on bargain purchase	—	-50
Loss (gain) on transfer of goodwill	-9	—
Impairment loss	88	1,165
Loss (gain) on liquidation of subsidiaries and associates	—	115
Decrease (increase) in notes and accounts receivable - trade	507	116
Decrease (increase) in inventories	145	385
Increase (decrease) in notes and accounts payable - trade	-850	408
Increase (decrease) in provision for bonuses	95	-394
Increase (decrease) in provision for point card certificates	-438	—
Increase (decrease) in net defined benefit liability	-6,782	-81
Increase (decrease) in accrued consumption taxes	1,303	-1,166
Decrease (increase) in lease investment assets	60	89
Decrease (increase) in other assets	1,032	244
Increase (decrease) in other liabilities	-936	621
Subtotal	7,079	12,784
Interest and dividend income received	1,351	1,072
Interest expenses paid	-1	-0
Income taxes paid	-2,178	-2,657
Net cash provided by (used in) operating activities	6,251	11,199

(millions of yen)

	FY2014 April 1, 2014 - March 31, 2015	FY2015 April 1, 2015 - March 31, 2016
Cash flows from investing activities		
Decrease (increase) in time deposits	−61	623
Purchase of securities	−3,000	−8,002
Proceeds from sales and redemption of securities	6,000	8,000
Purchase of property, plant and equipment	−4,628	−5,808
Proceeds from sales of property, plant and equipment	73	30
Purchase of investment securities	−8,521	−8,024
Proceeds from sales and redemption of investment securities	19,277	13,086
Purchase of shares of subsidiaries and associates	−893	—
Proceeds from purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	—	70
Payments of loans receivable	−83	−2
Collection of loans receivable	181	7
Payments for lease and guarantee deposits	−165	−322
Proceeds from collection of lease and guarantee deposits	690	285
Payments for transfer of business	—	−93
Proceeds from transfer of goodwill	9	—
Other payments	−3,540	−2,693
Other proceeds	176	15
Net cash provided by (used in) investing activities	5,515	−2,826
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	−33	—
Repayments of long-term loans payable	−159	−30
Purchase of treasury shares	−1,843	−10,506
Cash dividends paid	−2,464	−2,317
Dividends paid to non-controlling interests	−14	−4
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	−93
Net cash provided by (used in) financing activities	−4,514	−12,952
Effect of exchange rate change on cash and cash equivalents	90	−34
Net increase (decrease) in cash and cash equivalents	7,343	−4,614
Cash and cash equivalents at beginning of period	19,775	27,118
Cash and cash equivalents at end of period	27,118	22,503

(5) Notes to consolidated financial statements

(Note relating to going concern assumption)

None

(Change in accounting policies)

(Application of accounting standard related to business combination)

Starting with FY2015, Duskin adopted Revised Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013), Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, September 13, 2013), and Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7, September 13, 2013). Accordingly, the accounting method was changed to record the difference arising from changes in equity in subsidiaries which Duskin continues to control as capital surplus, and to record business acquisition costs as expenses for the fiscal year in which they occurred. Regarding business combinations which became or will become effective on or after April 1, 2015, the accounting method was changed to reflect adjustments to the amount allocated to acquisition cost under provisional accounting treatment on the consolidated financial statements of the year in which the relevant business combination became or will become effective. In addition, the net income and other statements have been changed accordingly, and minority interest has been changed to non-controlling interest. To reflect these changes, Duskin has revised the financial statements for the previous consolidated fiscal year.

The Business Combinations Accounting Standard and other standards were applied in accordance with the transitional treatment set forth in Article 58-2 (3) of the Business Combinations Accounting Standard, Article 44-5 (3) of the Consolidation Accounting Standard and Article 57-4 (3) of the Business Divestitures Accounting Standard. The cumulative effects arising from the retroactive application of these new accounting policies to all previous fiscal years were added to or deducted from capital surplus and retained earnings as of April 1, 2015.

As a result, goodwill decreased by 39 million yen, capital surplus decreased by 6 million yen and retained earnings decreased by 32 million yen as of April 1, 2015. Operating income, ordinary income and net income before tax increased 17 million yen each.

In the consolidated statements of cash flows for the fiscal year that ended in March 2016, cash flows pertaining acquisition or sale of shares of subsidiaries that do not result in a change in scope of consolidation are included in cash flows from "financing activities" and cash flows pertaining to costs related to the purchase of shares of subsidiaries resulting in a change in scope of consolidation or costs incurred in relation to purchase or sale of shares of subsidiaries that do not result in a change in scope of consolidation are included in "cash flows from operating activities."

Due to the cumulative effects on net assets as of April 1, 2015, capital surplus on consolidated statements of changes in shareholders' equity decreased 6 million yen and retained earnings decreased 32 million yen as of April 1, 2015.

The impact on net asset per share and net income per share was minimal during FY2015.

(Additional information)

None

(Segment Information)

Segment Information

1. Overview of business segments

"Duskin's reportable segments are components of the Company for which separate financial information is available, and whose operating results are reviewed regularly by the board of directors to determine the allocation of resources and evaluate performance."

The Company has business operating units classified by product and service type. Each business unit establishes comprehensive product and service strategies for Japan, and conducts its own business activities.

The Company is organized into two reportable segments, Clean Group and Food Group, comprised of business operating units such as business groups and divisions based on product and service types.

Clean and Care Group, with a focus on direct selling, includes rental of cleaning tools, manufacturing and sales of cosmetics, rental of cabinet towels, sales of bathroom products, rental of shop towels, rental of water-purifiers and air-purifiers, house cleaning services, housekeeping services, pest control and prevention services, tree and lawn care services, plant and facility management services, senior care services, rental and sales of travel goods, baby goods, leisure goods, health and nursing care equipment, manufacturing, sales and rental of uniforms and sales of coffee to offices. Food Group is comprised of food service businesses that include manufacturing and sales of donuts, sales of food and beverages, operation of pork cutlet restaurants, manufacturing ice confectionery, and sales of other food and beverages.

2. Method of calculating sales, profit/loss, assets and others by business segment

The segment income or losses are based on operating income or loss.

Inter-segment intercompany profit and transfers are based on current market prices.

3. Sales, profits or losses, and assets by reportable segment

Consolidated fiscal year 2014 (April 1, 2014 through March 31, 2015)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note 1)	Total	Adjustment (Note 2)	Consolidated total
Sales						
To outside customers	109,009	48,289	10,688	167,987	—	167,987
Inter-segment sales	924	6	2,977	3,907	-3,907	—
Total	109,933	48,295	13,665	171,894	-3,907	167,987
Segment profit or loss	11,254	-201	-87	10,965	-5,898	5,067
Segment asset	75,292	13,531	19,261	108,085	90,390	198,475
Other						
Depreciation	3,406	1,090	1,762	6,259	808	7,068
Property, plant and equipment and intangible assets increase	3,862	1,412	1,715	6,990	1,083	8,074

Consolidated fiscal year 2015 (April 1, 2015 through March 31, 2016)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note 1)	Total	Adjustment (Note 2)	Consolidated total
Sales						
To outside customers	110,191	44,007	11,004	165,203	—	165,203
Inter-segment sales	937	9	2,600	3,547	-3,547	—
Total	111,128	44,017	13,605	168,750	-3,547	165,203
Segment profit or loss	13,001	-1,469	-202	11,329	-5,957	5,372
Segment asset	73,956	13,176	19,166	106,299	84,022	190,322
Other						
Depreciation	2,966	1,208	1,723	5,898	805	6,704
Property, plant and equipment and intangible assets increase	3,265	1,641	1,488	6,396	986	7,382

(Notes)

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

2. Breakdown of the adjustment area as follows:

Sales (millions of yen)

	FY2014	FY2015
Inter-segment eliminations	-3,907	-3,547
Total	-3,907	-3,547

Segment profits (millions of yen)

	FY2014	FY2015
Inter-segment eliminations	28	49
Corporate expenses	-5,927	-6,007
Total	-5,898	-5,957

Corporate expenses include corporate administrative expenses.

Segment assets (millions of yen)

	FY2014	FY2015
Inter-segment eliminations	-13,706	-15,829
Corporate assets	104,097	99,852
Total	90,390	84,022

Corporate assets include the management fund of surplus funds (cash and securities), long-term investment funds (investment securities) and assets relating to the administrative departments.

Depreciation (millions of yen)

	FY2014	FY2015
Inter-segment eliminations	-3	-3
Corporate assets	812	808
Total	808	805

Increase of property, plant and equipment and intangible assets (millions of yen)

	FY2014	FY2015
Corporate assets	1,083	986
Total	1,083	986

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

Other Related Information

Consolidated fiscal year 2014 (April 1, 2014 through March 31, 2015)

1. Product and/or Service Segment Information

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Total
Sales to outside customers	109,009	48,289	10,688	167,987

2. Geographic Segment Information

(1) Net Sales

Since sales to outside customers in Japan exceed 90% of net sales on the Consolidated Statements of Income, this information is omitted.

(2) Property and equipment

Since the amount of property and equipment in Japan exceeds 90% of the amount on the Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, this information is omitted.

Consolidated fiscal year 2015 (April 1, 2015 through March 31, 2016)

1. Product and/or Service Segment Information

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Total
Sales to outside customers	110,191	44,007	11,004	165,203

2. Geographic Segment Information

(1) Net Sales

Since sales to outside customers in Japan exceed 90% of net sales on the Consolidated Statements of Income, this information is omitted.

(2) Property and equipment

Since the amount of property and equipment in Japan exceeds 90% of the amount on the Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, this information is omitted.

Impairment Losses on Fixed Assets by Reported Segment

Consolidated fiscal year 2014 (April 1, 2014 through March 31, 2015)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Total
Impairment loss	0	87	－	－	88

Consolidated fiscal year 2015 (April 1, 2015 through March 31, 2016)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Total
Impairment loss	745	348	－	71	1,165

Amortization of Goodwill and Unamortized Amount of Goodwill by Reported Segment

Consolidated fiscal year 2014 (April 1, 2014 through March 31, 2015)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Total
Amortization - Goodwill	113	88	—	—	201
Balance (Note)	225	200	—	—	425

(Note) The balance of goodwill at the end of the fiscal year includes 222 million yen of goodwill in Clean & Care Group resulting from the purchase by the Company and its subsidiaries of the business operations of several franchisees and 182 million yen of goodwill in Food Group for Hachiya Dairy Products Co., Ltd., which was acquired in May 2012.

Consolidated fiscal year 2015 (April 1, 2015 through March 31, 2016)

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Total
Amortization - Goodwill (Note: 1)	134	160	—	—	295
Balance (Note: 2)	259	46	—	—	305

(Note: 1) Amortization in FY2015 includes amortization of goodwill in other expenses.

(Note: 2) The balance of goodwill at the end of FY2015 includes 259 million yen of goodwill in Clean & Care Group resulting from the purchase by the Company and its subsidiaries of the business operations of several franchisees and 46 million yen of goodwill in Food Group.

Information on gain on negative goodwill by reporting segments

Consolidated FY2014 (April 1, 2014 through March 31, 2015)

None

Consolidated FY2015 (April 1, 2015 through March 31, 2016)

Information on gain on negative goodwill by reporting segments is omitted due to its insignificance.

(Per share information)

(yen)

FY2014 (April 1, 2014 - March 31, 2015)		FY2015 (April 1, 2015 - March 31, 2016)	
Net assets per share	2,544.09	Net assets per share	2,569.53
Earnings per share	56.19	Earnings per share	52.18
Fully diluted net income per share is not shown because the Company has no outstanding issues of bonds with warrants or convertible bonds.		Fully diluted net income per share is not shown because the Company has no outstanding issues of bonds with warrants or convertible bonds.	

(Note) Earnings per share is based on the following information.

	Fiscal Year 2014 (April 1, 2014 - March 31, 2015)	Fiscal Year 2015 (April 1, 2015 - March 31, 2016)
Profit attributable to owners of parent (millions of yen)	3,441	2,983
Amounts not attributable to common shareholders (millions of yen)	―	―
Profit attributable to common stock owners of parent (millions of yen)	3,441	2,983
Average number of common stock during the period (thousands shares)	61,239	57,176

(Important post-balance sheet events)

A series of earthquakes that began on April 14, 2016 centered in Kumamoto and Oita prefectures caused products to fall and damaged buildings at some shops and a plant of Duskin Group. The whole Duskin Group is making every effort to support the rapid recovery of the affected area. However, the time necessary for full restoration of operations is difficult to estimate because of the large size of the affected area. Duskin is currently evaluating the impact of the earthquakes and the effects on business operations due to damage at shops and plants and inventory losses. The cost of repairs has not been confirmed at this time.

5. Others

(1) Changes in board members

1) Nominees for Directors

Hideyuki Naito (current position, Manager, Accounting)

Taku Suzuki (current position, General Manager, Production & Logistics Group)

* The nominees will be submitted for approval at the annual general meeting of shareholders to be held on June 24, 2016.

2) Exiting Directors

Hiroshi Takeda

Osamu Ihara

*Both Mr. Takeda and Mr. Ihara's terms will expire and they will resign as Directors at the end of the annual general meeting of shareholders to be held on June 24, 2016.

(2) Changes in Audit & Supervisory Board Members

1) Nominees for Audit & Supervisory Board Members

Takashi Yoshida (current position, Senior Advisory Staff, President's Office)

Sachiko Kawanishi (Nominee for an Outside Audit & Supervisory Board Member stipulated in Article 2, Item 16 of Corporation Law.)

Kyoichiro Arakawa (Nominee for an Outside Audit & Supervisory Board Member stipulated in Article 2, Item 16 of Corporation Law.)

* The nominees will be submitted for approval at the annual general meeting of shareholders to be held on June 24, 2016.

2) Exiting Corporate Auditors

Kazuaki Okamoto

Nanako Aono

Akira Matsumoto

* Mr. Okamoto, Ms. Aono and Mr. Matsumoto's terms will expire and they will resign as Audit & Supervisory Board Members at the end of the annual general meeting of shareholders to be held on June 24, 2016.