May 10, 2017

Consolidated Summary Report for the Fiscal Year Ended March 31, 2017 [Japanese GAAP]

Company Name: BOOKOFF CORPORATION LIMITED   Stock Exchange: Tokyo
Code Number: 3313   URL: http://www.bookoff.co.jp/en/
Representative: Yasutaka Horiuchi, President and CEO
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General meeting of shareholders: June 24, 2017
Dividend payment date: June 26, 2017
Securities report issue date: June 26, 2017
Supplementary materials of financial results: Yes
Financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 - March 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
Fiscal year ended Mar. 31, 2017	81,344	6.2	116	-	588	-	(1,159)	-
Fiscal year ended Mar. 31, 2016	76,564	3.0	(530)	-	5	(99.7)	(528)	-

(Note) Comprehensive income   Fiscal year ended Mar. 31, 2017: ¥(1,212) million (n.a.)
Fiscal year ended Mar. 31, 2016: ¥(596) million (n.a.)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	(56.41)	-	(7.7)	1.2	0.1
Fiscal year ended Mar. 31, 2016	(25.69)	-	(3.2)	0.0	(0.7)

(Reference) Equity in earnings (losses) of associates
Fiscal year ended Mar. 31, 2017: ¥(6) million   Fiscal year ended Mar. 31, 2016: ¥(2) million

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	51,047	14,242	27.9	693.15
As of Mar. 31, 2016	50,514	15,968	31.6	777.15

(Reference) Shareholders' equity   As of Mar. 31, 2017: ¥14,242 million   As of Mar. 31, 2016: ¥15,968 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2017	1,965	(2,054)	224	15,268
Fiscal year ended Mar. 31, 2016	604	(3,537)	2,674	15,127

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends on net assets ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2016	-	-	-	25.00	25.00	513	-	3.1
Fiscal year ended Mar. 31, 2017	-	-	-	10.00	10.00	205	-	1.4
Fiscal year ending Mar. 31, 2018 (est.)	-	-	-	10.00	10.00		205.3	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 - March 31, 2018)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	82,000	0.8	500	329.0	950	61.3	100	-	4.87

(Note) Only the full-year forecast is shown because BOOKOFF Corporation manages performance on a fiscal year basis.

Notes:

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

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

2. Changes in accounting policies and accounting-based estimates, and restatements
   (1) Changes due to revision of accounting standards: Yes
   (2) Changes due to other reasons: None
   (3) Changes in accounting-based estimates: None
   (4) Restatements: None

   Note: Please see "3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Change in Accounting Policy" on page 18 of the attachments for further information.

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

(1) Shares outstanding (including treasury shares)	As of Mar. 31, 2017	22,573,200	As of Mar. 31, 2016	22,573,200
(2) Treasury shares	As of Mar. 31, 2017	2,025,782	As of Mar. 31, 2016	2,025,782
(3) Average number of shares outstanding	Fiscal year ended Mar. 31, 2017	20,547,418	Fiscal year ended Mar. 31, 2016	20,578,729

(Reference) Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017(April 1, 2016 - March 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
Fiscal year ended Mar. 31, 2017	68,617	4.1	306	-	739	255.5	(2,681)	-
Fiscal year ended Mar. 31, 2016	65,930	7.8	(241)	-	208	(89.9)	(221)	-

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	(130.49)	-
Fiscal year ended Mar. 31, 2016	(10.72)	-

(2) Non-consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	49,601	13,579	27.4	660.86
As of Mar. 31, 2016	50,795	16,802	33.1	817.72

(Reference) Shareholders' equity   As of Mar. 31, 2017: ¥13,579 million   As of Mar. 31, 2016: ¥16,802 million

* The current financial report is not subject to audit procedures.

* Cautionary statement regarding forecasts of operating results and special notes

  (Forward-looking statements)

  Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. This report is not promises by the Company regarding future performance. Actual results may differ materially from those projected in the forward-looking statements due to a variety of factors. Please see "1. Overview of Results of Operations" on page 5 of the attachments for items pertaining to the forecast stated above.

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1. Overview of Results of Operations

(1) Results of Operations

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

To accomplish this mission and continue growing, our business activities are guided by two basic policies. First is maximizing purchases by leveraging the comprehensive power of the BOOKOFF Group. Second is maximizing sales efficiency in stores and using the Internet.

In the fiscal year that ended on March 31, 2017, there were numerous initiatives to strengthen purchasing activities and sell merchandise more efficiently. While continuing to open stores, mainly comprehensive large-format stores, we took actions aimed at generating benefits from sales of reuse home appliances and online sales of store merchandise. There were also rigorous and extensive cost controls.

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

Following the previous fiscal year, the existing BOOKOFF stores continued to focus on the purchase and sale of reuse home appliances and submitting store merchandise to the YAHUOKU! Internet auction service of Yahoo Japan. In addition, there were more training activities for new part-time workers added in the previous fiscal year in preparation for the expected growth in purchases and sales of existing products along with reuse home appliances. Moreover, there were many cost-cutting actions that reflected the volume of merchandise purchased and sold by each store.

In the BOOKOFF Online Business, the Group took actions to support growth aimed at offering customers the largest possible selection of used books following the expansion of warehouses in the previous fiscal year. In the HUGALL Business, as in the previous fiscal year, there were up-front investments for strengthening this business and for increasing the volume of goods sold in order to become profitable.

As a result of these efforts, consolidated net sales amounted to ¥81,344 million, which was a 6.2% increase from the previous fiscal year. The Group recorded an operating profit of ¥116 million (compared with an operating loss of ¥530 million in the previous fiscal year), an ordinary profit of ¥588 million (compared with an ordinary profit of ¥5 million in the previous fiscal year).

Loss attributable to owners of parent amounted to ¥1,159 million (compared with a loss of ¥528 million in the previous fiscal year), due to an extraordinary loss including impairment loss on existing stores and the recording of income taxes-deferred resulting from a reversal of deferred tax assets.

Reportable segment categories are reclassified in the current fiscal year. Prior-year figures reflect the new segment categories for comparison purposes. Details are as follows.

Segment	Main business operations
Reuse Store Business	- Operation of the franchise system and management of directly operated stores of BOOKOFF that offers reuse books, software and other items, as the Chain Headquarters - Operation of BOOKOFF PLUS (BOOKOFF stores combining apparel-related reuse merchandise) - Operation of BOOKOFF SUPER BAZAAR that deals in books, software, home appliances (audio-visual equipment, computers, etc.), apparel, sporting goods, baby goods, watches, luxury-brand bags, precious metals, kitchenware, household goods, and other reuse items
BOOKOFF Online Business	Operation of BOOKOFF Online, an E-commerce website that sells books, software and other reuse items
HUGALL Business	Operation of reuse business beyond the traditional retail format
Other	- Operation of Aoyama Book Center, Ryusui Shobo and yc-vox stores (new book sales) - Planning, design, and construction of interior and exterior works for stores - Operation of book review community site - Other businesses not included in segments above

Sales by business segment were as follows:

(Reuse Store Business)

The segment recorded net sales of ¥71,150 million, which was a 3.8% increase compared with the previous fiscal year.

During the fiscal year, nine directly operated stores and two franchise stores were opened. There were 11 closings of directly operated stores, including one store that was closed to be combined with another Group store in the same building under a single brand. In addition, 26 franchise stores were closed, including eight stores that were closed to be combined with another Group store in the same building under a single brand.

Following the previous fiscal year, the existing BOOKOFF stores continued to focus on the purchase and sale of reuse home appliances while submitting store merchandise to the YAHUOKU! Internet auction service of Yahoo Japan. In addition, the Group has conducted education and training activities for the new part-time workers added in the previous fiscal year in preparation for the expected growth in purchases and sales activities. Moreover, there were many cost-cutting actions that reflected the volume of merchandise purchased and sold by each store.

Segment sales increased due to higher sales at existing stores and openings of new comprehensive large-format stores.

(BOOKOFF Online Business)

The segment recorded net sales of ¥6,522 million, which was a 16.6% increase compared with the previous fiscal year.

Sales benefited from an increase in the number of BOOKOFF Online website members. The warehouse capacity added in the previous fiscal year and enhanced cooperation with stores to increase inventories expanded the range and the number of items on the E-commerce website. In addition, expansion of a tie-up with YAHUOKU! for the submission of merchandise to this auction, the redesign of the E-commerce website resulting from more effective exploitation of customer data, and other measures also contributed to sales growth.

(HUGALL Business)

The segment recorded net sales of ¥2,244 million, which was a 131.2% increase compared with the previous fiscal year.

There were many activities to strengthen merchandise purchasing capabilities. One is going to customers' homes to purchase items, a service that is offered mainly in the 23 wards of Tokyo. Another step was the operation of One-Stop Purchasing Consultation Desks at several department stores. These initiatives increased sales of our E-commerce website, which is our main distribution channel, as well as B-to-B sales and special event sales. The result was growth in segment sales.

(Other)

The segment recorded net sales of ¥1,426 million, which was a 2.3% decrease compared with the previous fiscal year.

(Performance Trends)

(Unit: million yen)

		Fiscal year ended March 2016	Fiscal year ended March 2017
Net sales		**76,564**	**81,344**
	Reuse Store Business	68,539	71,150
	Store Net Sales	65,791	68,468
	Sales to Franchisees	2,748	2,682
	BOOKOFF Online Business	5,592	6,522
	HUGALL Business	970	2,244
	Other	1,460	1,426
Operating profit (loss)		**(530)**	**116**
Ordinary profit		**5**	588
Extraordinary gains		79	28
Extraordinary losses		219	755
Loss before income taxes		(133)	(137)
Loss attributable to owners of parent		**(528)**	**(1,159)**

(Amounts rounded down to the nearest one million yen)

(Store Opening/Closing by Segment)

(Unit: number of stores)

		Fiscal year ended March 2016		Fiscal year ended March 2017	
		Open	Close	Open	Close
Reuse Store Business	Group	57 (Note 1)	87 (Note 2)	10 (Note 4)	11 (Note 5)
	Franchise	7 (Note 3)	50 (Note 1)	2	27 (Note 6)
Other	Group	-	-	-	-
	Franchise	-	-	-	-
Total store openings/closings	Group	57	87	10	11
	Franchise	7	50	2	27
Fiscal year-end total	Group	389		388	
	Franchise	480		455	

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

Outlook for the Fiscal Year Ending March 31, 2018

(Overall Outlook)

We are taking proactive approaches to improve corporate value across all business segments.

(Reuse Store Business)

We plan to use the following measures to build a base for growth in this business and quickly create a framework for stable earnings.

We will hold down the number of new large stores by opening only three BOOKOFF SUPER BAZAAR stores during the fiscal year. At existing BOOKOFF stores, we will make small investments for improvements like the addition of One-Stop Purchasing Consultation Desks. We will also close unprofitable stores to improve the profitability of this business.

In addition, the previous organizational structure based on store packages has been revised to create an organization consisting of five regional sales divisions covering all areas of Japan. Establishing separate divisions for the oversight and operation of stores in separate regions allows us to adapt quickly to the distinctive characteristics of each region. We are also better able to upgrade existing stores through low-cost operations, higher workforce productivity and other measures.

Our outlook for this segment is for a decline in sales. The primary cause is the decline in sales at our existing stores of books and software, the core products in this business segment, in association with Japan's shrinking market for new products.

(BOOKOFF Online Business)

Buying more merchandise from customers remains a priority in this business. At distribution centers, our goals are stabilizing capacity utilization and cutting costs. For our E-commerce operations, we are making our websites easier to use, especially for smartphones. We are also aiming to sell products more efficiently by using tie-ups for submitting merchandise to YAHUOKU! and other Internet auction services. As a result, we expect sales in this segment to increase.

(HUGALL Business)

We are currently making major changes in this business to make it more profitable. Most of all, we are moving away from growth and instead concentrating our dispatch purchasing service for buying reuse goods and counters at department stores that buy reuse goods. We plan to use these activities to buy more reuse goods and make these purchases more efficiently. Another goal is lowering fixed expenses by significantly reducing the floor space at distribution centers used by the HUGALL Business. Plans also include using a broader array of sales channels by adding the BOOKOFF store network and other channels to the existing E-commerce website, B-to-B and special event sales channels. Due to these actions to improve our ability to sell inventories, we expect sales in this segment to increase.

We forecast consolidated sales of ¥82,000 million, operating profit of ¥500 million, ordinary profit of ¥950 million and profit attributable to owners of parent of ¥100 million.

(Consolidated Forecast)

(Unit: million yen)

	Fiscal year ended March 2017	Fiscal year ending March 2018 (Forecast)	Change	% Change
Net sales	81,344	82,000	655	0.8
(Reuse Store Business)	71,150	70,600	(550)	(0.8)
(BOOKOFF Online Business)	6,522	6,600	77	1.2
(HUGALL Business)	2,244	3,400	1,155	51.5
(Other)	1,426	1,400	(26)	(1.9)
Operating profit	116	500	383	329.0
Ordinary profit	588	950	361	61.3
Profit (loss) attributable to owners of parent	(1,159)	100	1,259	-

(Amounts rounded down to the nearest one million yen)

(2) Financial Position

Assets, Liabilities and Net Assets

(Current Assets)

Current assets at the end of the current fiscal year amounted to ¥32,567 million, an increase of ¥717 million compared with ¥31,850 million at the end of the previous fiscal year. This was mainly due to increases of ¥1,108 million in cash and deposits, ¥190 million in accounts receivable-trade, ¥348 million in merchandise mainly caused by new store openings and the expansion of the BOOKOFF Online and HUGALL businesses. There was a decrease of ¥1,000 million in securities.

(Non-current Assets)

Non-current assets at the end of the current fiscal year amounted to ¥18,479 million, a decrease of ¥183 million compared with ¥18,663 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥578 million in investments and other assets resulting mainly from reversal of long-term deferred tax assets. There were increases of ¥326 million in property, plant and equipment and ¥67 million in intangible assets. These increases were mainly the result of new store openings, remodeling of existing stores and investments to support growth of the BOOKOFF Online and HUGALL businesses.

(Liabilities)

Liabilities at the end of the current fiscal year amounted to ¥36,804 million, an increase of ¥2,259 million compared with ¥34,545 million at the end of the previous fiscal year. Loans payable increased ¥2,394 million mainly due to the procurement of funds with bank borrowings for new store openings, the expansion of the HUGALL Business and payments of income taxes and dividends. In addition, there were increases of ¥343 million in income taxes payable and ¥321 million in lease obligations.

(Net Assets)

Net assets at the end of the current fiscal year amounted to ¥14,242 million, a decrease of ¥1,725 million compared with ¥15,968 million at the end of the previous fiscal year. This was mainly due to a ¥1,672 million decrease in retained earnings resulting mainly from a loss attributable to owners of parent and dividend payments from surplus.

(3) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to ¥15,268 million, an increase of ¥140 million compared to the end of the previous fiscal year.

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

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥1,965 million (compared with ¥604 million provided in the previous fiscal year). Although there was a loss before income taxes of ¥137 million, there were positive factors including ¥2,033 million in depreciation, ¥650 million in impairment loss, ¥106 million in amortization of goodwill, and a ¥114 million increase in accounts payable-other. Negative factors included an increase in inventories of ¥333 million and income taxes paid of ¥521 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥2,054 million (compared with ¥3,537 million used in the previous fiscal year). Outlays include ¥1,761 million for the purchase of property, plant, and equipment associated with new store openings, ¥352 million for the purchase of intangible assets related to additional investments in systems, and ¥307 million for payments for long-term leasehold deposits. Main cash inflows refund of long-term leasehold deposits associated with store closings of ¥386 million.

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥224 million (compared with ¥2,674 million in the previous fiscal year). This result was mainly due to a net increase of ¥2,394 million in loans payable, while there were outlays of ¥1,000 million for redemption of bonds, ¥513 million for cash dividends paid, ¥552 million for repayments of lease obligations, and ¥103 million for payments of long-term accounts payable.

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

	Fiscal year ended March 2015	Fiscal year ended March 2016	Fiscal year ended March 2017
Equity ratio (%)	36.3	31.6	27.9
Equity ratio based on market value (%)	39.0	36.3	31.8
Ratio of interest-bearing debt to cash flow (years)	11.9	42.4	13.7
Interest coverage ratio (times)	10.0	3.3	10.6

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

(4) Basic Policy on Profit Distribution and Dividends for FY3/2017 and FY3/2018

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

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

In the fiscal year that ended in March 2017, there was a net loss of ¥56.41 per share. As was announced on January 27, 2017 in a press release concerning the forecast revision, dividend forecast revision and cut in compensation for executives, the dividend per share for the fiscal year is ¥10.

In the fiscal year ending March 31, 2018, we plan to pay a dividend of ¥10 per share as in the year earlier.

2. Basic Approach to the Selection of Accounting Standards

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

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

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	FY3/2016 (As of Mar. 31, 2016)	FY3/2017 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	14,159,778	15,268,310
Notes and accounts receivable-trade	1,427,048	1,617,922
Securities	1,000,675	-
Merchandise	12,265,974	12,614,825
Supplies	50,756	38,408
Deferred tax assets	588,953	743,896
Other	2,361,449	2,289,449
Allowance for doubtful accounts	(3,886)	(4,906)
Total current assets	31,850,749	32,567,906
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,213,474	15,948,458
Accumulated depreciation	(10,367,581)	(11,028,106)
Buildings and structures, net	4,845,892	4,920,351
Land	141,643	141,643
Leased assets	3,074,499	3,340,799
Accumulated depreciation	(1,442,582)	(1,416,639)
Leased assets, net	1,631,917	1,924,159
Construction in progress	43	-
Other	3,036,686	3,189,800
Accumulated depreciation	(2,137,612)	(2,330,899)
Other, net	899,074	858,901
Total property, plant and equipment	7,518,571	7,845,056
Intangible assets		
Goodwill	291,536	268,447
Leased assets	18,036	11,108
Other	1,043,695	1,141,508
Total intangible assets	1,353,268	1,421,064
Investments and other assets		
Investment securities	*1 746,469	*1 655,307
Long-term loans receivable	33,190	22,126
Deferred tax assets	627,893	178,335
Guarantee deposits	8,221,980	8,186,531
Other	253,580	261,284
Allowance for doubtful accounts	(91,683)	(90,281)
Total investments and other assets	9,791,430	9,213,303
Total non-current assets	18,663,270	18,479,423
Total assets	50,514,020	51,047,330

(Unit: thousand yen)

	FY3/2016 (As of Mar. 31, 2016)	FY3/2017 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	400,068	343,217
Short-term loans payable	3,597,045	6,539,191
Current portion of long-term loans payable	4,097,830	3,664,791
Current portion of bonds	1,000,000	-
Lease obligations	410,930	389,489
Income taxes payable	423,046	767,005
Provision for bonuses	272,263	282,460
Provision for sales rebates	564,406	630,262
Provision for shareholder benefit program	-	64,297
Provision for loss on store closing	42,989	49,919
Accounts payable-other	2,041,543	2,091,287
Other	1,803,008	1,814,487
Total current liabilities	14,653,131	16,636,409
Non-current liabilities		
Bonds with subscription rights to shares	7,700,000	7,700,000
Long-term loans payable	9,040,703	8,925,930
Lease obligations	1,231,396	1,573,967
Asset retirement obligations	1,483,181	1,573,962
Other	437,141	394,550
Total non-current liabilities	19,892,423	20,168,409
Total liabilities	34,545,554	36,804,818
Net assets		
Shareholders' equity		
Capital stock	3,652,394	3,652,394
Capital surplus	4,187,003	4,187,003
Retained earnings	9,420,256	7,747,457
Treasury shares	(1,260,826)	(1,260,826)
Total shareholders' equity	15,998,827	14,326,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	79,226	53,057
Foreign currency translation adjustment	(109,587)	(136,574)
Total accumulated other comprehensive income	(30,361)	(83,516)
Total net assets	15,968,465	14,242,511
Total liabilities and net assets	50,514,020	51,047,330

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: thousand yen)

	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)
Net sales	76,564,060	81,344,039
Cost of sales	30,760,366	34,164,454
Gross profit	45,803,694	47,179,585
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	32,813	629
Salaries and allowances	4,361,740	4,811,640
Salaries of part time employees	12,854,131	12,923,884
Bonuses	445,224	526,048
Provision for bonuses	272,013	277,704
Provision for shareholder benefit program	-	64,297
Retirement benefit expenses	19,888	32,229
Rents	11,199,581	11,657,021
Rent expenses	778,904	750,993
Other	16,370,089	16,018,587
Total selling, general and administrative expenses	46,334,386	47,063,038
Operating profit (loss)	(530,692)	116,547
Non-operating income		
Gain from installment of vending machine	154,712	143,252
Gain on sales of recycling goods	465,992	381,645
Other	205,454	215,945
Total non-operating income	826,159	740,843
Non-operating expenses		
Interest expenses	182,598	186,311
Share of loss of entities accounted for using equity method	2,742	6,428
Other	104,361	75,691
Total non-operating expenses	289,702	268,431
Ordinary profit	5,764	588,959
Extraordinary income		
Gain on sales of investment securities	78,799	28,752
Gain on sales of non-current assets	730	-
Total extraordinary income	79,530	28,752
Extraordinary losses		
Loss on closing of stores	36,959	15,419
Provision for loss on store closing	43,177	49,927
Loss on sales of non-current assets	2,394	-
Loss on retirement of non-current assets	5,690	25,910
Impairment loss	* 130,838	* 650,355
Loss on disaster	-	13,619
Total extraordinary losses	219,059	755,233
Loss before income taxes	(133,764)	(137,521)
Income taxes-current	437,497	706,787
Income taxes-deferred	(42,695)	314,803
Total income taxes	394,801	1,021,591
Loss	(528,566)	(1,159,113)
Loss attributable to owners of parent	(528,566)	(1,159,113)

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)
Loss	(528,566)	(1,159,113)
Other comprehensive income		
Valuation difference on available-for-sale securities	(28,191)	(28,102)
Foreign currency translation adjustment	(31,179)	(26,987)
Share of other comprehensive income of entities accounted for using equity method	(8,486)	1,934
Total other comprehensive income	* (67,857)	* (53,155)
Comprehensive income	(596,423)	(1,212,268)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(596,423)	(1,212,268)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Net Assets

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

(Unit: thousand yen)

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

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

FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,652,394	4,187,003	9,420,256	(1,260,826)	15,998,827
Changes of items during period					
Dividends of surplus			(513,685)		(513,685)
Loss attributable to owners of parent			(1,159,113)		(1,159,113)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(1,672,798)	-	(1,672,798)
Balance at end of current period	3,652,394	4,187,003	7,747,457	(1,260,826)	14,326,028

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	79,226	(109,587)	(30,361)	15,968,465
Changes of items during period				
Dividends of surplus				(513,685)
Loss attributable to owners of parent				(1,159,113)
Net changes of items other than shareholders' equity	(26,168)	(26,987)	(53,155)	(53,155)
Total changes of items during period	(26,168)	(26,987)	(53,155)	(1,725,954)
Balance at end of current period	53,057	(136,574)	(83,516)	14,242,511

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Loss before income taxes	(133,764)	(137,521)
Depreciation	1,976,374	2,033,564
Impairment loss	130,838	650,355
Amortization of goodwill	143,753	106,032
Increase (decrease) in provision for bonuses	14,552	10,196
Increase (decrease) in allowance for doubtful accounts	32,813	(382)
Increase (decrease) in provision for loss on store closing	43,177	49,927
Provision for allowance of sales discounts	336,872	65,855
Increase (decrease) in provision for shareholder benefit program	-	64,297
Interest expenses	182,598	186,311
Share of (profit) loss of entities accounted for using equity method	2,742	6,428
Loss on store closings	36,959	15,419
Loss on retirement of non-current assets	5,690	25,910
Loss on disaster	-	13,619
Decrease (increase) in notes and accounts receivable-trade	(159,920)	(192,352)
Decrease (increase) in inventories	(997,221)	(333,179)
Increase (decrease) in notes and accounts payable-trade	(92,387)	(56,810)
Increase (decrease) in accounts payable-other	83,856	114,126
Other, net	(162,257)	37,602
Subtotal	1,444,677	2,659,403
Interest and dividend income received	12,778	10,713
Interest expenses paid	(182,532)	(186,253)
Payments for loss on disaster	-	(8,362)
Income taxes refund	38,702	11,267
Income taxes paid	(709,548)	(521,308)
Net cash provided by (used in) operating activities	604,078	1,965,460

(Unit: thousand yen)

	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from investing activities		
Payments into time deposits	(33,670)	-
Proceeds from withdrawal of time deposits	24,242	30,372
Purchase of property, plant and equipment	(1,508,776)	(1,761,900)
Purchase of intangible assets	(512,276)	(352,531)
Payments of loans receivable	(550,000)	-
Payments for long-term leasehold deposits	(341,408)	(307,049)
Refund of long-term leasehold deposits	286,373	386,146
Proceeds from transfer of stores	(863,561)	(45,592)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(73,926)	-
Other, net	35,080	(3,624)
Net cash provided by (used in) investing activities	(3,537,922)	(2,054,179)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	637,041	2,942,146
Proceeds from long-term loans payable	7,770,000	3,900,000
Repayments of long-term loans payable	(4,476,444)	(4,447,812)
Redemption of bonds	-	(1,000,000)
Payments for long-term accounts payable-other	(222,434)	(103,417)
Repayments of lease obligations	(487,160)	(552,737)
Purchase of treasury shares	(32,165)	-
Cash dividends paid	(514,560)	(513,685)
Net cash provided by (used in) financing activities	2,674,276	224,493
Effect of exchange rate change on cash and cash equivalents	(8,199)	(3,987)
Net increase (decrease) in cash and cash equivalents	(267,767)	131,787
Cash and cash equivalents at beginning of period	15,395,279	15,127,511
Increase in cash and cash equivalents from newly consolidated subsidiary	-	9,011
Cash and cash equivalents at end of period	15,127,511	15,268,310

(5) Notes to Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 10

Primary consolidated subsidiaries:

BOOKOFF U.S.A. INC.

BOOKOFF Online, Inc.

hug all, Inc.

Booklet Co., Ltd.

From the current fiscal year, BOM Corporation, Inc. was excluded from the scope of consolidation since this company was absorbed by BOOKOFF Corporation, which became the surviving company, after which BOM Corporation, Inc. was dissolved as of April 1, 2016.

Booklog, Inc. was included in the scope of consolidation due to its increased importance.

(2) Primary non-consolidated subsidiaries

BOOKOFF With Co, Ltd.

BOK MARKETING SDN. BHD.

(Reason for exclusion from the scope of consolidation)

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

2. Application of the Equity Method

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

Company name:

BOS Partners, Inc.

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

Non-consolidated subsidiaries:

BOOKOFF With Co, Ltd.

BOK MARKETING SDN. BHD.

(Reason for exclusion from the application of the equity method)

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

3. Fiscal years of consolidated subsidiaries

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

The presentation of matters other than those disclosed above is omitted, as there are no significant changes from details presented in the most recent securities report, filed on June 27, 2016.

(Change in Accounting Policy)

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

Following the revision of the Corporation Tax Act, the Company has adopted the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the current fiscal year, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

As a result, operating profit and ordinary profit for the current fiscal year increased ¥81,266 thousand each, and loss before income taxes decreased ¥81,266 thousand.

(Additional Information)

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the current fiscal year, the Company has adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Consolidated Balance Sheet)

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

(Thousand yen)

	FY3/2016 (As of Mar. 31, 2016)	FY3/2017 (As of Mar. 31, 2017)
Investment securities (stocks)	380,373	348,891

2. Guarantee liabilities

BOOKOFF guarantees the following liabilities.

(Thousand yen)

		FY3/2016 (As of Mar. 31, 2016)	FY3/2017 (As of Mar. 31, 2017)
(Non-consolidated subsidiary)			
BOK MARKETING SDN. BHD.	Installment payables	-	14,751
Portion denominated in foreign currencies			(MYR581,000)

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

(Thousand yen)

	FY3/2016 (As of Mar. 31, 2016)	FY3/2017 (As of Mar. 31, 2017)
Total overdraft amount	10,190,000	9,860,000
Executed loans payable	1,840,000	3,560,004
Balance	8,350,000	6,299,996

(Consolidated Statement of Income)

* Impairment loss

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

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

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

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

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

The breakdown of the impairment loss is as follows:

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

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

FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)

Application	Type	Location	Impairment loss (Thousand yen)
Stores, etc.	Buildings and structures, etc.	BOOKOFF Lakewood Center Mall Store (California, USA) and other 73 stores, etc.	650,355

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

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

The breakdown of the impairment loss is as follows:

	(Thousand yen)
Buildings and structures	471,501
Leased assets (property, plant and equipment)	27,686
Property, plant and equipment-other	120,373
Goodwill	22,572
Intangible assets-other	7,634
Investments and other assets-other	586
Total	650,355

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

(Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects related to other comprehensive income

(Thousand yen)

	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)
Valuation difference on available-for-sale securities		
Amount incurred	36,057	(10,891)
Amount of reclassification adjustments	(78,799)	(28,752)
Before tax effects	(42,741)	(39,643)
Amount of tax effects	14,550	11,540
Valuation difference on other available-for-sale securities	(28,191)	(28,102)
Foreign currency translation adjustment		
Amount incurred	(31,179)	(26,987)
Amount of reclassification adjustments	-	-
Before tax effects	(31,179)	(26,987)
Amount of tax effects	-	-
Foreign currency translation adjustment	(31,179)	(26,987)
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred	(6,793)	1,951
Amount of reclassification adjustments	(1,693)	(17)
Share of other comprehensive income of entities accounted for using equity method	(8,486)	1,934
Total other comprehensive income	(67,857)	(53,155)

(Segment Information)

a. Segment Information

1. Overview of reportable segments

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

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

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

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

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

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

(Revisions to reportable segments)

In FY3/2017, the Packaged Media Business was excluded from reportable segments because the importance of this segment has declined. It is now reclassified and included in the Other segment.

As a result, the previous four segments (Reuse Store Business, BOOKOFF Online Business, HUGALL Business and Packaged Media Business) are reorganized to the following three segments: Reuse Store Business, BOOKOFF Online Business and HUGALL Business.

Segment information for FY3/2016 was prepared using the revised reportable segments.

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

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

Profits in the reportable segments are based on operating profits.

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

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

As described in the section “Change in Accounting Policy,” the Company has adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” from FY3/2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. Consequently, the depreciation method for business segments have been revised as well.

As a result, segment profit for the current fiscal year increased ¥58,920 thousand and ¥6,473 thousand in the Reuse Store Business and the BOOKOFF Online Business, and segment loss decreased ¥14,459 thousand and ¥1,413 thousand in the HUGALL Business and the Other segment, respectively, compared with their respective amounts calculated using the previous method.

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

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

(Unit: thousand yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Total				
Net sales								
Sales to external customers	68,539,980	5,592,568	970,997	75,103,547	1,460,512	76,564,060	-	76,564,060
Inter-segment sales and transfers	283,145	1,222,952	4,910	1,511,009	280,181	1,791,191	(1,791,191)	-
Total	68,823,126	6,815,521	975,908	76,614,557	1,740,694	78,355,251	(1,791,191)	76,564,060
Segment profit (loss)	1,679,944	281,071	(481,375)	1,479,641	(63,741)	1,415,899	(1,946,592)	(530,692)
Segment assets	28,266,913	2,322,225	910,666	31,499,805	713,451	32,213,256	18,300,763	50,514,020
Other items								
Depreciation and amortization	1,711,755	205,361	16,031	1,933,147	3,474	1,936,622	39,752	1,976,374
Amortization of goodwill	139,358	-	-	139,358	4,395	143,753	-	143,753
Increases in property, plant and equipment and intangible assets	2,383,217	482,689	69,382	2,935,289	1,347	2,936,637	48,756	2,985,393

Note: Other segment is mainly engaged in operation of directly operated stores selling new books, and planning, design, and construction of interior and exterior works for stores in all segments.

FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)

(Unit: thousand yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Total				
Net sales								
Sales to external customers	71,150,780	6,522,270	2,244,571	79,917,621	1,426,418	81,344,039	-	81,344,039
Inter-segment sales and transfers	241,730	1,431,792	3,105	1,676,628	357,872	2,034,501	(2,034,501)	-
Total	71,392,510	7,954,063	2,247,676	81,594,250	1,784,291	83,378,541	(2,034,501)	81,344,039
Segment profit (loss)	2,611,636	413,139	(680,645)	2,344,130	(124,370)	2,219,759	(2,103,212)	116,547
Segment assets	28,291,983	2,495,271	1,599,963	32,387,218	827,065	33,214,283	17,833,047	51,047,330
Other items								
Depreciation and amortization	1,694,128	253,300	39,036	1,986,465	7,201	1,993,667	39,897	2,033,564
Amortization of goodwill	98,441	-	-	98,441	7,590	106,032	-	106,032
Increases in property, plant and equipment and intangible assets	2,007,808	357,096	358,399	2,723,304	131,045	2,854,350	131,493	2,985,843

Notes: 1. Other segment is mainly engaged in operation of directly operated stores selling new books, planning, design, and construction of interior and exterior works for stores in all segments, and operation of book review community site.

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

(Unit: thousand yen)

Profit	FY3/2016	FY3/2017
Total	1,479,641	2,344,130
Profit classified as “Other”	(63,741)	(124,370)
Inter-segment elimination	10,094	55,547
Corporate expenses (Note)	(1,956,686)	(2,158,759)
Operating profit (loss)	(530,692)	116,547

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

(Unit: thousand yen)

Assets	FY3/2016	FY3/2017
Total	31,499,805	32,387,218
Assets classified as “Other”	713,451	827,065
Other adjustments (Note 1)	(249,275)	(266,333)
Corporate assets (Note 2)	18,550,038	18,099,380
Total assets	50,514,020	51,047,330

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

(Unit: thousand yen)

Depreciation and amortization	FY3/2016	FY3/2017
Total	1,933,147	1,986,465
Assets classified as “Other”	3,474	7,201
Corporate assets (Note)	39,752	39,897
Total depreciation and amortization	1,976,374	2,033,564

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

b. Information concerning impairment loss of non-current assets by reportable segment

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

(Unit: thousand yen)

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

FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)

(Unit: thousand yen)

	Reporting Segment				Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Total				
Impairment loss	558,365	17,983	54,940	631,288	20,392	651,680	(1,325)	650,355

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

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

(Unit: thousand yen)

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

FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)

(Unit: thousand yen)

	Reportable Segment				Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Total				
Amortization	98,441	-	-	98,441	7,590	106,032	-	106,032
Ending balance	184,952	-	-	184,952	83,495	268,447	-	268,447

d. Information concerning gain on bargain purchase by reportable segment

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

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

FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)

There was no significant gain on bargain purchase recorded in FY3/2017.

(Per-Share Information)

(Unit: Yen)

	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)
Net assets per share	777.15	693.15
Net loss per share	(25.69)	(56.41)
Diluted net income per share	-	-

Notes: 1. Diluted net income per share is not presented since the Company had outstanding dilutive securities, though posted a net loss per share.

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

	FY3/2016 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/2017 (Apr. 1, 2016 – Mar. 31, 2017)
Net loss per share		
Loss attributable to owners of parent (thousand yen)	(528,566)	(1,159,113)
Amount not attributable to common stockholders (thousand yen)	-	-
Loss attributable to owners of parent applicable to common stockholders (thousand yen)	(528,566)	(1,159,113)
Weighted average number of shares of common stock during the fiscal year (thousand shares)	20,578	20,547
Outline of dilutive shares which were not included in the calculation of fully diluted net income per share because they do not have dilutive effect:	BOOKOFF CORPORATION LIMITED Unsecured Convertible Bond-Type Bonds with Subscription Rights to Shares #1 (aggregate face value ¥7,700 million)	

(Important Subsequent Events)

Not applicable.

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