

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2017

[Japanese GAAP]

May 12, 2017

Company name: **With us Corporation**

Stock code: 9696

Representative: Tomio Ikoma, President

Contact: Yoshiaki Ijiri, Managing Director

Scheduled date of General Meeting of Shareholders:

Scheduled date of filing of Annual Securities Report:

Scheduled date of dividend payment:

Preparation of supplementary materials for financial results:

Holding of financial results meeting:

Note: The original disclosure in Japanese was released on May 12, 2017 at 15:10 (GMT +9).

Stock listed on TSE JASDAQ

URL: <http://www.with-us.co.jp/>

Telephone: +81-(6)-6264-4202

June 23, 2017

June 23, 2017

June 9, 2017

None

None

(All amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the fiscal year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(1) Consolidated business results (The percentages for net sales and profits represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	14,313	4.6	629	(44.8)	653	(44.0)	112	(79.2)
Fiscal year ended Mar. 31, 2016	13,679	(1.0)	1,140	16.7	1,167	13.4	540	49.0

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2017: 144 (down 73.0%)

Fiscal year ended Mar. 31, 2016: 537 (down 8.6%)

	Net income per share	Diluted net income per share	ROE	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	11.19	11.12	2.5	5.3	4.4
Fiscal year ended Mar. 31, 2016	53.73	53.59	12.2	9.6	8.3

Reference: Equity method income (million yen) Fiscal year ended Mar. 31, 2017: (8) Fiscal year ended Mar. 31, 2016: (0)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	12,652	4,939	35.8	449.95
As of Mar. 31, 2016	11,800	4,966	39.0	457.24

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 4,566 As of Mar. 31, 2016: 4,600

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2017	1,178	(1,193)	(268)	4,263
Fiscal year ended Mar. 31, 2016	899	544	(746)	4,546

2. Dividends

	Dividend per share					Total dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2016	-	8.00	-	8.00	16.00	160	29.8	3.6
Fiscal year ended Mar. 31, 2017	-	6.00	-	10.00	16.00	160	143.0	3.5
Fiscal year ending Mar. 31, 2018 (forecast)	-	6.00	-	10.00	16.00		59.2	

3. Consolidated earnings forecast for the fiscal year ending March 31, 2018 (April 1, 2017 - March 31, 2018)

(The percentages represent year-on-year changes)

	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	15,856	10.8	1,016	61.3	883	35.2	272	141.5	27.03

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting-based estimates: None
 4) Restatements: None

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Mar. 31, 2017: 10,440,000 shares As of Mar. 31, 2016: 10,440,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2017: 377,728 shares As of Mar. 31, 2016: 377,728 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017: 10,062,272 shares Fiscal year ended Mar. 31, 2016: 10,062,272 shares

Reference: Summary of Unconsolidated Financial Results

Unconsolidated financial results for the fiscal year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(1) Unconsolidated business results

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	11,475	0.5	408	(50.5)	504	(44.7)	81	(81.4)
Fiscal year ended Mar. 31, 2016	11,416	(0.5)	824	6.1	913	(2.6)	436	37.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	8.09	8.03
Fiscal year ended Mar. 31, 2016	43.43	43.32

(2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	10,763	4,225	39.1	417.71
As of Mar. 31, 2016	10,548	4,248	40.2	421.37

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 4,203 As of Mar. 31, 2016: 4,239

Note 1: The current financial report is not subject to audit procedures.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forward-looking statements in this report are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 5 for assumptions for forecasts and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Condition	4
(3) Cash Flows	4
(4) Outlook	5
(5) Fundamental Policy for Allocating Earnings and Dividends for the Current and Next Fiscal Years	6
2. Basic Stance on Selection of Accounting Standards	6
3. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income	10
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes to Consolidated Financial Statements	15
Going Concern Assumption	15
Changes in Accounting Policies	15
Additional Information	15
Segment and Other Information	15
Per-share Information	18
Material Subsequent Event	18

1. Overview of Results of Operations

(1) Results of Operations

The Japanese economy for the fiscal year ended March 31, 2017 (hereinafter “the period under review”) saw moderate recovery on the back of economic policies and monetary policies implemented by the government. On the other hand, given the apprehending background such as slowdown in China and other emerging economies, the UK’s decision to leave the EU, and the economic developments stemming from the new administration coming into office in the US, the outlook for the Japanese economy still remains uncertain.

In the educational services sector, in which we operate, the business environment remains challenging due to the intensifying competition with industry peers given persistent declining trend in the number of children per household, diversification of service offerings, and competitions across business formats.

Against such backdrop, With us Corporation (hereinafter, “the Company”) and its subsidiaries and associates (hereinafter collectively, “the Group”) have worked hard to improve service qualities in accordance with the corporate vision “to become an outstanding educational institution capable of fostering people who will be successful in their carrier The Group also made effort to improve its service offerings through provision of services adapting to the changes of time and by developing new business models.

In order to achieve sustainable growth in our main stay gakushu-juku and high school and careers support business segments, we vigorously reinforced our services within the dominant areas to increase our market share within the area, opened 11 new schools (one of which was made a subsidiary of the Company), expanded the facilities of the three relocated schools and one school whose floor space was increased, and proceeded with scrap-and-build process with eight consolidated schools. In addition, as part of the diversification of service offerings, the Company has implemented measures such as promoting English-language education courses designed to master the four skills (listening, speaking, reading, and writing), setting up programming schools for elementary school children by anticipating the needs of the time, expanding education services by utilizing audio-visuals supported by ICT, and cross-industry partnerships aimed at nurturing specialists.

Furthermore, as a measure to further expand our scope of business activities going forward, we have developed our ICT-enabled education solution, entered into new business fields such as inbound business in Japanese-language education and language services such as translation and interpretation. During the period under review, the Company acquired shares of N.I.S. Co. Ltd., a Japanese-language education service provider within Nagoya (an operator of I.C. NAGOYA), followed by acquisitions of shares of Kikko Corporation, provider of translation and interpretation services and specialists staffing services, and the shares of Genki Global, Inc., provider of Japanese-language education services within Fukuoka and Tokyo, making these companies a wholly-owned subsidiary of the Company.

As a result of the above measures of an upfront investment nature, which we implemented as part of a growth strategy for the future, net sales for the period under review amounted to 14,313 million yen (up 4.6% year-on-year) with operating profit of 629 million yen (down 44.8% year-on-year), ordinary profit of 653 million yen (down 44.0% year-on-year) and profit attributable to owners of parent of 112 million yen (down 79.2% year-on-year).

Reportable segment performance is described as below.

1) Gakushu-juku business

In the business of gakushu-juku school operation (that provides private extra classes), we have offered our teaching faculty more intensive training than ever for lessons of higher quality to enhance our competitiveness and develop skilled human resources, while thoroughly implementing the plus-cycle study method evolved from the EMS program, our exclusive approach to stimulating the desire to learn. Furthermore, we have added new service offerings to the traditional instruction formats. Specifically, we have created new business formats responding to the changes of the times by increasing the variety in English speed reading courses and online English courses for elementary school students as stepped-up measures for English-language skills; opening courses to prepare for entrance examinations of public integrated middle and high schools; opening MedSUR, a

medical university entrance-exam school that offers completely individualized tutoring; offering attractive optional courses for elementary school students such as a science experiment class and a programming class.

During the period under review, we newly opened nine schools, relocated three schools, consolidated seven schools, and the number of schools totaled 172. However, as the consolidation of five schools at the end of the previous fiscal year had an adverse effect on the enrollment, the average number of students enrolled during the period under review was 18,657, down 3.2% year-on-year.

As a result of the above efforts, net sales of the segment amounted to 8,068 million yen (up 0.2% year-on-year) with operating profit (segment profit) of 1,013 million yen (down 21.3% year-on-year).

2) High school and careers support business

As for the high school and careers support business, we have drawn upon our distinctive features as a correspondence high school fully to promote ICT-enabled education. Along this line, we lend tablet terminals to all our students so that they can access audio and visual lectures online and also prepare and submit papers and manage the progress of their coursework online in an integrated manner.

Curriculums are becoming harder every year and the Company is developing education system by taking in active learning methods with the aim to “increase students’ motivation to study” and to “retain their academic skills.” Such efforts have been recognized and the Company was awarded “‘EdTech Special Award’ for the 13th E-learning Grand Prize” at the 2016 E-learning Award Forum. In addition, our “Being Connected to Society” course, a course designed to foster communication skills and ability to discover issues that will become necessary after the students finish school and begin their career by focusing on “global standard” and “diversity,” received recognition as well as the lecture by Ms. Nadya Kirillova titled “Diversity is what makes it interesting,” giving us the honor of winning “Special Jury Prize” of the “Global Education” category in 2016 Global Education Contest sponsored by Japan International Cooperation Agency (“JICA”).

Furthermore, by forming alliances with partners from different industries in order to help nurture specialists in a variety of fields, we have so far offered many different courses, ranging from those in show business in partnership with Watanabe High School managed by Watanabe Entertainment (which belongs to Watanabe Production Group) and sports to cosmetology, creation and pet care.

During the period under review, we opened two new schools (one of which was made a subsidiary of the Company), and consolidated one school. The number of schools totaled 38. The average number of students enrolled during the period under review was 6,747 (up 6.5% year-on-year) due to the increase in number of correspondence high school students and the solid performance of the Japanese-language education service provider, N.I.S. Co. Ltd., which began to contribute to the Group’s business results on a full-scale basis from the current period. As a result, net sales of the segment totaled 4,481 million yen (up 7.2% year-on-year) with operating profit (segment profit) of 667 million yen (down 5.2% year-on-year).

Genki Global, Inc., which is a Japanese-language education service provider made a wholly-owned subsidiary of the Company during the fourth quarter of the period under review, will contribute to the Group’s operating results from the next period.

3) Other businesses

The other businesses segment, consisting mainly of preschool education, advertising business, ICT education and skill development business, in-house training portal site content development and sales business for corporate clients, and language services business, reported net sales of 1,764 million yen (up 21.8% year-on-year), and operating profit (segment profit) of 93 million yen (down 10.8% year-on-year).

We made Kikko Corporation a wholly-owned subsidiary of the Company during the second quarter of the period under review and expanded our business into the field of language services that include interpretation and translation services and specialists staffing services.

Kikko Corporation has received very high international recognition in the field of interpretation and translation business. It carries specialists to provide services covering 90 languages in the world. Some of its recent

engagements include inauguration ceremony of President Trump, President Obama's speech in Hiroshima, Prime Minister Abe and President Obama's speech at Pearl Harbor, professional baseball player Ichiro's interview upon achieving record, and other simultaneous interpretation and audio translation services provided mainly to TV stations in Tokyo. Its performance results began contributing to the Group's operating results from the fourth quarter of the period under review.

Reference: Net sales and the number of students by business segment (Unit: thousand yen, rounded down)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)			FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)			Change
	Enrollment	Amount	Comp.	Enrollment	Amount	Comp.	
	Number	Thousand yen	%	Number	Thousand yen	%	%
Gakushu-juku	19,276	8,048,877	58.8	18,657	8,068,326	56.4	0.2
High school and careers support business	6,332	4,182,131	30.6	6,747	4,481,249	31.3	7.2
Other businesses	395	1,448,109	10.6	443	1,764,188	12.3	21.8
Total	26,003	13,679,118	100.0	25,847	14,313,764	100.0	4.6

Note 1: The enrollment figures above represent averages for the period.

Note 2: Enrollment figures in the other businesses segment are the number of students recorded in the preschool education business.

Note 3: The monetary amounts above do not include consumption taxes.

(2) Financial Condition

Total assets were 12,652 million yen at the end of the fiscal year under review, an increase of 851 million yen compared with the end of the previous fiscal year. This was attributable mainly to increases of 114 million yen in notes and accounts receivable-trade, 596 million yen in goodwill, 171 million yen in other (in intangible assets), and 118 million yen in insurance funds, which are partially offset by a decrease of 265 million yen in cash and deposits.

Total liabilities increased 878 million yen to 7,713 million yen. This was attributable mainly to increases of 196 million yen in short-term loans payable, 199 million yen in income taxes payable, and 240 million yen in advances received.

Total net assets decreased 27 million yen to 4,939 million yen. This was attributable mainly to an increase of 172 million yen in revaluation reserve for land and a decrease of 234 million yen in retained earnings.

(3) Cash Flows

The balance of cash and cash equivalents (hereinafter referred to as "net cash") as of the end of the period under review decreased 283 million yen year-on-year to 4,263 million yen as a result of below mentioned cash flows.

Cash flows during the period under review and major components were as follows:

Cash flows from operating activities

Net cash provided by operating activities was 1,178 million yen in the period under review, compared with 899 million yen provided in the previous fiscal year. This was due mainly to an increase of 84 million yen in advances received, as well as the adding back of depreciation of 371 million yen and impairment loss of 275 million yen as non-cash expenses.

Cash flows from investing activities

Net cash used in investing activities was 1,193 million yen in the period under review, compared with 544 million yen provided in the previous fiscal year. The result was attributable mainly to payments of 207 million yen for purchase of property, plant and equipment, 769 million yen for purchase of shares of subsidiaries resulting in change in scope of consolidation, and 151 million yen for purchase of insurance funds.

Cash flows from financing activities

Net cash used in financing activities was 268 million yen in the period under review, compared with 746 million yen used in the previous fiscal year. The result was attributable mainly to proceeds from short-term borrowings of 940 million yen, which was more than offset by repayment of short-term loans payable of 763 million yen, repayment of long-term loans payable of 210 million yen, and redemption of bonds payable of 110 million yen.

Reference: Cash flow indicators

	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Ratio of shareholders' equity to total assets (%)	30.4	30.7	34.4	39.0	35.8
Ratio of shareholders' equity to total assets (market value basis) (%)	25.5	24.1	26.2	26.9	30.1
Cash flows to debt ratio (%)	-	366.2	98.4	133.5	113.8
Interest coverage ratio (times)	-	18.3	64.8	51.8	132.1

Notes: Indicators are calculated as follows:

- Ratio of shareholders' equity to total assets: Shareholders' equity / Total assets
- Ratio of shareholders' equity to total assets (market value basis): Market capitalization / Total assets
- Cash flows to debt ratio: Interest-bearing debt / Operating cash flow
- Interest coverage ratio: Operating cash flows / Interests payments

1. All indicators are calculated based on consolidated figures.
2. Market capitalization is calculated by multiplying the closing share price at the period end by the number of shares outstanding at the period end (less treasury shares).
3. The operating cash flows used in these calculations are net cash flow provided by operating activities stated in the consolidated statement of cash flows. Interest-bearing debt is the aggregate of those liabilities on the consolidated balance sheet that incur interests. Interest payments are that stated as "Interest expenses paid" on the consolidated statement of cash flows.
4. The cash flows to debt ratio and interest coverage ratio are not shown for the fiscal year ended March 31, 2013 because operating cash flows were negative in this fiscal year.

(4) Outlook

In our view, the economy will continue its moderate recovery backed by the uptrend in corporate earnings and improvements in employment conditions. However, as consumer spending recovery lacks strength, competition among companies is becoming more severe, and with the prevailing uncertainty, we expect that the education services industry will continue to face challenging business environment.

In such environment, the Group will strive to enhance its corporate value through offering a broad range of educational services to diverse customers with continued focuses on 1) enhancing customer satisfaction, 2) strengthening service quality, 3) redesigning the service lines and developing new business formats, 4) expanding the scope of business activities, 5) strengthening development of human resources and management capability, and 6) rebuilding the intra-Group synergies, in accordance with the corporate vision "to become an outstanding educational institution capable of fostering people who will be successful in society."

During the next fiscal year ending on March 31, 2018, for our mainstay gakushu-juku and high school and careers support business segments, we implement measures such as extending the time spent on attending customers, popularizing the plus-cycle study method, offering our teaching faculty more intensive training for improved customer satisfaction, equipping the faculty with ICT-based teaching support system, improving the quality of audio-visual lectures and other measures. Also, there are 17 new schools (of which two are made a subsidiary of the Company) scheduled to open, a record number of schools to be newly opened in a single year. These will contribute to the Group-wide growth. In addition, as a measure to address the globalization, we have added two companies to the Group during the period under review. The businesses of the two, Kikko Corporation providing language services including translation, interpretation, and specialists staffing services, and Genki Global, Inc., providing Japanese-language education services, will help expand the business domain of the Group and their business results will begin to contribute to the Group on a full-scale basis from the next period. Furthermore, by realizing intra-Group synergy at an early point and gaining support of Japan's top interpreters and translators, we aim to establish our original English-language education to address the changes in

English-language education in Japan.

In the next fiscal year ending March 31, 2018 we will continue to implement growth strategy measures such as securing and cultivating human resources, enhancing facilities, M&A, and capital and business alliance. Through these measures, the Group expects net sales of 15,856 million yen (up 10.8% year-on-year), operating profit of 1,016 million yen (up 61.3%), ordinary profit of 883 million yen (up 35.2%), and profit of 272 million yen (up 141.5%) on a consolidated basis.

Cautionary statement with respect to forward-looking statements and other special items

Forward-looking statements in this report are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors.

(5) Fundamental Policy for Allocating Earnings and Dividends for the Current and Next Fiscal Years

The distribution of earnings to shareholders is one of the most important priorities involving the management of With us. Our fundamental policy is to distribute a substantial amount of earnings to shareholders by paying a consistent dividend. At the same time, we will retain sufficient earnings to fund investments for future growth and responses to changes in market conditions as well as to maintain a sound financial position.

Based on these policies, we plan to pay a year-end dividend of 10.00 yen per share for the fiscal year ended March 31, 2017. With the interim dividend of 6.00 yen per share that was paid on December 6, 2016, this will result in a dividend of 16.00 yen per share applicable to the fiscal year ended on March 31, 2017.

With regard to dividends for the fiscal year ending March 31, 2018, we plan to maintain the amount of an ordinary dividend per annum of 16.00 yen per share, comprising the interim dividend of 6.00 yen per share and the year-end dividend of 10.00 yen per share.

(Unit: yen)

Date of record	Dividend per share		
	2Q-end	Year-end	Total
Forecast for fiscal year ending March 31, 2018	6	10	16
(Reference)			
Forecast for fiscal year ended March 31, 2017	-	10	16
Results for fiscal year ended March 31, 2017	6	-	

2. Basic Stance on Selection of Accounting Standards

The accounting standard that the Group applies is Japanese GAAP. This is because its stakeholders consist predominantly of domestic shareholders, creditors, customers and suppliers, and there is little need to procure funds from overseas.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Unit: thousand yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	4,626,722	4,361,037
Notes and accounts receivable-trade	178,239	292,464
Accounts receivable-school fees	415,343	394,931
Merchandise and finished goods	29,204	32,358
Teaching material	40,791	37,229
Raw materials and supplies	9,160	6,401
Deferred tax assets	98,081	127,618
Other	277,577	326,238
Allowance for doubtful accounts	(7,040)	(9,802)
Total current assets	5,668,079	5,568,479
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,549,141	5,539,409
Accumulated depreciation	(3,201,037)	(3,295,827)
Buildings and structures, net	2,348,103	2,243,582
Land	437,237	507,019
Leased assets	314,238	50,004
Accumulated depreciation	(305,342)	(11,304)
Leased assets, net	8,895	38,699
Construction in progress	1,669	1,669
Other	975,349	981,732
Accumulated depreciation	(890,706)	(899,016)
Other, net	84,643	82,716
Total property, plant and equipment	2,880,549	2,873,686
Intangible assets		
Goodwill	3,168	599,755
Software	270,777	245,669
Other	57,116	228,616
Total intangible assets	331,062	1,074,041
Investments and other assets		
Investment securities	779,662	814,046
Long-term loans receivable	92,098	83,246
Lease and guarantee deposits	1,168,697	1,184,967
Deferred tax assets	314,956	340,365
Insurance funds	506,974	625,019
Net defined benefit asset	-	2,094
Other	85,014	127,460
Allowance for doubtful accounts	(26,220)	(41,261)
Total investments and other assets	2,921,183	3,135,940
Total non-current assets	6,132,795	7,083,668
Total assets	11,800,874	12,652,147

	(Unit: thousand yen)	
	FY3/16	FY3/17
	(As of Mar. 31, 2016)	(As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	254,058	327,264
Short-term loans payable	503,790	700,000
Current portion of bonds	110,000	80,000
Current portion of long-term loans payable	167,116	116,789
Lease obligations	19,680	29,238
Accounts payable - other	416,677	459,788
Income taxes payable	49,431	248,876
Accrued consumption taxes	83,228	119,918
Advances received	2,692,262	2,932,706
Provision for bonuses	163,804	183,079
Asset retirement obligations	10,099	13,055
Other	228,830	243,707
Total current liabilities	4,698,980	5,454,423
Non-current liabilities		
Bonds payable	120,000	40,000
Long-term loans payable	190,112	267,419
Lease obligations	89,895	108,681
Net defined benefit liability	879,398	933,462
Provision for directors' retirement benefits	18,533	20,613
Asset retirement obligations	677,365	700,218
Other	160,305	188,218
Total non-current liabilities	2,135,610	2,258,613
Total liabilities	6,834,591	7,713,036
Net assets		
Shareholders' equity		
Capital stock	1,299,375	1,299,375
Capital surplus	1,527,761	1,527,761
Retained earnings	2,106,672	1,871,873
Treasury shares	(143,724)	(143,724)
Total shareholders' equity	4,790,084	4,555,285
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	151,531	174,960
Revaluation reserve for land	(454,429)	(282,354)
Remeasurements of defined benefit plans	113,651	79,620
Total accumulated other comprehensive income	(189,246)	(27,773)
Subscription rights to shares	8,844	22,757
Non-controlling interests	356,600	388,841
Total net assets	4,966,283	4,939,110
Total liabilities and net assets	11,800,874	12,652,147

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**Consolidated Statement of Income**

(Unit: thousand yen)

	FY3/16 (Apr. 1, 2015 - Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)
Net sales	13,679,118	14,313,764
Cost of sales	9,721,168	10,287,127
Gross profit	3,957,950	4,026,637
Selling, general and administrative expenses	2,817,317	3,396,753
Operating profit	1,140,632	629,884
Non-operating income		
Interest income	8,802	9,391
Dividend income	15,027	14,741
Income from participated event	5,203	4,398
Other	19,440	22,559
Total non-operating income	48,474	51,091
Non-operating expenses		
Interest expenses	16,900	8,350
Share of loss of entities accounted for using equity method	430	8,846
Other	4,215	10,495
Total non-operating expenses	21,547	27,692
Ordinary profit	1,167,559	653,283
Extraordinary income		
Gain on sales of non-current assets	16,188	11,226
Gain on sales of investment securities	44,056	2,323
Gain on change in equity	-	28,310
Surrender value of insurance	66,602	-
Compensation income	46,190	32,680
Other	10,695	-
Total extraordinary income	183,732	74,540
Extraordinary losses		
Loss on sales of non-current assets	-	11,829
Loss on retirement of non-current assets	5,305	3,961
Impairment loss	397,631	275,551
Loss on valuation of investment securities	6,761	23,227
Loss on valuation of investments in capital of subsidiaries and associates	9,205	-
Other	2,143	-
Total extraordinary losses	421,047	314,570
Profit before income taxes	930,244	413,254
Income taxes-current	187,508	279,148
Income taxes-deferred	122,586	(21,381)
Total income taxes	310,094	257,766
Profit	620,150	155,487
Profit attributable to non-controlling interests	79,545	42,866
Profit attributable to owners of parent	540,604	112,621

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	FY3/16 (Apr. 1, 2015 - Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)
Profit	620,150	155,487
Other comprehensive income		
Valuation difference on available-for-sale securities	(48,892)	23,429
Remeasurements of defined benefit plans, net of tax	(34,015)	(34,031)
Total other comprehensive income	(82,908)	(10,602)
Comprehensive income	537,242	144,885
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	457,696	102,019
Comprehensive income attributable to non-controlling interests	79,545	42,866

(3) Consolidated Statement of Changes in Equity

FY3/16 (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	1,299,375	1,517,213	1,922,689	(143,724)	4,595,553
Changes of items during period					
Purchase of shares of consolidated subsidiaries		(1,160)			(1,160)
Sales of shares of consolidated subsidiaries		11,707			11,707
Dividends of surplus			(160,996)		(160,996)
Profit attributable to owners of parent			540,604		540,604
Change of scope of equity method			-		-
Reversal of revaluation reserve for land			(195,625)		(195,625)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	10,547	183,983	-	194,531
Balance at end of current period	1,299,375	1,527,761	2,106,672	(143,724)	4,790,084

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	200,423	(650,054)	147,667	(301,963)	-	216,099	4,509,689
Changes of items during period							
Purchase of shares of consolidated subsidiaries							(1,160)
Sales of shares of consolidated subsidiaries							11,707
Dividends of surplus							(160,996)
Profit attributable to owners of parent							540,604
Change of scope of equity method							-
Reversal of revaluation reserve for land							(195,625)
Net changes of items other than shareholders' equity	(48,892)	195,625	(34,015)	112,716	8,844	140,500	262,062
Total changes of items during period	(48,892)	195,625	(34,015)	112,716	8,844	140,500	456,593
Balance at end of current period	151,531	(454,429)	113,651	(189,246)	8,844	356,600	4,966,283

FY3/17 (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	1,299,375	1,527,761	2,106,672	(143,724)	4,790,084
Changes of items during period					
Purchase of shares of consolidated subsidiaries		-			-
Sales of shares of consolidated subsidiaries		-			-
Dividends of surplus			(140,871)		(140,871)
Profit attributable to owners of parent			112,621		112,621
Change of scope of equity method			(34,473)		(34,473)
Reversal of revaluation reserve for land			(172,074)		(172,074)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(234,799)	-	(234,799)
Balance at end of current period	1,299,375	1,527,761	1,871,873	(143,724)	4,555,285

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	151,531	(454,429)	113,651	(189,246)	8,844	356,600	4,966,283
Changes of items during period							
Purchase of shares of consolidated subsidiaries							-
Sales of shares of consolidated subsidiaries							-
Dividends of surplus							(140,871)
Profit attributable to owners of parent							112,621
Change of scope of equity method							(34,473)
Reversal of revaluation reserve for land							(172,074)
Net changes of items other than shareholders' equity	23,429	172,074	(34,031)	161,472	13,913	32,240	207,626
Total changes of items during period	23,429	172,074	(34,031)	161,472	13,913	32,240	(27,172)
Balance at end of current period	174,960	(282,354)	79,620	(27,773)	22,757	388,841	4,939,110

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	FY3/16 (Apr. 1, 2015 - Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	930,244	413,254
Depreciation	400,118	371,268
Impairment loss	397,631	275,551
Share-based compensation expenses	8,844	13,913
Loss on valuation of shares of subsidiaries and associates	-	2,957
Loss on valuation of investments in capital of subsidiaries and affiliates	9,205	-
Surrender value of insurance	(66,602)	-
Loss (gain) on change in equity	-	(28,310)
Amortization of goodwill	3,168	46,770
Increase (decrease) in allowance for doubtful accounts	(32,716)	(985)
Increase (decrease) in provision for bonuses	9,460	14,274
Increase (decrease) in net defined benefit liability	(36,954)	(981)
Increase (decrease) in provision for directors' retirement benefits	2,080	2,080
Interest and dividend income	(23,829)	(24,133)
Interest expenses	16,900	8,350
Share of (profit) loss of entities accounted for using equity method	430	8,846
Loss (gain) on valuation of investment securities	6,761	23,227
Loss (gain) on sales of investment securities	(44,056)	(2,323)
Loss (gain) on sales of property, plant and equipment	(16,188)	602
Loss on retirement of non-current assets	5,305	3,961
Decrease (increase) in notes and accounts receivable-trade	(41,910)	30,618
Decrease (increase) in inventories	(1,164)	4,341
Increase (decrease) in notes and accounts payable-trade	1,253	70,046
Increase (decrease) in advances received	112,808	84,524
Decrease (increase) in other assets	87,814	8,664
Increase (decrease) in other liabilities	(422,365)	(37,844)
Other, net	(11,859)	1,541
Subtotal	1,294,380	1,287,259
Interest and dividend income received	23,205	23,450
Interest expenses paid	(17,363)	(8,924)
Income taxes (paid) refund	(400,937)	(122,921)
Net cash provided by (used in) operating activities	899,285	1,178,864

	(Unit: thousand yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 - Mar. 31, 2016)	(Apr. 1, 2016 - Mar. 31, 2017)
Cash flows from investing activities		
Payments into time deposits	(64,002)	(42,000)
Proceeds from withdrawal of time deposits	64,944	23,003
Purchase of property, plant and equipment	(178,526)	(207,607)
Proceeds from sales of non-current assets	548,920	40,250
Purchase of intangible assets	(126,885)	(95,462)
Purchase of investment securities	(50,000)	(10,210)
Proceeds from sales of investment securities	84,165	7,198
Proceeds from redemption of investment securities	8,356	-
Purchase of shares of subsidiaries and associates	(22,500)	(25,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(769,910)
Payments for asset retirement obligations	(29,046)	(19,076)
Payments or guarantee for lease deposits	47,346	18,062
Purchase of insurance funds	(190,845)	(151,582)
Proceeds from cancellation of insurance funds	454,092	42,452
Other investment proceeds	(2,926)	(10,747)
Other investment payments	1,140	7,058
Net cash provided by (used in) investing activities	544,233	(1,193,571)
Cash flows from financing activities		
Increase in short-term loans payable	1,500,000	940,000
Decrease in short-term loans payable	(1,307,099)	(763,790)
Proceeds from long-term loans payable	-	53,000
Repayments of long-term loans payable	(676,047)	(210,081)
Redemption of bonds	(158,000)	(110,000)
Repayments of lease obligations	(21,999)	(22,084)
Payments for long-term accounts payable-other	-	(5,528)
Cash dividends paid	(160,789)	(139,815)
Dividends paid to non-controlling interests	(1,310)	(10,626)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,160)	-
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	79,740	-
Net cash provided by (used in) financing activities	(746,666)	(268,926)
Net increase (decrease) in cash and cash equivalents	696,852	(283,633)
Cash and cash equivalents at beginning of period	3,849,856	4,546,708
Cash and cash equivalents at end of period	4,546,708	4,263,075

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

(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 applied 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 period under review, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on the consolidated financial statements for the period under review is insignificant.

Additional Information

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

Effective from the period under review, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the Company’s constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

As a comprehensive educational services company, the With us Group conducts a broad range of business activities. Major business operations are exam preparation and assistance with academic courses for elementary school pupils and, junior high school and high school students, the management of wide-area correspondence high schools, and exam preparation services to help acquire various qualifications.

Consequently, the Group has two reporting segments that are based on types of education and types of students: the gakushu-juku business and the high school and careers support business.

2. Calculation method for net sales, profit/loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in “Basis of Presenting Consolidated Financial Statements.”

Profits for reportable segments are operating profit figures. Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit/loss, assets, and other items for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Unit: thousand yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Gakushu-juku	High school and careers support	Subtotal				
Net sales							
External sales	8,048,877	4,182,131	12,231,008	1,448,109	13,679,118	-	13,679,118
Inter-segment sales and transfers	-	-	-	1,057,956	1,057,956	(1,057,956)	-
Total	8,048,877	4,182,131	12,231,008	2,506,066	14,737,074	(1,057,956)	13,679,118
Segment profit	1,289,102	704,042	1,993,145	104,732	2,097,877	(957,245)	1,140,632
Segment assets	3,763,267	1,067,945	4,831,212	1,509,235	6,340,447	5,460,427	11,800,874
Other items							
Depreciation	190,037	118,141	308,179	65,019	373,198	26,919	400,118
Increase in property, plant and equipment and intangible assets	85,576	109,311	194,888	106,216	301,104	22,543	323,647

Notes: 1. The Other segment consists of activities that are not included in any of the reportable segments: the advertising business, ICT-enabled education, skill development business, content development and sales business for corporate training portal site, and other activities.

2. Adjustments to segment profits are as follows:

- (1) The minus 957,245 thousand yen adjustment to segment profit (loss) includes 3,015 thousand yen in elimination for inter-segment transactions, minus 3,168 thousand yen in goodwill amortization, and minus 957,092 thousand yen in corporate costs that cannot be allocated to any of the reportable segments. These corporate costs mainly include general and administration expenses of the Company that cannot be attributed to any of the reportable segments.
- (2) The 5,460,427 thousand yen adjustment to segment assets includes minus 151,467 thousand yen in elimination for inter-segment transactions, and 5,611,894 thousand yen in corporate assets that cannot be allocated to any of the reportable segments. These corporate assets consist mainly of cash and deposits, investment securities, non-current assets of the Company's administration division, deferred tax assets, etc. that cannot be attributed to any of the reportable segments.
- (3) The 26,919 thousand yen adjustment to depreciation includes corporate assets that cannot be allocated to reportable segments.
- (4) The 22,543 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes software for setting up a cloud computing environment.

3. Segment profit is adjusted to be consistent with operating profit on the consolidated statements of income.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Unit: thousand yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Gakushu-juku	High school and careers support	Subtotal				
Net sales							
External sales	8,068,326	4,481,249	12,549,576	1,764,188	14,313,764	-	14,313,764
Inter-segment sales and transfers	-	-	-	1,159,885	1,159,885	(1,159,885)	-
Total	8,068,326	4,481,249	12,549,576	2,924,074	15,473,650	(1,159,885)	14,313,764
Segment profit	1,013,885	667,251	1,681,136	93,419	1,774,556	(1,144,672)	629,884
Segment assets	3,690,810	1,747,197	5,438,007	2,239,723	7,677,731	4,974,416	12,652,147
Other items							
Depreciation	140,861	101,807	242,669	86,467	329,136	42,132	371,268
Amortization of goodwill	3,168	36,197	39,366	7,404	46,770	-	46,770
Increase in property, plant and equipment and intangible assets	177,961	480,217	658,179	287,265	945,444	100,509	1,045,954

Notes: 1. The Other segment consists of activities that are not included in any of the reportable segments: the advertising business, ICT-enabled education, skill development business, language services business, content development and sales business for corporate training portal site, and other activities.

2. Adjustments to segment profits are as follows:

- (1) The minus 1,144,672 thousand yen adjustment to segment profit (loss) includes minus 54,587 thousand yen in elimination for inter-segment transactions, and minus 1,090,084 thousand yen in corporate costs that cannot be allocated to any of the reportable segments. These corporate costs mainly include general and administration expenses of the Company that cannot be attributed to any of the reportable segments.
- (2) The 4,974,416 thousand yen adjustment to segment assets includes minus 155,630 thousand yen in elimination for inter-segment transactions, and 5,130,046 thousand yen in corporate assets that cannot be allocated to any of the reportable segments. These corporate assets consist mainly of cash and deposits, investment securities, non-current assets of the Company's administration division, deferred tax assets, etc. that cannot be attributed to any of the reportable segments.
- (3) The 42,132 thousand yen adjustment to depreciation includes corporate assets that cannot be allocated to reportable segments.
- (4) The 100,509 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes software in conjunction with replacement of business-use terminals and leased assets in conjunction with replacement of multi-function devices (MFDs).

3. Segment profit is adjusted to be consistent with operating profit on the consolidated statements of income.

Per-share Information

(Unit: yen)

	FY3/16 (Apr. 1, 2015 - Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)
Net assets per share	457.24	449.95
Net income per share	53.73	11.19
Diluted net income per share	53.59	11.12

Notes: 1. Diluted net income per share for the previous fiscal year is not presented since the Company had no dilutive potential shares.

2. Basis for calculating net income per share and diluted net income per share is as follows:

	FY3/16 (Apr. 1, 2015 - Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	540,604	112,621
Amount not attributed to common shareholders (thousands of yen)	-	-
Profit attributable to common shareholders of parent (thousands of yen)	540,604	112,621
Average number of common shares outstanding during the fiscal year (thousand shares)	10,062	10,062
Diluted net income per share		
Adjustment to profit attributable to owners of parent (thousands of yen)	-	-
Number of shares of common stock to be increased (thousand shares)	25	65
(Of which, stock acquisition rights)	25	65
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

Material Subsequent Event

Not applicable.

* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), 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.