

This English translation of financial report was prepared for reference purposes only. The financial information contained in this report is delivered from our unaudited financial statements.

Consolidated Financial Report for the Fiscal Year Ended March 31, 2017 (IFRS)

May 12, 2017

Company name: Lifull Co., Ltd.	Listed exchange: Tokyo Stock Exchange	
Stock code: 2120	URL: http://lifull.com/en/	
Representative: (Position) President and CEO	(Name) Takashi Inoue	
Contact: (Position) Managing Officer, Head of Group Company Business Development Department	(Name) Kazuhiko Abe	(TEL) +81-3-6774-1603
Scheduled date of Annual General Shareholders Meeting:	June 28, 2017	
Scheduled date of start of dividend payments:	June 29, 2017	
Scheduled filing date for the annual securities report:	June 29, 2017	
Preparation of supporting documentation for earnings:	Yes	
Earnings presentations:	Yes (For institutional investors and analysts)	

(Millions of yen; amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

(1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Revenue		Operating income		Profit before income taxes		Net profit		Profit attributable to owners of the parent		Total comprehensive income
	¥	%	¥	%	¥	%	¥	%	¥	%	¥
Fiscal year ended March 31, 2017	29,920	16.4	4,066	1.8	4,087	1.7	2,812	3.7	2,765	3.6	2,135 (13.7)
Fiscal year ended March 31, 2016	25,707	41.5	3,994	48.4	4,018	51.3	2,711	50.2	2,670	48.7	2,473 186.2

	Basic earnings per share (yen)	Diluted net income per share (yen)	Return on equity (%)	Return on assets (%)	Operating income ratio (%)
Fiscal year ended March 31, 2017	23.30	-	15.6	15.6	13.6
Fiscal year ended March 31, 2016	22.87	-	19.2	16.8	15.5

Reference:

Share of profit (loss) of investments accounted for using the equity method

	Fiscal Year ended March 31, 2017: 2 million yen
	Fiscal Year ended March 31, 2016: 4 million yen

EBITDA (operating income before depreciation and amortization)

	Fiscal Year ended March 31, 2017: 5,312 million yen (+9.3%)
	Fiscal Year ended March 31, 2016: 4,859 million yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio (%)	Equity attributable to owners of the parent per share (yen)
Fiscal year ended March 31, 2017	¥27,110	¥18,815	¥18,471	68.1	155.59
Fiscal year ended March 31, 2016	¥25,265	¥17,142	¥16,922	67.0	142.54

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents
Fiscal year ended March 31, 2017	¥3,163	(¥2,134)	(¥1,517)	¥6,046
Fiscal year ended March 31, 2016	¥3,175	¥93	(¥868)	¥6,625

2. Dividends

(Millions of yen)

	Annual dividend					Total dividend payout (total)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	(yen)	(yen)	(yen)	(yen)	(yen)			
Fiscal year ended March 31, 2016	-	0.00	-	4.50	4.50	¥534	19.7	3.8
Fiscal year ended March 31, 2017	-	0.00	-	5.66	5.66	¥671	24.3	3.8

Note 1: Breakdown of the year-end dividend for the fiscal year ended March 31, 2017:

Ordinary dividend: 4.66 yen

Commemorative dividend: 1.00 yen.

Note 2: Dividends per share are calculated based on a payout ratio of 20% and rounded off to the third decimal place.

Note 3: Dividend forecast for the fiscal year ending March 31, 2018 will be calculated based on a payout ratio of 20%.

3. Forecasts on the Consolidated Results for the Fiscal Year End March 2018 (April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year change)

	Revenue		Operating income		Net income attributable to owners of the parent		Net profit per share
	(Yen)	%	(Yen)	%	(Yen)	%	(Yen)
Fiscal Year ending March 31, 2018	¥37,420	25.1	¥4,139	1.8	¥2,934	6.1	24.72

Reference: EBITDA full-year forecast for the fiscal year ending March 31, 2018: 5,180 million yen (-2.5%)

*Note: LIFULL is considering changing its fiscal year-end from the end of March to the end of September. The decision will be announced promptly once the Company's policy is determined.

*** Notes**

- (1) There have been no changes in material subsidiaries during the term.
- (2) Changes in accounting policies, changes in accounting estimates, restatement
- [1] There have been no changes in accounting policies required by IFRS.
- [2] There have been no changes in accounting policies not falling within the scope of [1] above.
- [3] There have been changes in accounting estimates, for this term.
- (3) Number of shares issued (common stock)
- [1] Number of shares issued at the end of the period (including treasury stock)
- | | |
|----------------------|--------------------|
| As of March 31, 2017 | 118,789,100 shares |
| As of March 31, 2016 | 118,789,100 shares |
- [2] Treasury shares at the end of the period
- | | |
|----------------------|---------------|
| As of March 31, 2017 | 73,669 shares |
| As of March 31, 2016 | 73,636 shares |
- [3] Average shares during term
- | | |
|----------------------|--------------------|
| As of March 31, 2017 | 118,715,459 shares |
| As of March 31, 2016 | 116,788,502 shares |

*** Implementation status of audit procedures**

- This consolidated financial report is not subject to audit procedures based on the Financial Instruments and Exchange Act. As of the time of its release, audit procedures for financial statements based on the Act had yet to be completed.

*** Regarding appropriate use of results forecasts and other notes**

- Results forecasts and other forward-looking statements found in this document are based on information available to the Company at the time and on assumptions deemed reasonable. Actual results and outcomes may vary significantly due to various factors. For information on terms related to the assumptions used for results forecasts, reminders regarding use of results forecasts, and other related information, please refer to “Analysis of Operating Results” on page 9 of the supplemental documentation.
- The Company plans to hold an earnings briefing for institutional investors and analysts on May 15, 2017. Scenes from the briefing and presentation content (audio recordings) will be made available on the Company’s website as soon as possible thereafter.

Contents

1. Overview of Operating Results.....	5
(1) Overview of Operating Results for the Year Ended March 31, 2017	5
(2) Overview of Financial Position for the Year Ended March 31, 2017	7
(3) Overview of Cash Flows for the Year Ended March 31, 2017	8
(4) Outlook.....	10
2. Basic Approach to Selection of Accounting Standard.....	11
3. Consolidated Financial Statements and Significant Notes.....	12
(1) Consolidated Statements of Financial Position.....	10
(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income	12
(3) Consolidated Statements of Changes in Equity	13
(4) Consolidated Statements of Cash Flows.....	14
(5) Notes to the Consolidated Financial Statements.....	15

1. Overview of Operating Results

(1) Overview of Operating Results for the Year Ended March 31, 2017

In fiscal 2016, the fiscal year ended March 31, 2017, the environment surrounding the Lifull Group continued to follow a gradual recovery track, as Japan overall was assisted by the monetary policies of the Japanese government, even though recovery was delayed in some areas for personal consumption and other aspects.

In the real estate and construction industry, our main customer, the costs of building materials and labor have remained at a high level since the Great East Japan Earthquake of 2011. In the Tokyo metropolitan region, in particular, partly due to increased demand ahead of the Tokyo Olympic and Paralympic Games, the sales price-per-square-meter of newly-built condominiums rose 1.0% from the previous fiscal year (2.3% increase in the Tokyo wards area alone). On the other hand, the number of condominiums on sale decreased 4.4% year on year (14.4% decrease in the Tokyo wards area) but increased by 20.5% in other regions except for the Tokyo metropolitan region and the Kinki region (Source: Real Estate Economic Institute Co., Ltd. survey). Thus, the number of condominiums on sale is becoming polarized by area.

The number of other new housing starts was 974,137 units, an increase of 5.8% from the previous fiscal year. The number of housing units supplied excluding condominiums increased, with owned houses up 2.6%^{*1}, rentals up 11.4%^{*1}, and housing lot sales of detached houses up 6.7%^{*1}. The increase in rentals is particularly notable.

The number of new contracts for second-hand condominiums in the Tokyo metropolitan region reached a record high of 37,446^{*2}, exceeding the number of newly-built condominiums supplied (36,450 units^{*1}) for the first time. Looking ahead, the second-hand housing market is expected to expand further due to the Japanese government's initiatives to revitalize second-hand housing.

*1 Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan: Statistical Survey on Building Construction Starts.

*2 Source: Trends in the East Japan REINS Tokyo Metropolitan Real Estate Logistics Market (fiscal 2016)

In this business environment, the Lifull Group focused on the following priorities: Strengthen the Domestic Real Estate Information Services segment; Develop and expand sales of services in the Domestic Services for Realtors segment; Build a platform for the Overseas segment and explore new countries to enter; and Generate profits from new business fields outside the real estate field and develop new businesses.

As a result, the Lifull Group's consolidated financial results for the year ended March 31, 2017 saw both revenue and profit reach record highs. Revenue was ¥29,920,333 thousand, up 16.4% year on year. EBITDA was ¥5,312,160 thousand, up 9.3% year on year. Profit attributable to owners of the parent rose 3.6% year on year to ¥2,765,539 thousand.

The Lifull Group focuses on EBITDA as an important economic indicator to measure its cash generating ability. This is reflected in the voluntary adoption of International Financial Reporting Standards (IFRS), the growing impact of overseas subsidiaries on consolidated revenue, and the need for comparison of earnings with overseas peers.

Furthermore, on April 1, 2017 the Company changed its name from NEXT Co., Ltd. to Lifull Co., Ltd. The names of companies and services in this earnings report are current as of the date of submission.

Revenue by segment was as follows:

(Thousands of yen; percentages indicate year-on-year change)

Segment	Revenue		Segment profit and loss	
	Amount	Change %	Amount	Change %
(1) Domestic Real Estate Information Services	21,176,930	+15.4	3,842,353	+8.5
(2) Domestic Services for Realtors ^{Note 2}	6,864,443	+66.5	(117,446)	Note 3 -
(3) Overseas	3,193,397	(9.0)	346,615	(37.0)
(4) Others	833,170	+24.1	(22,278)	Note 4 -

Notes:

- Intersegment transactions have not been eliminated.
- Lifull Marketing Partners Co., Ltd. became a consolidated subsidiary in the three-month period ended June 30, 2015.
- Segment loss in the previous term was ¥7,654 thousand.
- Segment loss in the previous term was ¥80,868 thousand.

a. Domestic Real Estate Information Services

Revenue by service category in the Domestic Real Estate Information Services segment was as follows:

(Thousands of yen)

Domestic Real Estate Information Services	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Change	Change %
Revenue	18,345,498	21,176,930	+2,831,431	+15.4
Rentals & Real Estate	12,068,471	14,044,578	+1,976,106	+16.4
New Houses & Condominiums ^{Note 2}	4,713,451	4,851,685	+138,234	+2.9
Custom-Built Homes & Renovations	889,888	1,329,020	+439,132	+49.3
Others ^{Note 3}	673,687	951,644	+277,957	+41.3
Segment profit	3,540,932	3,842,353	+301,421	+8.5

Notes:

1. Intersegment transactions have not been eliminated.
2. Except for a certain portion, revenue from new condominiums under New Houses & Condominiums is now recorded under the Domestic Services for Realtors segment, following the completion of an exclusive agency contract with Lifull Marketing Partners, which became a subsidiary in October 2015.
3. The Others comprises *LIFULL Kaigo* (nursing care), etc.

In the Domestic Real Estate Information Services segment, the Group's core business, the Group is targeting a user share of 40% for the long term, in order to create a world where LIFULL HOME'S is a must-have service.

In Rental & Real Estate, the total number of properties listed on LIFULL HOME'S rose 454 thousand, or 6.5 % from a year earlier, to 7.43 million as of March 31, 2017. LIFULL HOME'S remains the No.1 player^{*3} in terms of the total number of properties listed. In addition, the number of affiliated stores increased by 3,048, or 15.7% to 22,425.

In the New Houses & Condominiums, revenues from both detached houses and condominiums grew at a faster pace than the previous fiscal year. The total number of properties listed rose 20.0% year on year to 8,560 due to marketing efforts, despite the negative impact of a sluggish market for new housing starts, reflecting surging building prices in line with rapidly increasing construction costs and materials prices, and a decline in the number of housing units sold. Consequently, the revenue from New Houses & Condominiums increased by 2.9% year on year.

In the Custom-Built Homes & Renovations, revenue increased by 49.3%, owing to a stronger ability to attract customers, along with growth in the number of contract completions in home renovations.

In Others, the number of nursing home information listed on *LIFULL Kaigo* (nursing care) rose by contribution of the detailed customer support provided at the customer support center.

As a result of the foregoing, the segment's revenue increased by 15.4% year on year to ¥21,176,930 thousand and segment profit increased by 8.5% year on year to ¥3,842,353 thousand.

*3 According to a survey by Sankei Medix (January 26, 2017).

b. Domestic Services for Realtors

In Domestic Services for Realtors segment, the Group worked to expand revenue from its CRM^{*4} service for real estate leasing companies and a business support service for real estate developers (DMP^{*5} service). Moreover, along with the acquisition of Lifull Marketing Partners Co., Ltd. in May 2015, the Group enhanced the structure of the new condominium category to drive further revenue growth.

As a result of the above, the Group posted revenue of ¥6,864,443 thousand, up 66.5% year on year, and a segment loss of ¥117,446 thousand, a deterioration of ¥109,792 thousand from the previous year's loss of ¥7,654 thousand.

*4 Customer relationship management

*5 Data Management Platform

c. Overseas

In the Overseas segment, Trovit Search, S.L. (Trovit) operates an aggregation site for real estate/housing, used cars, and career-change and recruitment information. The Group also operates informational real estate websites (portal websites) based on search engine optimization (SEO) technology developed in Japan. Trovit has been working to bolster its framework by strengthening its SEO and increasing personnel, aiming to eliminate sluggishness in website traffic as well as the impact of the appreciation of the yen.

The Group posted revenue of ¥3,193,397 thousand, down 9.0% year on year, partly as a result of the strong yen, and a segment profit of ¥346,615 thousand, down 37.0% year on year.

d. Others

The Others segment comprises LIFULL Insurance, a search and booking website for insurance shops; *LIFULL Hikkoshi* (move), a website devoted to providing estimates and online bookings for relocation services; *LIFULL Trunk Room* (self-storage), a search website for rental storage space and information; and LIFULL Interior, an e-commerce website for interior goods, and more.

The Group posted revenue of ¥833,170 thousand, up 24.1% year on year, and a segment loss of ¥22,278 thousand, an improvement of ¥58,589 thousand from the previous fiscal year's loss of ¥80,868 thousand.

For further details on financial results, including the following items, please refer to the LIFULL's IR website, specifically the "Earnings Presentation for the Fiscal Year Ended March 31, 2017," which was announced on May 12, 2017.

URL: <http://lifull.com/en/ir/ir-data/>

<Major items in the earnings presentation materials>

Condensed statements of profit and loss:	Condensed statements of profit and loss (IFRS).
Sales by segment:	Sales by segment (IFRS).
Progress against financial results forecasts:	Condensed statements of profit and loss and sales by segment.
Business strategies:	Main activities by segment.
Quarterly data:	Condensed statements of profit and loss and segment income and loss.
Collection of external statistical data:	Number of condominiums on sale, condominium sales prices, number of new housing starts, number of inter-prefectural migrants, and population.

(2) Overview of Financial Position for the Year Ended March 31, 2017

(Current assets)

Current assets stood at ¥12,059,879 thousand as of March 31, 2017, an increase of ¥1,088,985 thousand from March 31, 2016 (the "previous fiscal year-end"). The main contributing factors were a decrease of ¥578,323 thousand in cash and cash equivalents, a decrease of ¥811,557 thousand in accounts receivable-trade and other current receivables, and an increase of ¥465,932 thousand in other short-term financial assets.

(Non-current assets)

Non-current assets stood at ¥15,050,284 thousand as of March 31, 2017, an increase of ¥755,618 thousand from the previous fiscal year-end. The main components of this change were an increase of ¥1,171,720 thousand in property, plant and equipment, a decrease of ¥289,995 thousand in goodwill, a decrease of ¥455,399 thousand in intangible assets, and an increase of ¥314,327 thousand in other long-term financial assets.

As a result, total assets were ¥27,110,164 thousand as of March 31, 2017, an increase of ¥1,844,603 thousand from the previous fiscal year-end.

(Current liabilities)

Current liabilities stood at ¥7,088,821 thousand as of March 31, 2017, an increase of ¥1,097,387 thousand from

the previous fiscal year-end. The main reasons for this change were an increase of ¥1,173,930 thousand in accounts payable and other current payables, an increase of ¥249,617 thousand in provisions, and a decrease of ¥401,811 thousand in accrued corporate income taxes.

(Non-current liabilities)

Non-current liabilities stood at ¥1,205,374 thousand as of March 31, 2017, a decrease of ¥926,626 thousand from the previous fiscal year-end. This was due to a decrease of ¥983,850 thousand in long-term loans, an increase of ¥259,971 thousand in provisions, and a decrease of ¥137,121 thousand in other non-current liabilities.

As a result, total liabilities were ¥8,294,195 thousand, an increase of ¥170,761 thousand from the end of the third quarter.

(Equity)

Total equity stood at ¥18,815,968 thousand, an increase of ¥1,673,841 thousand from the previous fiscal year-end. The main component was an increase of ¥2,765,539 thousand in retained earnings due to the recording of profit for the period attributable to owners of the parent, which was partly offset by a decrease of ¥534,219 thousand in retained earnings due to the payment of dividends, along with a decrease of ¥675,431 thousand in other components of equity.

(3) Overview of Cash Flows for the Year Ended March 31, 2017

In the year ended March 31, 2017, cash and cash equivalents (hereafter, "cash") decreased ¥578,323 thousand to ¥6,046,944 thousand.

The main cash flows in the year ended March 31, 2017 were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥3,163,933 thousand, ¥11,442 thousand less than net cash provided by operating activities of ¥3,175,375 thousand in the previous fiscal year. The main components were depreciation and amortization of ¥1,247,464 thousand, ¥381,228 thousand more than the previous fiscal year, and increase in accounts receivable-trade and other current receivables of ¥826,199 thousand, ¥359,199 thousand more than the previous fiscal year, and decrease in accounts payable-trade and other current payables of ¥563,414 thousand, ¥1,044,204 thousand less than the previous fiscal year.

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,134,962 thousand, a change of ¥2,228,038 thousand from cash provided in the previous fiscal year. This was mainly due to the absence of proceeds from refunds of time deposits of ¥1,001,000 thousand in the previous fiscal year. In addition, there were outflows of purchase of property, plant and equipment of ¥665,716 thousand, an increase of ¥578,781 thousand from the previous fiscal year, and payments of ¥640,989 thousand for lease and guarantee deposits, an increase of ¥591,467 thousand from the previous fiscal year.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,517,883 thousand, ¥649,009 thousand more than in the previous fiscal year. The main factors were an outflow of ¥7,000,000 thousand for repayment of short-term loans and proceeds from long-term loans of ¥3,000,000 thousand recorded in the previous fiscal year, while in the fiscal year ended March 31, 2017 the Company recorded repayment of long-term loans of ¥1,001,188 thousand, and increase of ¥501,192 thousand from the previous fiscal year, and a decrease in proceeds from issuance of shares of ¥3,982,103 thousand.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Equity capital ratio (%)	47.9	67.0	68.1
Equity capital ratio on a market value basis (%)	299.1	648.9	330.6
Ratio of interest-bearing debt to cash flow (%)	319.7	76.8	46.0
Interest coverage ratio (times)	344.4	409.1	1,221.3

Equity capital ratio: equity capital / total assets

Equity capital ratio on a market value basis: Market capitalization / total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / cash flow

Interest coverage ratio: Cash flow / interest expenses

Notes:

1. Each indicator is calculated based on consolidated financial figures.
2. Market capitalization is calculated based on the number of shares issued.
3. Cash flow refers to operating cash flow.
4. Interest-bearing debt refers to all liabilities recorded on the consolidated balance sheet for which interest expenses are paid.

(4) Outlook

Outlook for the Year Ending March 31, 2018

Forecasts of consolidated financial results for the year ending March 31, 2018 are as follows.

(Millions of yen)

	Year ended March 31, 2017 results	Year ending March 31, 2018 forecasts	Change	Percentage change (%)
Revenue	29,920	37,420	+7,500	+25.1
LIFULL HOME'S	25,017	31,008	+5,991	+23.9
Overseas	3,193	3,959	+766	+24.0
Others	1,709	2,452	+742	+43.4
EBITDA	5,312	5,180	(131)	(2.5)
Profit for the period attributable to owners of the parent	2,765	2,934	+169	+6.1

Notes:

1. Intersegment transactions have not been eliminated.
2. Lifull will change the segment from the fiscal year ending March 31, 2018. Please refer "Earnings Presentation for the Fiscal Year Ended March 31, 2017" for details.
3. Lifull is considering changing its fiscal year-end from the end of March to the end of September. The decision will be announced promptly once the Company's policy is determined.

For further details on forecasts of financial results, including forecasts by service category and forecasts of main SG&A expense items, please refer to the Company's IR website for the "Earnings Presentation for the Year Ended March 2017," which was announced on May 12, 2017.

URL: <http://lifull.com/en/ir/ir-data/ird-result/>

The above forecasts of financial results are based on information currently available to the Company and assumptions about uncertainties that could impact financial results in the future. Accordingly, actual results could differ from the above forecasts due to a variety of factors.

2. Basic Approach to Selection of Accounting Standard

In order to improve the international comparability and convenience of financial information in the capital markets, the Lifull Group has applied International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended March 31, 2016.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Statements of Financial Position

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and cash equivalents	6,625,268	6,046,944
Accounts receivable-trade and other current receivables	3,901,156	4,712,713
Other short-term financial assets	26,400	492,332
Other current assets	418,070	807,887
Total current assets	10,970,894	12,059,879
Non-current assets		
Property, plant and equipment	624,679	1,796,399
Goodwill	9,150,806	8,860,811
Intangible assets	3,076,939	2,621,540
Investments accounted for using the equity method	42,101	48,726
Other long-term financial assets	808,763	1,123,090
Deferred tax assets	587,529	594,633
Other non-current assets	3,847	5,083
Total non-current assets	14,294,666	15,050,284
Total assets	25,265,561	27,110,164

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and other current payables	2,267,417	3,441,348
Short-term loans	970,797	969,465
Accrued corporate income taxes	1,063,209	661,398
Provisions	-	249,617
Other current liabilities	1,690,009	1,766,991
Total current liabilities	5,991,433	7,088,821
Non-current liabilities		
Long-term loans	1,468,608	484,757
Provisions	209,997	469,968
Other long-term financial liabilities	76,115	45,080
Deferred tax liabilities	240,157	205,566
Other non-current liabilities	137,121	-
Total non-current liabilities	2,132,000	1,205,374
Total liabilities	8,123,434	8,294,195
Equity		
Attributable to the owners of the parent		
Capital stock	3,999,578	3,999,578
Capital surplus	4,530,520	4,523,690
Retained earnings	9,584,163	11,815,482
Treasury shares	(8,619)	(8,644)
Other components of equity	(1,183,496)	(1,858,928)
Attributable to the owners of the parent	16,922,145	18,471,178
Attributable to non-controlling interests	219,980	344,789
Total equity	17,142,126	18,815,968
Total liabilities and equity	25,265,561	27,110,164

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

Consolidated Statements of Profit or Loss

(Thousands of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Revenue	25,707,617	29,920,333
Cost of revenue	2,127,531	3,080,588
Gross profit	23,580,085	26,839,745
Selling, general and administrative expenses	19,489,797	22,654,946
Other income	16,226	67,548
Other expense	111,899	186,156
Operating income	3,994,615	4,066,190
Financial revenue	29,453	53,119
Financial expenses	10,654	34,786
Share of profit (loss) of investments accounted for using the equity method	4,810	2,654
Profit before taxes	4,018,225	4,087,178
Income tax expenses	1,306,963	1,275,159
Profit for the period	2,711,261	2,812,018
Profit for the period attributable to:		
Owners of the parent	2,670,397	2,765,539
Non-controlling interests	40,864	46,479
Total	2,711,261	2,812,018
		(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	22.87	23.30
Diluted profit for the period per share	-	-

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Profit for the period	2,711,261	2,812,018
Other comprehensive income		
Items that may be reclassified to profit or loss, net of tax:		
Available-for-sale financial assets	10,683	8,393
Exchange differences on translation of foreign operations	(246,266)	(687,635)
Other	(2,113)	2,639
Other comprehensive income, after tax	(237,696)	(676,602)
Total comprehensive income for the period	2,473,564	2,135,415
Comprehensive income for the period attributable to:		
Owners of the parent	2,434,915	2,090,076
Non-controlling interests	38,649	45,338
Total	2,473,564	2,135,415

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of April 1, 2015	1,999,578	2,542,779	7,238,407	(8,142)	(948,014)	10,824,608	28,789	10,853,398
Profit for the period	-	-	2,670,397	-	-	2,670,397	40,864	2,711,261
Other comprehensive income	-	-	-	-	(235,482)	(235,482)	(2,214)	(237,696)
Total comprehensive income for the period	-	-	2,670,397	-	(235,482)	2,434,915	38,649	2,473,564
Dividends of surplus	-	-	(324,641)	-	-	(324,641)	-	(324,641)
Increase (decrease) through treasury shares transactions	-	-	-	(476)	-	(476)	-	(476)
Issuance of new shares	1,999,999	1,987,741	-	-	-	3,987,740	-	3,987,740
Increase due to business combinations	-	-	-	-	-	-	152,541	152,541
Total transactions with owners	1,999,999	1,987,741	(324,641)	(476)	-	3,662,622	152,541	3,815,163
Balance as of March 31, 2016	3,999,578	4,530,520	9,584,163	(8,619)	(1,183,496)	16,922,145	219,980	17,142,126

For the fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of April 1, 2016	3,999,578	4,530,520	9,584,163	(8,619)	(1,183,496)	16,922,145	219,980	17,142,126
Profit for the period	-	-	2,765,539	-	-	2,765,539	46,479	2,812,018
Other comprehensive income	-	-	-	-	(675,462)	(675,462)	(1,140)	(676,602)
Total comprehensive income for the period	-	-	2,765,539	-	(675,462)	2,090,076	45,338	2,135,415
Dividends of surplus	-	-	(534,219)	-	-	(534,219)	(16,640)	(550,859)
Increase (decrease) due to loss of control	-	-	-	-	-	-	(1,769)	(1,769)
Increase (decrease) through treasury shares transactions	-	-	-	(25)	-	(25)	-	(25)
Capital transaction with owners of non-controlling interests	-	(6,830)	-	-	-	(6,830)	22,219	15,389
Increase due to business combinations	-	-	-	-	31	31	75,659	75,690
Total transactions with owners	-	(6,830)	(534,219)	(25)	31	(541,043)	79,469	(461,574)
Balance as of March 31, 2017	3,999,578	4,523,690	11,815,482	(8,644)	(1,858,928)	18,471,178	344,789	18,815,968

(4) Condensed Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Cash flow from operating activities		
Profit for the period before tax	4,018,225	4,087,178
Depreciation and amortization	866,236	1,247,464
Impairment losses	-	14,407
Financial revenue	(29,453)	(12,593)
Financial expenses	10,654	34,786
Decrease (increase) in accounts receivable-trade and other current receivables	(466,999)	(826,199)
Increase (decrease) in accounts payable-trade and other current payables	(480,790)	563,414
Others	377,696	(180,238)
Subtotal	4,295,569	4,928,220
Interest and dividends received	5,219	3,326
Interest paid	(7,762)	(2,590)
Income taxes paid	(1,117,651)	(1,765,022)
Net cash from operating activities	3,175,375	3,163,933
Cash flow from investing activities		
Purchase of available-for-sale financial assets	(106,118)	(229,999)
Proceeds from sale of available-for-sale financial assets	132,525	13,015
Purchase of property, plant and equipment	(86,935)	(665,716)
Proceeds from sale of property, plant and equipment	1,973	5,627
Purchase of intangible assets	(661,054)	(476,259)
Proceeds from sale intangible assets	-	4,190
Payments into time deposits	(27,300)	-
Proceeds from refunds of time deposits	1,001,000	-
Purchase of subsidiaries	(132,551)	(151,409)
Payments for lease and guarantee deposits	(49,522)	(640,989)
Others	21,059	6,579
Net cash from investing activities	93,075	(2,134,962)
Cash flow from financing activities		
Repayment of short-term loans	(7,000,000)	-
Proceeds from long-term loans	3,000,000	-
Repayment of long-term loans	(499,995)	(1,001,188)
Dividends paid	(350,506)	(535,419)
Dividends paid for non-controlling interest	-	(16,640)
Proceeds from issuance of shares	3,982,103	-
Proceeds from share issuance to non-contolloing interest	-	35,389
Purchase of treasury shares	(476)	(25)
Net cash from financing activities	(868,874)	(1,517,883)
Effect of exchange rate changes on cash and cash equivalents	(42,380)	(89,409)
Net increase (decrease) in cash and cash equivalents	2,357,195	(578,323)
Cash and cash equivalents at beginning of period	4,268,072	6,625,268
Cash and cash equivalents at end of period	6,625,268	6,046,944

(5) Notes to the Consolidated Financial Statements
(Note Regarding Going Concern Assumption)

Not applicable.

(Change in Accounting Policies)

(1) Change in Useful Lives

At a meeting of the Board of Directors held in November 2016, the Company passed a resolution concerning the relocation of its headquarters.

Accordingly, the Company has shortened the depreciation over useful lives of the non-current assets that will become unavailable due to the headquarters relocation, and has changed the depreciation over useful lives from the nine-month period ended December 31, 2016 so that the depreciation will be completed during the period up to the planned date of relocation.

As a result of this change, for the year ended March 31, 2017, both operating profit and profit before taxes decreased by ¥308,613 thousand compared to the method used hitherto.

(2) Change in Estimate of Asset Retirement Obligation

The LIFULL Group has changed the estimated amount of its asset retirement obligation that was calculated for its obligation to restore the Company's headquarters to its original state under the real estate lease contract, in connection with the relocation of the headquarters. The reason for the change is that it has become possible to estimate the asset retirement obligation more precisely.

As a result of this change of the estimate, an increase of ¥40,105 thousand has been added to the amount of the asset retirement obligation before the change.

The impact of this change on the Company's profit or loss for the fiscal year under review is not significant.

(Segment Information)

(1) Overview of Reportable Segments

The Group's reportable segments are components of the Group for which discrete financial information is available, and that are reviewed regularly by the Board of Directors to decide on the allocation of corporate resources and assess business performance.

The Company and its subsidiaries have set up business divisions classified by service, primarily based on the nature and economic characteristics of the services provided. The business divisions and subsidiaries formulate strategies for their respective services and undertake related business activities.

Therefore, the Group primarily comprises segments classified by service based on business divisions. There are four reportable segments: Domestic Real Estate Information Services, Domestic Services for Realtors, Overseas, and Others.

The service categories of each reportable segment are as follows:

Reportable segment	Service category
Domestic Real Estate Information Service	Operation of LIFULL HOME'S real estate and housing information listing site and ancillary businesses related to this service (advertising agency business, systems development and website production business, among other businesses)
Domestic Services for Realtors	The renters.net business support CRM service for real estate companies, business support DMP service for real estate developers, and Internet marketing for realtors, among other services
Overseas	Operation of the Trovit aggregation site, along with overseas real estate and housing information listing sites, among other services
Others	LIFULL Hoken Soudan (insurance consultation), insurance shop search and reservation site; LIFULL Hikkoshi (move), a comprehensive moving service fee estimate and online reservation site; a property and casualty insurance agency; LIFULL Interia, an e-commerce website for furniture and interior goods; and other new businesses

(2) Revenue, profit or loss and other items by reportable segment

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The amounts of inter-reportable segment revenue are based on market prices.

Revenue, profit or loss and other items by reportable segment are as follows:

For the fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Domestic Real Estate Information Service	Domestic Services for Realtors	Overseas	Others	Total
Revenue					
Customers	17,528,015	4,011,451	3,507,407	660,743	25,707,617
Intersegment	817,483	111,004	9	10,482	938,980
Total	18,345,498	4,122,455	3,507,417	671,226	26,646,597
Segment profit (loss) ^{Note 1}	3,540,932	(7,654)	550,433	(80,868)	4,002,843
Other income (expense)					
Operating income					
Financial revenue and expenses (net)					
Share of profit (loss) of investments accounted for using the equity method					
Profit before taxes					
Other items					
Depreciation and amortization	470,308	100,454	277,108	18,366	866,236
	Reconciliation ²	Consolidated			
Revenue					
Customers	-	25,707,617			
Intersegment	(938,980)	-			

Total	(938,980)	25,707,617
Segment profit (loss) ^{Note 1}	87,445	4,090,288
Other income (expense)		(95,673)
Operating income		3,994,615
Financial revenue and expenses (net)		18,799
Share of profit (loss) of investments accounted for using the equity method		4,810
Profit before taxes		4,018,225
Other items		
Depreciation and amortization	-	866,236

Notes:

1. Segment profit (loss) is revenue less cost of revenue and selling, general and administrative expenses.
2. Adjustments to segment profit include elimination of intersegment transactions.
3. The Company made Lilfull Marketing Partners Co., Ltd. into a consolidated subsidiary from the previous first quarter, and reclassified it to the Domestic Services for Realtors segment.

For the fiscal year ended March 31, 2017(From April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Domestic Real Estate Information Service	Domestic Services for Realtors	Overseas	Others	Total
Revenue					
Customers	19,440,194	6,462,117	3,193,397	824,623	29,920,333
Intersegment	1,736,735	402,326	—	8,546	2,147,608
Total	21,176,930	6,864,443	3,193,397	833,170	32,067,941
Segment profit (loss) ^{Note 1}	3,842,353	(117,446)	346,615	(22,278)	4,049,244
Other income (expense)					
Operating income					
Financial revenue and expenses (net)					
Share of profit (loss) of investments accounted for using the equity method					
Profit before taxes					
Other items					
Depreciation and amortization	798,780	168,136	253,465	27,082	1,247,464
Impairment loss	-	-	-	14,407	14,407
	Reconciliation ²	Consolidated			
Revenue					
Customers	-	29,920,333			

Intersegment	(2,147,608)	-
Total	(2,147,608)	29,920,333
Segment profit (loss) ^{Note 1}	135,554	4,184,798
Other income (expense)		(118,607)
Operating income		4,066,190
Financial revenue and expenses (net)		18,332
Share of profit (loss) of investments accounted for using the equity method		2,654
Profit before taxes		4,087,178
Other items		
Depreciation and amortization	-	1,247,464
Impairment loss	-	14,407

Notes:

1. Segment profit (loss) is revenue less cost of revenue and selling, general and administrative expenses.
2. Adjustments to segment profit include elimination of intersegment transactions.

(Per share information)

The basis for calculating profit for the period per share attributable to owners of the parent is as follows:

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit attributable to owners of the parent	2,670,397	2,765,539
Average number of basic common shares during the period	116,788,502	118,715,459
Impact of dilutive common shares	-	-
Average number of common shares during the period after dilution	116,788,502	118,715,459
Profit for the period per share attributable to owners of the parent (yen)		
Basic profit for the period per share	22.87	23.30
Diluted profit for the period per share	-	-

(Important subsequent events)

Not applicable