

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 September 30, 2017 (IFRS)

November 13, 2017

Company name: LIFULL Co., Ltd.	Listed exchange:	Tokyo Stock Exchange
Stock code: 2120	URL:	<a href="https://lifull.com/en/">https://lifull.com/en/</a>
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:	December 21, 2017	
Scheduled date of start of dividend payments:	December 22, 2017	
Scheduled filing date for the annual securities report:	December 22, 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 September 30, 2017 (April 1, 2017 to September 30, 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	
	%		%		%		%		%		%	
<b>Fiscal year ended September 30, 2017</b>	¥15,948	-	¥1,016	-	¥957	-	¥483	-	¥489	-	¥1,609	-
<b>Fiscal year ended March 31, 2017</b>	¥29,920	16.4	¥4,066	1.8	¥4,087	1.7	¥2,812	3.7	¥2,765	3.6	¥2,135	(13.7)

From the fiscal year under review, LIFULL has changed its fiscal-year end from March 31 to September 30. LIFULL's consolidated domestic subsidiaries with fiscal-year end other than September 30 have made similar changes. As a result, year-on-year changes are not given for the fiscal year ended September 30, 2017 because this is a six-month transition period that started on April 1, 2017.

	Basic earnings per share		Diluted net income per share		Return on equity		Return on assets		Operating income ratio	
	yen		yen		%		%		%	
<b>Fiscal year ended September 30, 2017</b>	4.12		4.12		2.6		3.6		6.4	
<b>Fiscal year ended March 31, 2017</b>	23.30		23.30		15.6		15.6		13.6	

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

Fiscal Year ended September 30, 2017: (39 million yen)

Fiscal Year ended March 31, 2017: 2 million yen

EBITDA (operating income before depreciation and amortization)

Fiscal Year ended September 30, 2017: 1,536 million yen

Fiscal Year ended March 31, 2017: 5,312 million yen

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent	Equity attributable to the owners of the parent ratio (%)	Equity attributable to owners of the parent per share (yen)
<b>As of September 30, 2017</b>	¥26,363	¥19,293	¥19,227	72.9	161.96
<b>As of March 31, 2017</b>	¥27,110	¥18,815	¥18,471	68.1	155.59

### (3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents
<b>Fiscal year ended September 30, 2017</b>	¥1,909	(¥999)	(¥1,601)	¥5,509
<b>Fiscal year ended March 31, 2017</b>	¥3,163	(¥2,134)	(¥1,517)	¥6,046

### 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)			
<b>Fiscal year ended March 31, 2017</b>	-	0.00	-	5.66	5.66	¥671	24.3	3.8
<b>Fiscal year ended September 30, 2017</b>	-	0.00	-	0.82	0.82	¥97	19.9	0.5
<b>Fiscal year ending September 30, 2018 (forecast)</b>	-	-	-	-	-		-	

Note 1: Dividends per share are calculated based on a payout ratio of 20% and rounded off to the third decimal place.

Note 2: Dividend forecast for the fiscal year ending September 30, 2018 will be calculated based on a payout ratio of 20%.

### 3. Forecasts on the Consolidated Results for the Fiscal Year Ending September 30, 2018 (October 1, 2017 to September 30, 2018)

(Millions of yen)

(Percentages indicate year-on-year change)

	Revenue		Operating income		Profit attributable to owners of the parent		Basic earnings per share
		%		%		%	yen
<b>Fiscal Year ending September 30, 2018</b>	¥41,000	-	¥5,000	-	¥3,478	-	29.30

Reference: EBITDA

full-year forecast for the fiscal year ending September 30, 2018: 6,016 million yen

From the fiscal year under review, LIFULL has changed its fiscal-year end from March 31 to September 30. LIFULL's consolidated domestic subsidiaries with fiscal-year end other than September 30 have made similar changes. As a result, year-on-year changes are not given for the fiscal year ending September 30, 2018 because preceding period is a six-month transition period that started on April 1, 2017.

**\* 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 no changes in accounting estimates.
- (3) Number of shares issued (common stock)
  - [1] Number of shares issued at the end of the period (including treasury stock)

As of September 30, 2017	118,789,100 shares
As of March 31, 2017	118,789,100 shares
  - [2] Treasury shares at the end of the period

As of September 30, 2017	73,736 shares
As of March 31, 2017	73,669 shares
  - [3] Average shares during term

Fiscal year ended September 30, 2017	118,715,365 shares
Fiscal year ended March 31, 2017	118,715,459 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 “(4) Outlook” on page 7 of the supplemental documentation.
- The Company plans to hold an earnings briefing for institutional investors and analysts on November 14, 2017. Scenes from the briefing and presentation content (audio recordings) will be made available on the Company’s website as soon as possible thereafter

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal Year Ended September 30, 2017

The LIFULL Group changed its fiscal year-end from March 31 to September 30 as a result of a resolution of the 22nd Annual General Shareholders' Meeting held on June 28, 2017. Year-on-year changes from the previous consolidated fiscal year are not given for this fiscal year ended September 30, 2017 as the consolidated fiscal year under review comprises the six months from April 1, 2017 to September 30, 2017.

In the fiscal year under review, the environment surrounding the LIFULL Group continued to follow a gradual recovery track, against the overall backdrop in Japan of improvements in corporate earnings and the employment situation. Personal consumption also gradually recovered.

In the real estate and construction industry, which includes our main customer, the number of newly-built condominiums on sale in the Tokyo metropolitan region decreased 3.6% year on year to 16,133 units. At the same time, the sales price rose 5.8% from the previous fiscal year and the sales price-per-square-meter rose 8.2%, mainly due to higher prices for land caused partly by increased demand ahead of the Tokyo Olympic and Paralympic Games and higher labor costs, because of the shortage of labor. The average percentage of contracts made in the first month was 68.6%, which is a low level (Source: Real Estate Economic Institute Co., Ltd. survey).

Accompanying the decrease in the number of new housing starts and increase in the price of new housing, the price of second-hand condominiums also increased by 6.0%. However, the number of new contracts for second-hand condominiums increased 1.0% year on year to 18,270 (Source: East Japan Real Estate Logistics Mechanisms survey). Looking ahead, the second-hand housing market is expected to expand further due to the Japanese government's initiatives to revitalize second-hand housing.

In this business environment, the LIFULL Group focused on the following priorities: Strengthen the LIFULL HOME'S segment, grow the Overseas segment, and develop and generate profits from new businesses.

Furthermore, on April 1, 2017, the Company changed its name from NEXT Co., Ltd. to LIFULL Co., Ltd., and HOME'S changed its service brand to LIFULL HOME'S. In order to improve the level of recognition of the integrated LIFULL brand, the LIFULL Group is strengthening investments, including in advertising and publicity.

As a result, the LIFULL Group's consolidated financial results for the fiscal year ended September 30, 2017 were as follows. Revenue was ¥15,948,686 thousand. EBITDA was ¥1,536,530 thousand. Profit attributable to owners of the parent was ¥489,042 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.

Revenue by segment was as follows:

Segment	(Thousands of yen)	
	Revenue	Segment profit and loss
	Amount	Amount
(1) LIFULL HOME'S Business	13,289,967	1,067,684
(2) Overseas Business	1,718,600	131,682
(3) Others Business	983,255	(120,997)

Note: Intersegment transactions have not been eliminated.

#### a. LIFULL HOME'S Business

In the LIFULL HOME'S segment, the Group's core business, the Group is providing services that have a close affinity with both users and realtors, and 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 addition to implementing such initiatives as expanding the information volume, increasing the number of customers, building a solid customer base, and improving average revenue per agent (ARPA), the Group launched new service, "LIFULL HOME'S House Appraisal," to visualize the building evaluations. Also, the Group continue to expand the locations of "LIFULL HOME'S Suimainomadoguchi (counter)" and the number of locations reached 11 in the Tokyo metropolitan area. "LIFULL Sumainomadoguchi (counter)" provide a face-to-face counselling to customers who prefer to talk to the advisors directly. On the other hand, the Group conducted an absorption merger of Renters Co., Ltd., a subsidiary engaged in doing business for realtors, in October, 2017 to concentrate its management resources and strengthen its system for accelerating its business promotion capabilities.

As a result of the foregoing, the segment's revenue was ¥13,289,967 thousand and segment profit was ¥1,067,684 thousand.

Notes:

ARPA stands for average revenue per agent.

## b. Overseas Business

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 boost competitiveness through advancements in its SEO and marketing capabilities. LIFULL Australia, a new real estate portal site launched in December 2015 is expanding the volume of information listed and customerbase. The Group also has started a new real estate portal site in Germany called, “LIFULL Immofinder” in April 2017.

The Group posted revenue of ¥1,718,600 thousand and a segment profit of ¥131,682 thousand.

## c. Others Business

The Others segment comprises LIFULL Kaigo (nursing care), a search website for care homes for the elderly and nursing care facilities, 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 ¥983,255 thousand and a segment loss of ¥120,997 thousand.

For further details on financial results, including the following items, please refer to LIFULL’s IR website, specifically the “Earnings Presentation for the Fiscal Year Ended September 30, 2017,” which was announced on November 13, 2017.

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

<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 for sale, condominium sales prices, number of new housing starts, number of interprefectural migrants, and population

## (2) Overview of Financial Position for the Fiscal Year Ended September 30, 2017

### Analysis of financial position

#### (Current assets)

Current assets stood at ¥10,193,505 thousand as of September 30, 2017, a decrease of ¥1,866,374 thousand from March 31, 2017 (the “previous fiscal year-end”). The main contributing factors were a decrease of ¥537,302 thousand in cash and cash equivalents, a decrease of ¥483,138 thousand in accounts receivable-trade and other current receivables, and a decrease of ¥492,332 thousand in other short-term financial assets.

#### (Non-current assets)

Non-current assets stood at ¥16,170,029 thousand as of September 30, 2017, an increase of ¥1,119,745 thousand from the previous fiscal year-end. The main components of this change were an increase of ¥130,279 thousand in property, plant and equipment, an increase of ¥996,292 thousand in goodwill, a decrease of ¥198,060 thousand in intangible assets, and an increase of ¥229,757 thousand in investments accounted for using the equity method.

As a result, total assets were ¥26,363,535 thousand as of September 30, 2017, a decrease of ¥746,629 thousand from the previous fiscal year-end.

#### (Current liabilities)

Current liabilities stood at ¥6,115,483 thousand as of September 30, 2017, a decrease of ¥973,338 thousand from the previous fiscal year-end. The main reasons for this change were decreases of ¥504,999 thousand in accounts payable and other current payables, of ¥249,617 thousand in provisions, and of ¥383,760 thousand in accrued corporate income taxes.

#### (Non-current liabilities)

Non-current liabilities stood at ¥954,401 thousand as of September 30, 2017, a decrease of ¥250,973 thousand from the previous fiscal year-end. This was due to a decrease of ¥484,757 thousand in long-term loans and an increase of ¥111,673 thousand in deferred tax liabilities.

As a result, total liabilities were ¥7,069,884 thousand, a decrease of ¥1,224,311 thousand from the end of the previous fiscal year.

### (Equity)

Total equity stood at ¥19,293,650 thousand, an increase of ¥477,681 thousand from the previous fiscal year-end. The main component was an increase of ¥489,042 thousand in retained earnings due to the recording of profit attributable to owners of the parent, which was partly offset by a decrease of ¥671,929 thousand in retained earnings due to the payment of dividends, along with an increase of ¥1,126,410 thousand in other components of equity and a decrease of ¥235,346 thousand in non-controlling interests due to a capital transaction with owners of non-controlling interests.

### (3) Overview of Cash Flows for the Fiscal Year Ended September 30, 2017

The LIFULL Group changed its fiscal year-end from March 31 to September 30 as a result of a resolution of the 22nd Annual General Shareholders' Meeting held on June 28, 2017. Year-on-year changes from the previous consolidated fiscal year are not given for this fiscal year ended September 30, 2017 as the consolidated fiscal year under review comprises the six months from April 1, 2017 to September 30, 2017.

In the fiscal year ended September 30, 2017, cash and cash equivalents (hereafter, "cash") amounted to ¥5,509,642 thousand, a decrease of ¥537,302 thousand from the previous fiscal year-end.

The main cash flows in the fiscal year ended September 30, 2017 were as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was ¥1,909,994 thousand. The main components were profit for the period before tax ¥957,214 thousand, depreciation and amortization of ¥528,852 thousand, an increase in accounts receivable-trade and other current receivables of ¥525,137 thousand, a decrease in accounts payable-trade and other current payables of ¥259,390 thousand, and income taxes paid of ¥622,319 thousand.

#### (Cash flows from investing activities)

Net cash used in investing activities was ¥999,566 thousand. This was mainly due to outflows of ¥926,272 thousand for purchase of property, plant and equipment and proceeds from refund of leasehold deposits and guarantee of ¥439,915 thousand related to the transfer. In addition, outflows of ¥239,124 thousand for purchase of shares of associates due to the investment in RAKUTEN LIFULL STAY PTE. LTD.

#### (Cash flows from financing activities)

Net cash used in financing activities was ¥1,601,605 thousand. The main factors were outflows of ¥499,995 thousand for repayment of long-term loans, ¥671,929 thousand for dividends paid, and ¥391,391 thousand for purchase of equity in subsidiaries from non-controlling interests related to making LIFULL Marketing Partners as a subsidiary.

### (4) Outlook

Outlook for the Fiscal Year Ending September 30, 2018

Forecasts of consolidated financial results for the year ending September 30, 2018 are as follows.

(Millions of yen)

	For reference: (From October 1, 2016 to September 30, 2017)	Forecast for the year ending September 30, 2018	Change	Rate of change (%)
Revenue	32,111	41,000	+8,888	+27.7
LIFULL HOME'S	26,906	33,441	+6,535	+24.3
Overseas	3,337	4,834	+1,496	+44.9
Others	1,867	2,723	+856	+45.9
EBITDA	3,906	6,016	+2,109	+54.0
Profit attributable to owners of the parent for the year	1,577	3,478	+1,900	+120.5

Note: Intersegment transactions have been eliminated.

For further details on forecasts of financial results, including forecasts of main SG&A expense items, please refer to LIFULL's IR website for the "Earnings Presentation for the Fiscal Year Ended March 31, 2017" which was announced on November 13, 2017.

URL: <https://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, 2017	As of September 30, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,046,944	5,509,642
Accounts receivable-trade and other current receivables	4,712,713	4,229,575
Other short-term financial assets	492,332	—
Other current assets	807,887	454,287
<b>Total current assets</b>	<b>12,059,879</b>	<b>10,193,505</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,796,399	1,926,679
Goodwill	8,860,811	9,857,104
Intangible assets	2,621,540	2,423,479
Investments accounted for using the equity method	48,726	278,483
Other long-term financial assets	1,123,090	1,170,265
Deferred tax assets	594,633	509,888
Other non-current assets	5,083	4,129
<b>Total non-current assets</b>	<b>15,050,284</b>	<b>16,170,029</b>
<b>Total assets</b>	<b>27,110,164</b>	<b>26,363,535</b>

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and other current payables	3,441,348	2,936,348
Short-term loans	969,465	970,947
Lease obligations	-	3,400
Accrued corporate income taxes	661,398	277,637
Other short-term financial liabilities	-	28,465
Provisions	249,617	-
Other current liabilities	1,766,991	1,898,684
<b>Total current liabilities</b>	<b>7,088,821</b>	<b>6,115,483</b>
<b>Non-current liabilities</b>		
Long-term loans	484,757	-
Lease obligations	-	84,805
Provisions	469,968	518,680
Other long-term financial liabilities	45,080	-
Deferred tax liabilities	205,566	317,240
Other non-current liabilities	-	33,675
<b>Total non-current liabilities</b>	<b>1,205,374</b>	<b>954,401</b>
<b>Total liabilities</b>	<b>8,294,195</b>	<b>7,069,884</b>
<b>Equity</b>		
<b>Attributable to the owners of the parent</b>		
Capital stock	3,999,578	3,999,578
Capital surplus	4,523,690	4,336,231
Retained earnings	11,815,482	11,632,596
Treasury shares	(8,644)	(8,694)
Other components of equity	(1,858,928)	(732,517)
<b>Attributable to the owners of the parent</b>	<b>18,471,178</b>	<b>19,227,194</b>
Attributable to non-controlling interests	344,789	66,456
<b>Total equity</b>	<b>18,815,968</b>	<b>19,293,650</b>
<b>Total liabilities and equity</b>	<b>27,110,164</b>	<b>26,363,535</b>

## (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, 2017	Year ended September 30, 2017
<b>Revenue</b>	29,920,333	15,948,686
Cost of revenue	3,080,588	1,862,470
<b>Gross profit</b>	26,839,745	14,086,215
Selling, general and administrative expenses	22,654,946	12,966,824
Other income	67,548	96,276
Other expense	186,156	199,089
<b>Operating income</b>	4,066,190	1,016,579
Financial revenue	53,119	71
Financial expenses	34,786	20,243
Share of profit (loss) of investments accounted for using the equity method	2,654	(39,193)
<b>Profit before taxes</b>	4,087,178	957,214
Income tax expenses	1,275,159	473,716
<b>Profit for the period</b>	2,812,018	483,497
<b>Profit for the period attributable to:</b>		
Owners of the parent	2,765,539	489,042
Non-controlling interests	46,479	(5,544)
Total	2,812,018	483,497
		(yen)
<b>Profit for the period per share attributable to owners of the parent</b>		
Basic profit for the period per share	23.30	4.12
Diluted profit for the period per share	23.30	4.12

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Year ended March 31, 2017	Year ended September 30, 2017
<b>Profit for the period</b>	2,812,018	483,497
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss, net of tax:</b>		
Available-for-sale financial assets	8,393	1,108
Exchange differences on translation of foreign operations	(687,635)	1,127,554
Cash flow hedges	2,639	(74)
Share of other comprehensive income of investments accounted for using the equity method	-	(2,303)
<b>Other comprehensive income, after tax</b>	(676,602)	1,126,285
<b>Total comprehensive income for the period</b>	2,135,415	1,609,783
<b>Comprehensive income for the period attributable to:</b>		
Owners of the parent	2,090,076	1,615,453
Non-controlling interests	45,338	(5,669)
Total	2,135,415	1,609,783

### (3) Consolidated Statements of Changes in Equity

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 the 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)
Purchase of treasury shares	-	-	-	(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

For the fiscal year ended September 30, 2017 (April 1, 2017 to September 30, 2017)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to the owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of April 1, 2017	3,999,578	4,523,690	11,815,482	(8,644)	(1,858,928)	18,471,178	344,789	18,815,968
Profit for the period	-	-	489,042	-	-	489,042	(5,544)	483,497
Other comprehensive income	-	-	-	-	1,126,410	1,126,410	(124)	1,126,285
Total comprehensive income for the period	-	-	489,042	-	1,126,410	1,615,453	(5,669)	1,609,783
Dividends of surplus	-	-	(671,929)	-	-	(671,929)	(37,506)	(709,435)
Purchase of treasury shares	-	-	-	(49)	-	(49)	-	(49)
Capital transaction with owners of non-controlling interests	-	(187,459)	-	-	-	(187,459)	(235,346)	(422,805)
Increase due to business combinations	-	-	-	-	-	-	189	189
Total transactions with owners	-	(187,459)	(671,929)	(49)	-	(859,438)	(272,663)	(1,132,101)
Balance as of September 30, 2017	3,999,578	4,336,231	11,632,596	(8,694)	(732,517)	19,227,194	66,456	19,293,650

**(4) Consolidated Statements of Cash Flows**

(Thousands of yen)

	Year ended March 31, 2017	Year ended September 30, 2017
<b>Cash flow from operating activities</b>		
Profit for the period before tax	4,087,178	957,214
Depreciation and amortization	1,247,464	528,852
Impairment losses	14,407	-
Financial revenue	(12,593)	(71)
Financial expenses	34,786	20,243
Decrease (increase) in accounts receivable-trade and other current receivables	(826,199)	525,137
Increase (decrease) in accounts payable-trade and other current payables	563,414	259,390
Others	(180,238)	249,420
Subtotal	4,928,220	2,540,187
Interest and dividends received	3,326	1,969
Interest paid	(2,590)	(9,843)
Income taxes paid	(1,765,022)	(622,319)
Net cash from operating activities	3,163,933	1,909,994
<b>Cash flow from investing activities</b>		
Purchase of available-for-sale financial assets	(229,999)	(45,968)
Proceeds from sale of available-for-sale financial assets	13,015	4,213
Purchase of property, plant and equipment	(665,716)	(926,272)
Proceeds from sale of property, plant and equipment	5,627	1,318
Purchase of intangible assets	(476,259)	(145,305)
Proceeds from sale intangible assets	4,190	7,303
Purchase of subsidiaries	(151,409)	(88,655)
Payments for lease and guarantee deposits	(640,989)	(6,992)
Proceeds from refund of leasehold deposits and guarantee deposits	8,122	439,915
Purchase of shares of associates	-	(239,124)
Others	(1,543)	-
Net cash from investing activities	(2,134,962)	(999,566)
<b>Cash flow from financing activities</b>		
Repayment of long-term loans	(1,001,188)	(499,995)
Dividends paid	(535,419)	(671,929)
Repayment of lease obligations	-	(1,447)
Dividends paid for non-controlling interest	(16,640)	(37,506)
Purchase of shares in subsidiaries	-	(391,391)
Proceeds from share issuance to non-controlling interests	35,389	714
Purchase of treasury shares	(25)	(49)
Net cash from financing activities	(1,517,883)	(1,601,605)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(89,409)	153,875
<b>Net increase (decrease) in cash and cash equivalents</b>	(578,323)	(537,302)
<b>Cash and cash equivalents at beginning of period</b>	6,625,268	6,046,944
<b>Cash and cash equivalents at end of period</b>	6,046,944	5,509,642

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

Not applicable.

**(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 business segments of the Company and its subsidiaries have been classified as two reportable segments: the LIFULL HOME'S segment and the Overseas segment. The classification is primarily based on the content of services provided and the components of business earnings management.

The service categories of each reportable segment are as follows:

Reportable segment	Service category
LIFULL HOME'S Services	Operation of the real estate and housing information website "LIFULL HOME'S," ancillary businesses related to this service (advertising agency business, systems development and website production business, among other businesses), 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

From the fiscal year ended September 30, 2017, and in line with the formulation of the Mid-term Business Plan, the Company will accelerate the synergies between businesses and review its management structure to achieve efficient business operation by changing from its previous three reportable segments: the Domestic Real Estate Information Services segment, the Domestic Services for Realtors segment, and the Overseas segment, to the earlier mentioned two reportable segments: the LIFULL HOME'S segment and the Overseas segment. The segment information for the fiscal year ended March 31, 2017 has been prepared and presented based on the new segmentation.

**(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, 2017 (April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Reportable segment		Others <sup>2</sup>	Total
	LIFULL HOME'S Services	Overseas		
Revenue				
Customers	25,017,131	3,193,397	1,709,803	29,920,333
Intersegment	1,358	-	8,546	9,904
Total	25,018,490	3,193,397	1,718,349	29,930,237
Segment profit (loss) <sup>1</sup>	3,594,594	346,615	136,709	4,077,919
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	966,587	253,465	27,411	1,247,464
Impairment loss	-	-	14,407	14,407

	Reconciliation <sup>3</sup>	Consolidated
Revenue		
Customers	-	29,920,333
Intersegment	(9,904)	-
Total	(9,904)	29,920,333
Segment profit (loss) <sup>1</sup>	106,879	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. The Others business segment comprises businesses that are not included in the reportable segments. These include LIFULL Kaigo (nursing care), a search website for care homes for the elderly and nursing care facilities; LIFULL Insurance, a search and booking website for insurance shops; LIFULL Hikkoshi (move), a website providing comprehensive estimates and online bookings for relocation services; a property and casualty insurance agency; LIFULL Interior, an e-commerce website for furniture and interior goods; and other new businesses.
3. Adjustments to segment profit include elimination of intersegment transactions.



For the fiscal year ended September 30, 2017 (April 1, 2017 to September 30, 2017)

(Thousands of yen)

	Reportable segment		Others <sup>2</sup>	Total
	LIFULL HOME'S Services	Overseas		
Revenue				
Customers	13,288,669	1,718,600	941,416	15,948,686
Intersegment	1,297	-	41,838	43,136
Total	13,289,967	1,718,600	983,255	15,991,822
Segment profit (loss) <sup>1</sup>	1,067,684	131,682	(120,997)	1,078,369
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	374,792	125,439	19,719	519,951

	Reconciliation <sup>3</sup>	Consolidated
Revenue		
Customers	-	15,948,686
Intersegment	(43,136)	-
Total	(43,136)	15,948,686
Segment profit (loss) <sup>1</sup>	41,021	1,119,391
Other income (expense)		(102,812)
Operating income		1,016,579
Financial revenue and expenses(net)		(20,171)
Share of profit (loss) of investments accounted for using the equity method		(39,193)
Profit before taxes		957,214
Other items		
Depreciation and amortization	-	519,951

Notes:

1. Segment profit (loss) is revenue less cost of revenue and selling, general and administrative expenses.
2. The Others business segment comprises businesses that are not included in the reportable segments. These include LIFULL Kaigo (nursing care), a search website for care homes for the elderly and nursing care facilities; LIFULL Insurance, a search and booking website for insurance shops; LIFULL Hikkoshi (move), a website providing comprehensive estimates and online bookings for relocation services; a property and casualty insurance agency; LIFULL Interior, an e-commerce website for furniture and interior goods; and other new businesses.
3. 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, 2017	Fiscal year ended September 30, 2017
Profit attributable to owners of the parent	2,765,539	489,042
Average number of basic common shares during the period	118,715,459	118,715,365
Profit for the period per share attributable to owners of the parent (yen)		
Basic profit for the period per share	23.30	4.12
Diluted net income per share	23.30	4.12

Disclosure of diluted profit for the period per share is omitted as there were no dilutive shares.

**(Important subsequent events)**

Not applicable