



Creating peace of mind through honest and committed management.



[Provisional Translation Only]

This English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Summary of Financial and Business Results for the First Quarter of the Fiscal Year Ending February 2016 (FY16/2)

July 14, 2015

Ichigo Group Holdings Co., Ltd. (JASDAQ, 2337)

Representative: Takuma Hasegawa, President and Representative Statutory Executive Officer

Inquiries: Takashi Minamikawa, Senior Executive Managing Director

Telephone: +81-3-3502-4818 www.ichigo-holdings.co.jp/english

Submission of the Quarterly Report (*Shihanki Hokokusho*): July 15, 2015 (expected)

Dividend Payment: N/A

Supplemental Materials to Financial and Business Results: Yes

Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. FY16/2 Q1 Consolidated Financial Results (from March 1, 2015 to May 31, 2015)

(1) Consolidated Financial Results

(YOY = year-on-year % change)

	Revenues		Operating Profit		Recurring Profit		Net Income	
	(million yen)	YOY	(million yen)	YOY	(million yen)	YOY	(million yen)	YOY
FY16/2 Q1	8,903	+36.4%	2,492	+11.5%	2,233	+8.6%	2,375	+27.4%
FY15/2 Q1	6,528	-40.8%	2,236	+191.2%	2,056	+176.9%	1,864	+37.0%

Note: Comprehensive income FY16/2 Q1: 2,331 million yen (+12.2%) FY15/2 Q1: 2,077 million yen (+41.4%)

	Net Income per Share (basic, yen)	Net Income per Share (diluted, yen)
FY16/2 Q1	4.76	4.72
FY15/2 Q1	3.75	3.71

(2) Consolidated Financial Condition

	Total Assets (million yen)	Net Assets (million yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY16/2 Q1	176,388	59,949	32.4	114.55
FY15/2	172,744	58,377	32.2	111.54

Note1: Shareholders' equity FY16/2 Q1: 57,193 million yen FY15/2 Q1: 55,673 million yen

2. Dividends

	Dividend per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
FY15/2	-	0	-	1.30	1.30
FY16/2	-				
FY16/2 (Expected)		0	-	2.00	2.00

Changes since the previously announced forecast: None

3. FY16/2 Full-Year Consolidated Forecast (from March 1, 2015 to February 29, 2016) (YOY = year-on-year % change)

	Revenues (million yen)		Operating Profit (million yen)		Recurring Profit (million yen)	
		YOY		YOY		YOY
FY16/2	45,000	+5.4%	11,700	+42.9%	10,250	+41.3%
	Net Income (million yen)		Net Income per Share (Yen)			
		YOY				
FY16/2	9,150	+35.3%		18.30		

Changes in the forecast during the period: None

Note 1: The Company has included a full-year earnings forecast only – there is no half-year earnings forecast.

Note 2: Net Income per Share for FY16/2 is based on the forecast number of shares after the expected exercise of stock options.

4. Other

(1) Changes in significant consolidated subsidiaries (material changes in scope of consolidation):
None

(2) Changes in accounting standards/principles, changes in accounting estimates, and revisions to previous financial statements

- (i) Changes in accounting standards/principles: None
- (ii) Changes in accounting principles other than the above: None
- (iii) Changes in accounting estimates: None
- (iv) Revisions of previous financial statements: None

(3) Number of outstanding common shares

(i) Number of outstanding shares including treasury shares

FY16/2 Q1: 500,913,600
FY15/2: 500,804,600

(ii) Number of treasury shares

FY16/2 Q1: 1,636,000
FY15/2: 1,670,000

(iii) Average number of outstanding shares

FY16/2 Q1: 499,184,654
FY15/2: 497,560,407

***Explanation on Appropriate Use of Earnings Projection**

Forward-looking statements contained in these materials are based on judgments regarding information that was available to the Company and the Group as of the announcement date. However, these statements involve risk and uncertainties. Therefore, please note that actual earnings may differ significantly from the indicated earnings projection as a result of various factors.

5. Segment Information

Segment Overview

Starting from the previous fiscal period, the Company has changed its segment disclosure from the previous five segments to four segments. Previously, the Company had segmented its business into “Asset Management,” “Real Estate,” “Value-Add,” “Clean Energy,” and “Other.” However, because the Company has increasingly been carrying out value-add activities in both the Real Estate and Value-Add segments, the segment division has lost its meaning. Therefore, Real Estate and Value-Add are being integrated into a single Value-Add segment.

Asset Management generates fee income via the management of the Ichigo REIT, private funds, and other fee-generating real estate services related to the sourcing, financing, operation, property management, facility management, and disposition of real estate assets, with the aim of maximizing both asset and shareholder value.

Value-Add deploys the Company’s expertise to acquire and add value via improvements to real estate assets, generating rental income during the value-add period and profits on asset sales that reflect the higher value of the assets after the Company’s improvements.

Clean Energy generates long-term income primarily via utility-scale solar power production with the aim to make effective reuse of real estate and contribute to Japan’s energy self-sufficiency.

Other is primarily legacy securities investments that are not related to the above three segments.

The Company has reflected these changes in the previous year’s segment information.

Revenues, P&L, Assets, Liabilities, and Other Items by Segment

FY15/2 Q1

(from March 1, 2014 to May 31, 2014)

(Million Yen)

	Segment					Adjustment (Note 1)	Amount Recorded in Consolidated Financial Statements (Note 2)
	Asset Management	Value-Add	Clean Energy	Other	Total		
Revenues							
Revenues from External Customers	1,095	5,287	125	19	6,528	—	6,528
Inter-Segment Revenues or Reclassifications	250	0	—	0	251	(251)	—
Total	1,346	5,287	125	19	6,779	(251)	6,528
Segment Profits or Losses	284	2,166	(41)	(4)	2,405	(169)	2,236
Segment Assets	2,775	106,650	7,731	5,351	122,508	13,899	136,407
Other							
Depreciation	2	83	35	—	121	5	127
Impairment loss	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	3	7,811	1,628	—	9,443	13	9,456

Note 1: The Adjustment to Segment Profits or Losses (-169 million yen) reflects transaction eliminations and company expenses that were not allocated to the segments. The Adjustment to Segment Assets (13,899 million yen) reflects company assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (5 million yen) reflects depreciation of company assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant and Equipment and Intangible assets (13 million yen) reflects company assets that were not allocated to the segments.

Note 2: Segment Profits or Losses are calculated for each segment from consolidated operating profit.

FY16/2 Q1

(from March 1, 2015 to May 31, 2015)

(Million Yen)

	Segment					Adjustment (Note 1)	Amount Recorded in Consolidated Financial Statements (Note 2)
	Asset Management	Value-Add	Clean Energy	Other	Total		
Revenues							
Revenues from External Customers	1,529	6,988	379	6	8,903	—	8,903
Inter-Segment Activities or Reclassifications	209	0	—	0	210	(210)	—
Total	1,738	6,989	379	6	9,114	(210)	8,903
Segment Profits or Losses	875	1,572	96	(16)	2,527	(34)	2,492
Segment Assets	2,971	139,705	13,600	6,077	162,356	14,032	176,388
Other							
Depreciation	2	60	111	—	174	7	181
Impairment loss	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	0	9	626	—	636	—	636

Note 1: The Adjustment to Segment Profits or Losses (-34 million yen) reflects transaction eliminations and company expenses that were not allocated to the segments. The Adjustment to Segment Assets (14,032 million yen) reflects company assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (7 million yen) reflects depreciation of company assets that were not allocated to the segments.

Note 2: Segment Profits or Losses are calculated for each segment from consolidated operating profit.

Consolidated Balance Sheet

(Million Yen)

	FY15/2 (Feb 28, 2015)	FY16/2 Q1 (May 31, 2015)
Assets		
Current Assets		
Cash and cash equivalents	19,383	21,065
Trade notes and accounts receivable	519	1,163
Operational investments in loans	2,330	1,324
Operational investments in securities	1,965	1,693
Real estate for sale	109,769	112,161
Deferred tax assets	1,200	1,207
Other	2,657	2,590
Less: allowance for doubtful accounts	(484)	(499)
Total Current Assets	137,342	140,708
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures (net)	4,021	3,968
Equipment (net)	9,168	9,677
Land	12,142	12,186
Other (net)	989	948
Total Tangible Assets	26,321	26,781
Intangible Assets		
Goodwill	2,082	2,047
Leasehold rights	392	392
Other	27	24
Total Intangible Assets	2,502	2,465
Investments and Other Assets		
Investments in securities	5,266	5,128
Long-term loans receivable	12	12
Deferred tax assets	2	2
Other	1,392	1,387
Less: allowance for doubtful accounts	(95)	(96)
Total Investments and Other Assets	6,578	6,434
Total Fixed Assets	35,402	35,680
Total Assets	172,744	176,388

(Million Yen)

	FY15/2 (Feb 28, 2015)	FY16/2 Q1 (May 31, 2015)
Liabilities		
Current Liabilities		
Trade notes and accounts payable	124	78
Short-term borrowings	1,416	735
Short-term non-recourse loans	48	—
Long-term borrowings (due within one year)	3,488	3,570
Long-term non-recourse loans (due within one year)	786	2,873
Income taxes payable	284	112
Deferred tax liabilities	30	26
Accrued bonuses	16	182
Other current liabilities	3,677	2,884
Total Current Liabilities	9,872	10,464
Long-Term Liabilities		
Non-recourse bonds	100	100
Long-term borrowings	53,409	57,158
Long-term non-recourse loans	43,004	40,807
Deferred tax liabilities	1,402	1,283
Long-term security deposits received	6,391	6,399
Negative goodwill	90	67
Other long-term liabilities	96	158
Total Long-Term Liabilities	104,494	105,974
Total Liabilities	114,367	116,439
Net Assets		
Shareholders' Equity		
Capital	26,499	26,504
Capital reserve	10,873	10,878
Retained earnings	17,201	18,767
Treasury shares	(78)	(76)
Total Shareholders' Equity	54,496	56,073
Accumulated Other Comprehensive Income		
Unrealized gain on other securities, net	1,208	1,155
Deferred loss on hedges	(36)	(38)
Foreign currency translation adjustment	6	3
Total Accumulated Other Comprehensive Income	1,177	1,120
Stock Options	198	237
Minority Interests	2,505	2,517
Total Net Assets	58,377	59,949
Total Liabilities and Net Assets	172,744	176,388

Consolidated Income Statement

(Million Yen)

	FY15/2 Q1 (from Mar 1, 2014 to May 31, 2014)	FY16/2 Q1 (from Mar 1, 2015 to May 31, 2015)
Revenues	6,528	8,903
Cost of Goods Sold	3,270	5,276
Gross Profit	3,257	3,627
SG&A	1,021	1,134
Operating Profit	2,236	2,492
Non-Operating Profit		
Interest income	1	0
Dividend income	4	4
Amortization of negative goodwill	22	22
Other	2	13
Total Non-Operating Profit	31	41
Non-Operating Expenses		
Interest expense	183	265
Other	27	34
Total Non-Operating Expenses	210	300
Recurring Profit	2,056	2,233
Extraordinary Gain		
Gain on sales of investment securities	—	223
Total Extraordinary Gain	—	223
Profit before Income Taxes	2,056	2,456
Income Taxes – Current	147	179
Income Taxes – Deferred	(0)	(124)
Total Income Taxes	147	55
Profit before Gain on Minority Interests	1,909	2,401
Gain on Minority Interests	44	25
Net Income	1,864	2,375

Consolidated Statement of Comprehensive Income

(Million Yen)

	FY15/2 Q1 (from Mar 1, 2014 to May 31, 2014)	FY16/2 Q1 (from Mar 1, 2015 to May 31, 2015)
Profit before Gain on Minority Interests	1,909	2,401
Other Comprehensive Income		
Valuation gain on other securities	188	(64)
Deferred loss on hedges	(16)	(1)
Foreign currency translation adjustment	(3)	(3)
Total Other Comprehensive Income	168	(69)
Comprehensive Income	2,077	2,331
(Breakdown)		
Comprehensive income for shareholders of the parent company	1,902	2,318
Comprehensive income for minority interests	175	12

Consolidated Cash Flow Statement

(Million Yen)

	FY15/2 Q1 (from Mar 1, 2014 to May 31, 2014)	FY16/2 Q1 (from Mar 1, 2015 to May 31, 2015)
Cash Flows from Operating Activities:		
Pre-tax net income	2,056	2,456
Depreciation	124	181
Share-based compensation expenses	33	42
Amortization of goodwill	34	34
Amortization of negative goodwill	(22)	(22)
Increase (decrease) in accrued bonuses	126	166
Increase (decrease) in allowance for doubtful accounts	4	14
Interest and dividend income	(6)	(5)
Interest expense	183	265
Loss (gain) on sales of investment securities	—	(223)
Decrease (increase) in trading notes and receivable	(146)	(643)
Decrease (increase) in operating loans receivable	(1,000)	1,006
Decrease (increase) in operational investments in securities	502	283
Decrease (increase) in real estate for sale	(16,083)	(2,392)
Decrease (increase) in accounts receivable	(277)	(130)
Increase (decrease) in accounts payable	(71)	(444)
Increase (decrease) in accrued expenses	(239)	69
Increase (decrease) in security deposits received	1,040	72
Other	415	295
Sub-total	(13,326)	1,027
Interest and dividend income received	6	5
Interest expenses paid	(159)	(268)
Income taxes paid	(22)	(207)
Net Cash from (Used for) Operating Activities	(13,502)	556

(Million Yen)

	FY15/2 Q1 (from Mar 1, 2014 to May 31, 2014)	FY16/2 Q1 (from Mar 1, 2015 to May 31, 2015)
Cash Flows from Investing Activities:		
Payments into time deposits	(0)	(0)
Acquisition of investment securities	(100)	—
Proceeds from sales of investment securities	—	296
Acquisition of property and equipment	(2,756)	(1,223)
Acquisition of intangible assets	(22)	—
Payments for investments in capital	(0)	(6)
Proceeds from redemption of investments	0	—
Payments of security deposits	(112)	(19)
Proceeds from redemption of security deposits	—	9
Other	0	0
Net Cash from (Used for) Investing Activities	(2,991)	(943)
Cash Flows from Financing Activities:		
Increase (decrease) in short-term bank loans, net	(185)	(681)
Increase (decrease) in short-term non-recourse loans, net	—	(48)
Proceeds from long-term bank loans	16,099	7,651
Repayment of long-term bank loans	(1,714)	(3,819)
Repayment of long-term non-recourse loans	(1,663)	(109)
Proceeds from exercise of stock options	10	8
Cash dividends paid	(498)	(601)
Net Cash from (Used for) Financing Activities	12,046	2,400
Effect of Exchange Rate Changes on Cash and Cash Equivalents	13	0
Increase (Decrease) in Cash and Cash Equivalents	(4,433)	2,013
Cash and Cash Equivalents at Beginning of Period	24,581	18,972
Cash and Cash Equivalents Resulting from New Entity Consolidation	280	—
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	(345)	(330)
Cash and Cash Equivalents at End of Period	20,083	20,655