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Summary of Financial and Business Results for the First Quarter of the Fiscal Year Ending February 2015

July 14, 2014

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

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Filing of the *Shihanki Hokokusho* (Quarterly Report): July 15, 2014

Dividend Payment: N/A

Supplemental Materials to Financial and Business Results: Yes

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

1. Consolidated Financial Results (from March 1, 2014 to May 31, 2014)

(1) Consolidated Financial Results (Accumulated)

(% change is year-on-year)

	Revenues		Operating Profit		Recurring Profit		Net Profit	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
Feb 15 Q1	6,528	-40.8	2,236	191.2	2,056	176.9	1,864	37.0
Feb 14 Q1	11,023	366.5	767	128.6	742	141.2	1,360	413.5

Note: Comprehensive income Feb 15 Q1: 2,077 million yen (41.4%) Feb 14 Q1: 1,469 million yen (479.1%)

The increase in year-on-year operating profit despite lower revenues is due to significantly higher profit on Value-Add sales and an increase in rental income from Real Estate assets.

	Net Profit per Share (basic, yen)	Net Profit per Share (diluted, yen)
Feb 15 Q1	3.75	3.71
Feb 14 Q1	3.03	2.98

Note: On September 1, 2013, Ichigo split each of its shares into 200 shares. For ease of comparison, the net profit per share figures for both 2014 and 2015 reflect the stock split.

(2) Consolidated Financial Condition

	Total Assets (million yen)	Net Assets (million yen)	Equity Ratio (%)	Net Assets per Share (yen)
Feb 15 Q1	136,407	52,497	36.6	100.33
Feb 14	114,944	50,842	42.2	97.42

Reference: Shareholders' equity Feb 15 Q1: 49,927 million yen Feb 14: 48,460 million yen

2. Dividends

	Dividend per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Feb 14	-	0	-	1.10	1.10
Feb 15	-				
Feb 15 (Expected)		0	-	1.30	1.30

Note 1: Changes since the previously announced forecast: None

3. Consolidated Forecast for the Fiscal Year Ending February 2015 (from March 1, 2014 to February 28, 2015)

	Revenues		Operating Profit		Recurring Profit	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
Feb 15 FY	42,000	19.7	7,700	96.8	6,500	80.7
	Net Profit		Net Profit per Share			
	(million yen)	(%)	(Yen)			
Feb 15 FY	6,055	33.8	12.17			

Note 1: Changes in the forecast during the period: None

Note 2: The Company has included a full-year earnings forecast only – there is no half-year earnings forecast.

Note 3: Net Profit per Share for FY15 is based on the average number of outstanding shares for FY15 assuming the number of outstanding shares as of June 30, 2014 remains unchanged throughout FY15.

4. Other

(1) Changes in significant consolidated subsidiaries (material changes in scope of consolidation): Yes
One new subsidiary: GK Omori Holdings *Tokumei Kumiai*

(2) Application of accounting treatment specific to interim consolidated financial statements: None

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

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

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares including treasury shares

Feb 15 Q1:	499,432,200
Feb 14:	499,432,200

(ii) Number of treasury shares

Feb 15 Q1:	1,791,000
Feb 14:	1,978,000

(iii) Average number of outstanding shares

Feb 15 Q1:	497,560,407
Feb 14 Q1:	448,369,857

Note: On September 1, 2013, Ichigo split each of its shares into 200 shares. For ease of comparison, the numbers of outstanding shares reflect the stock split.

***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

(i) Segment Overview

Starting from the previous fiscal period, to improve earnings transparency and reflect changes in the Company's earnings structure, such as the expansion of its clean energy business, asset acquisition to support Ichigo REIT's growth, and a substantial increase in investments in value-add and prime real estate, the Company has changed its segment disclosure from the previous two segments to the below five segments.

"Asset management" generates fee income via the management of the Ichigo REIT and 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.

"Real Estate" generates on-going rental income for the Company as a real estate owner/operator. Specifically, the Company either owns and operates real estate over the long term or holds assets on a short-term basis on behalf of Ichigo REIT until Ichigo REIT is able to acquire the assets.

"Value-Add" generates rental income and capital gains by deploying the Company's expertise to acquire, add value to, and sell real estate assets at a profit.

"Clean Energy" generates long-term income primarily via megasolar power production.

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

The Company has reflected these changes in the previous year's first quarter segment information.

(ii) Revenues, P&L by Segment

February 2014 First Quarter (from March 1, 2013 to May 31, 2013)

(Million Yen)

	Segment						Adjustment (Note 1)	Amount Recorded in Consolidated Financial Statements (Note 2)
	Asset Management	Real Estate	Value-Add	Clean Energy	Other	Total		
Revenues								
Revenues from External Customers	1,149	556	8,912	0	405	11,023	-	11,023
Inter-Segment Revenues or Reclassifications	125	0	0	-	-	125	(125)	-
Total	1,274	556	8,912	0	405	11,148	(125)	11,023
Segment Profits or Losses (-)	306	200	411	(81)	(3)	834	(66)	767

(Note 1) Adjustments to Segment Profits and Losses (-66 million yen) contains transaction eliminations and company expenses that were not distributed throughout the segments.

(Note 2) Segment Profits and Losses is adjusted with the Operating Profit from the Consolidated Income Statement.

February 2015 First Quarter (from March 1, 2014 to May 31, 2014)

(Million Yen)

	Segment						Adjustment (Note 1)	Amount Recorded in Consolidated Financial Statements (Note 2)
	Asset Management	Real Estate	Value-Add	Clean Energy	Other	Total		
Revenues								
Revenues from External Customers	1,095	1,322	3,964	125	19	6,528	-	6,528
Inter-Segment Activities or Reclassifications	250	0	0	-	0	251	(251)	-
Total	1,346	1,323	3,964	125	19	6,779	(251)	6,528
Segment Profits or Losses (-)	207	831	1,412	(41)	(4)	2,405	(169)	2,236

(Note 1) Adjustments to Segment Profits and Losses (-169 million yen) contains transaction eliminations and company expenses that were not distributed throughout the segments.

(Note 2) Segment Profits and Losses is adjusted with the Operating Profit from the Consolidated Income Statement.

Consolidated Balance Sheet

(Million Yen)

	Feb 14 Full Year (Feb 28, 2014)	Feb 15 Q1 (May 31, 2014)
Assets		
Current Assets		
Cash and cash equivalents	24,991	20,493
Trade notes and accounts receivable	451	597
Operational investments in loans	1,100	2,100
Operational investments in securities	3,583	2,247
Real estate for sale	54,084	70,168
Deferred tax assets	576	576
Others	1,384	1,858
Less: allowance for doubtful accounts	(410)	(413)
Total Current Assets	85,761	97,628
Fixed Assets		
Property, Plant and Equipment		
Land	12,433	19,219
Others (net)	8,867	11,395
Total Tangible Assets	21,300	30,614
Intangible Assets		
Goodwill	2,221	2,186
Leasehold rights	392	392
Others	71	90
Total Intangible Assets	2,686	2,669
Investments and Other Assets		
Investments in securities	4,278	4,409
Long-term loans receivable	13	13
Deferred tax assets	222	222
Others	780	946
Less: allowance for doubtful accounts	(97)	(97)
Total Investments and Other Assets	5,196	5,494
Total Fixed Assets	29,183	38,778
Total Assets	114,944	136,407

(Million Yen)

	Feb 14 Full Year (Feb 28, 2014)	Feb 15 Q1 (May 31, 2014)
Liabilities		
Current Liabilities		
Trade notes and accounts payable	132	152
Short-term borrowings	950	765
Long-term borrowings (due within one year)	3,123	2,760
Long-term non-recourse loans (due within one year)	428	1,277
Income taxes payable	96	178
Deferred tax liabilities	24	32
Accrued bonuses	14	141
Other current liabilities	2,817	3,270
Total Current Liabilities	7,588	8,578
Long Term Liabilities		
Non-recourse bonds	-	100
Long-term borrowings	26,126	40,874
Long-term non-recourse loans	24,178	26,908
Deferred tax liabilities	1,213	1,212
Long-term security deposits received	4,770	6,016
Negative goodwill	180	157
Other long-term liabilities	44	61
Total Long Term Liabilities	56,513	75,331
Total Liabilities	64,102	83,910
Net Assets		
Shareholders' Equity		
Capital	26,443	26,443
Capital reserve	10,808	10,813
Retained earnings	10,891	12,306
Treasury stock	(92)	(84)
Total Shareholders' Equity	48,050	49,479
Accumulated Other Comprehensive Income		
Unrealized gain on other securities, net	400	456
Deferred loss on hedges	-	(16)
Foreign currency translation adjustment	9	8
Total Accumulated Other Comprehensive Income	409	448
Stock Options	121	151
Minority Interests	2,261	2,418
Total Net Assets	50,842	52,497
Total Liabilities and Net Assets	114,944	136,407

Consolidated Income Statement

(Million Yen)

	Feb 14 Q1 (From Mar 1, 2013 To May 31, 2013)	Feb 15 Q1 (From Mar 1, 2014 To May 31, 2014)
Revenues	11,023	6,528
Cost of Revenues	9,385	3,270
Gross Profit	1,638	3,257
SG&A	870	1,021
Operating Profit	767	2,236
Non-Operating Profit		
Interest income	0	1
Dividend income	9	4
Amortization of negative goodwill	22	22
Others	4	2
Total Non-Operating Profit	36	31
Non-Operating Expenses		
Interest on debt	58	183
Others	3	27
Total Non-Operating Expenses	61	210
Recurring Profit	742	2,056
Extraordinary Gain		
Gain on sales of investment securities	198	-
Receipt of share trading proceeds	434	-
Others	33	-
Total Extraordinary Gain	667	-
Profit before Income Taxes	1,410	2,056
Income taxes – current	15	147
Income taxes – deferred	(0)	(0)
Total income taxes	14	147
Profit before Gain on Minority Interests	1,395	1,909
Gain on Minority Interests	34	44
Net Profit	1,360	1,864

Consolidated Statements of Comprehensive Income

(Million Yen)

	Feb 14 Q1 (From Mar 1, 2013 To May 31, 2013)	Feb 15 Q1 (From Mar 1, 2014 To May 31, 2014)
Profit before Gain on Minority Interests	1,395	1,909
Other Comprehensive Income		
Valuation gain on other securities	100	188
Deferred loss on hedges	-	(16)
Foreign currency translation adjustment	(25)	(3)
Total Other Comprehensive Income	74	168
Comprehensive Income	1,469	2,077
(Breakdown)		
Comprehensive income for shareholders of the parent company	1,573	1,902
Comprehensive income for minority interests	(103)	175

Consolidated Cash Flow Statement

(Million Yen)

	Feb 14 Q1 (From Mar 1, 2013 To May 31, 2013)	Feb 15 Q1 (From Mar 1, 2014 To May 31, 2014)
Cash Flows from Operating Activities:		
Income before income taxes	1,410	2,056
Depreciation	57	124
Share-based compensation expenses	20	33
Amortization of goodwill	34	34
Amortization of negative goodwill	(22)	(22)
Increase (decrease) in accrued bonuses	79	126
Increase (decrease) in allowance for doubtful accounts	40	4
Interest and dividend income	(9)	(6)
Interest on debt	58	183
Loss (gain) on sales of investment securities	(198)	-
Decrease (increase) in trading notes and receivable	(23)	(146)
Decrease (increase) in operating loans receivable	-	(1,000)
Decrease (increase) in operational investments in securities	(1,268)	502
Loss on valuation of investment securities	14	-
Decrease (increase) in real estate for sale	4,575	(16,083)
Decrease (increase) in accounts receivable	(122)	(277)
Increase (decrease) in accounts payable	(35)	(71)
Increase (decrease) in accrued expenses	(318)	(239)
Increase (decrease) in security deposits received	(233)	1,040
Others	656	415
Sub-total	4,715	(13,326)
Interest and dividend income received	9	6
Interest expenses paid	(62)	(159)
Income taxes paid	(37)	(22)
Net Cash from (Used for) Operating Activities	4,624	(13,502)

(Million Yen)

	Feb 14 Q1 (From Mar 1, 2013 To May 31, 2013)	Feb 15 Q1 (From Mar 1, 2014 To May 31, 2014)
Cash Flows from Investing Activities:		
Payments into time deposits	(0)	(0)
Acquisition of investment securities	(0)	(100)
Proceeds from sales of investment securities	272	-
Acquisition of property and equipment	(313)	(2,756)
Proceeds from sale of property and equipment	0	-
Acquisition of intangible assets	(310)	(22)
Payments for investments in capital	(1)	(0)
Proceeds from redemption of investments	4	0
Payments of deposits	(5)	(112)
Payments for acquisitions of subsidiaries resulting in the change of consolidation scope	(1,409)	-
Collection of loans receivable	0	0
Others	2	(0)
Net Cash from (Used for) Investing Activities	(1,760)	(2,991)
Cash Flows from Financing Activities:		
Increase (decrease) in short-term bank loans, net	2,149	(185)
Proceeds from long-term loans	5,100	16,099
Repayment of long-term loans	(1,817)	(1,714)
Repayment of non-recourse loans	(7,995)	(1,663)
Proceeds from exercise of stock option	78	10
Cash dividends paid	(413)	(498)
Net Cash from (Used for) Financing Activities	(2,898)	12,046
Effect of Exchange Rate Changes on Cash and Cash Equivalents	25	13
Increase (Decrease) in Cash and Cash Equivalents	(9)	(4,433)
Cash and Cash Equivalents at Beginning of Period	9,512	24,581
Cash and Cash Equivalents resulting from New Entity Consolidation	-	280
Cash and Cash Equivalents resulting from Exclusion from Consolidation	(312)	(345)
Cash and Cash Equivalents at End of Period	9,189	20,083