Consolidated Financial Results
for the Fiscal Year Ended December 31, 2016
[Japanese GAAP]

February 9, 2017

Company name: investors cloud co., ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 1435
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Scheduled date of Annual General Meeting of Shareholders: March 23, 2017
Scheduled date of commencing dividend payments: March 24, 2017
Scheduled date of filing annual securities report: March 24, 2017
Availability of supplementary briefing material on annual financial results: Available
Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2016 (January 1, 2016 to December 31, 2016)

(1) Consolidated operating results (% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2016	37,915	-	3,806	-	3,803	-	2,354	-
December 31, 2015	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Fiscal year ended December 31, 2016: ¥2,348 million [- %]
Fiscal year ended December 31, 2015: ¥ - million [- %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2016	153.97	134.61	47.7	43.6	10.0
December 31, 2015	-	-	-	-	-

(Reference) Equity in earnings (losses) of associated companies: Fiscal year ended December 31, 2016: ¥(4) million
Fiscal year ended December 31, 2015: ¥ - million

(Notes) 1. The Company conducted a two-for-one stock split of its common stock effective July 1, 2016. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the current fiscal year.
2. As the Company began preparing consolidated financial statements from the fiscal year ended December 31, 2016, figures for the fiscal year ended December 31, 2015 and changes from the previous corresponding period are not stated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	10,856	6,030	55.6	394.43
As of December 31, 2015	-	-	-	-

(Reference) Equity: As of December 31, 2016: ¥6,030 million
As of December 31, 2015: ¥ - million

(Notes) 1. The Company conducted a two-for-one stock split of its common stock effective July 1, 2016. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the current fiscal year.

2. As the Company began preparing consolidated financial statements from the fiscal year ended December 31, 2016, figures for the fiscal year ended December 31, 2015 are not stated.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2016	2,863	(2,060)	(148)	4,904
December 31, 2015	-	-	-	-

(Note) As the Company began preparing consolidated financial statements from the fiscal year ended December 31, 2016, figures for the fiscal year ended December 31, 2015 are not stated.

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2015	-	0.00	-	20.00	20.00	152	12.6	5.3
December 31, 2016	-	0.00	-	20.00	20.00	305	13.0	6.2
Fiscal year ending December 31, 2017 (Forecast)	-	20.00	-	20.00	40.00		17.7	

(Notes) 1. Breakdown of year-end dividend for the fiscal year ended December 31, 2015:
ordinary dividend: ¥15.00; commemorative dividend: ¥5.00
2. Breakdown of year-end dividend for the fiscal year ended December 31, 2016:
ordinary dividend: ¥15.00; commemorative dividend: ¥5.00
3. The Company conducted a two-for-one stock split of its common stock effective July 1, 2016. Dividends for fiscal year ended December 31, 2015 are the actual amount paid before the stock split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017 (January 1, 2017 to December 31, 2017)

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	22,170	53.8	1,830	34.0	1,750	27.9	1,140	32.1	74.56
Full year	50,540	33.3	5,360	40.8	5,280	38.8	3,450	46.5	225.63

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: Yes
4) Retrospective restatement: No

(3) Total number of shares outstanding (common stock)
1) Total number of shares outstanding at the end of the period (including treasury stock):
December 31, 2016: 15,290,200 shares
December 31, 2015: 15,290,200 shares
2) Total number of treasury stock at the end of the period:
December 31, 2016: - shares
December 31, 2015: - shares
3) Average number of shares during the period:
Fiscal year ended December 31, 2016: 15,290,200 shares
Fiscal year ended December 31, 2015: 14,199,408 shares

(Note) The Company conducted a two-for-one stock split of its common stock effective July 1, 2016. Total number of shares outstanding (common stock) is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2015.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2016 (January 1, 2016 to December 31, 2016)

(1) Non-consolidated operating results (% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2016	37,894	76.2	3,854	103.2	3,857	104.7	2,403	113.1
December 31, 2015	21,512	47.2	1,897	105.1	1,884	100.2	1,127	103.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2016	157.17	137.41
December 31, 2015	79.41	67.42

(Note) The Company conducted a two-for-one stock split of its common stock effective July 1, 2016. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2015.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	10,881	6,079	55.9	397.62
As of December 31, 2015	6,600	3,830	58.0	250.51

(Reference) Equity: As of December 31, 2016: ¥6,079 million
As of December 31, 2015: ¥3,830 million

(Note) The Company conducted a two-for-one stock split of its common stock effective July 1, 2016. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2015.

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017 (January 1, 2017 to December 31, 2017)

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	22,120	53.5	1,900	37.9	1,830	32.6	1,190	36.8	77.83
Full year	49,920	31.7	5,340	38.5	5,260	36.4	3,440	43.1	224.98

* Presentation regarding the implementation status of the audit procedures

These financial results are outside the scope of audit procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial results, audit procedures for the financial statements under the Financial Instruments and Exchange Act have not been completed.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions judged to be reasonable. The Company makes no warranty as to the achievability of these forecasts. Actual performance, etc. may differ significantly from these forecasts due to a wide range of factors. Please refer to “(1) Analysis of operating results in 1. Analysis of Operating Results and Financial Position” on page 2 of the attachments for conditions of the assumptions of the financial results forecast and the use of these forecasts.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

1) Operating results for the current fiscal year

The Japanese economy during the current fiscal year followed a moderate economic recovery as the employment and income environment continued to show signs of improvement due to the recovery of corporate performance, backed by the effect of governmental economic policies and the Bank of Japan ("BoJ")'s monetary easing policies. Nevertheless, the economic outlook remains uncertain due to the impact of Brexit, concerns of a slowdown in emerging economies including China and the advent of the Trump administration in the U.S.

In the real estate industry, with the backdrop of the favorable financing environment such as the BoJ's continued negative interest rate policy, the market was robust with ongoing inflow of funds to the real estate market and new loan originations for real estate businesses by domestic financial institutions reaching record highs beyond the bubble economy period.

Under these circumstances, in the mainstay apartment management platform TATERU business, the Group promoted the increase in membership, and maintenance and improvement of contract rate by focusing on enhancing TATERU's functions and its brand recognition. The five systems that constitute TATERU are updated constantly, with the launch of TATERU *Kakutei Shinkoku*, a service to reduce the burden of real property owners for their tax return filing and others. In addition, we actively engaged in advertising activities which, combined with enhanced brand recognition and the effect of the increased corporate brand value by initial public offering, increased new membership to over 1,000 a month, with monthly contracts on an increasing trend.

In April 2016, in order to promote our Group management philosophy "Internet × Real: accelerating new services," we established iApartment Co., Ltd. to develop, manufacture and sell IoT devices, and in June 2016, we established iVacation Co., Ltd. to engage in the Minpaku (private residence accommodation) business. Furthermore, our newly launched business, the real estate investment-type crowdfunding TATERU FUNDING business, commenced operations of Fund No. 1 in August 2016, and Fund No. 2 in October 2016, to expand the options of real estate investment and to attract more members.

As a result, the performance for the current fiscal year was ¥37,915 million in net sales, ¥3,806 million in operating income, ¥3,803 million in ordinary income and ¥2,354 million in profit attributable to owners of parent.

The Group's reportable segment consists solely of the apartment management platform TATERU business. As the significance of other business segments is limited, segment information is omitted.

2) Outlook for the next fiscal year

As for the outlook for the fiscal year ending December 31, 2017, with the continuing favorable financing environment rendered by the BoJ's monetary easing policies, active real estate transactions with high investment appetite is expected to continue steadily, despite of the increased uncertainty in the global economy mainly due to Brexit, concerns of a slowdown in emerging economies and how the policies of the new U.S. administration will turn out.

Under these circumstances, we believe it is vital to develop business based on our Group management philosophy "Internet × Real: accelerating new services." In our core apartment management platform TATERU business, we will continue to aim to increase membership, maintain and improve contract rate, leading to forecasts of an increase of around 40% year on year in the delivery of apartments on a building-structure-basis. We will actively engage in business development by promoting new businesses such as the Minpaku business and the IoT business making use of IT technologies.

Through the initiatives outlined above, we foresee business results for the fiscal year ending December 31, 2017 with net sales of ¥50,540 million (up 33.3% year on year), operating income of ¥5,360 million (up 40.8%

year on year), ordinary income of ¥5,280 million (up 38.8% year on year) and profit attributable to owners of parent of ¥3,450 million (up 46.5% year on year).

(Note) The financial results forecasts are based on information currently available, and actual figures may differ from the forecast due to various future factors.

(2) Analysis of financial position

1) Assets, liabilities and net assets

(Assets)

Total assets at the end of the current fiscal year was ¥10,856 million. Major factors were cash and deposits of ¥4,904 million, real estate for sale of ¥1,506 million, real estate for sale in process of ¥910 million and investment securities of ¥1,597 million.

(Liabilities)

Total liabilities at the end of the current fiscal year was ¥4,825 million. Major factors were accounts payable-trade of ¥2,189 million and income taxes payable of ¥1,153 million.

(Net assets)

Total net assets at the end of the current fiscal year was ¥6,030 million. Major factors were capital stock of ¥601 million, capital surplus of ¥512 million and retained earnings of ¥4,916 million.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year was ¥4,904 million. Cash flows in each activity are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥2,863 million. This is mainly attributable to outflows in income taxes of ¥984 million and an increase in inventories of ¥958 million, while inflows consisted of profit before income taxes of ¥3,800 million and an increase in notes and accounts payable-trade of ¥1,174 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,060 million. This is mainly attributable to outflows in purchase of shares of subsidiaries and associates of ¥1,004 million, purchase of investment securities of ¥516 million and purchase of property, plant and equipment of ¥431 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥148 million. This is mainly attributable to outflows in cash dividends paid of ¥152 million.

(Reference) Trends in cash flow indicators

	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Equity ratio (%)	35.9	58.0	55.6
Equity ratio based on fair value (%)	-	532.8	576.8
Interest-bearing debt to cash flow ratio	-	-	-
Interest coverage ratio	-	304.4	-

Equity ratio: Shareholders’ equity/Total assets
Equity ratio based on fair value: Market capitalization/Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flows
Interest coverage ratio: Cash flows/Interest paid

(Notes)
1. The indicators were calculated using non-consolidated financial figures for the fiscal years ended December 31, 2014 and 2015, and consolidated financial figures for the fiscal year ended December 31, 2016.
2. Cash flows refer to the cash flows from operating activities.

3. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets for which interest is paid.
4. Equity ratio based on fair value for the fiscal year ended December 31, 2014 is not stated as the shares of the Company were not listed.
5. Interest-bearing debt to cash flow ratio and interest coverage ratio for the fiscal year ended December 31, 2014 are not stated as operating cash flows were negative.
6. Interest-bearing debt to cash flow ratio for the fiscal years ended December 31, 2015 and 2016 are not stated as there was no interest-bearing debt.
7. Interest coverage ratio for the fiscal year ended December 31, 2016 is not stated as there were no interest expenses.

(3) Dividend policy and payments for the current fiscal year and the next fiscal year

The Group considers return of profits to shareholders to be a key management task, with the basic policy of ensuring continuous and stable dividend payments and a target payout ratio of approximately 10 to 20%. To allow even greater return of profits to shareholders, we will aim to raise the target payout ratio gradually to around 30%. In addition, as for internal reserves, our policy is to utilize it to strengthen our business structure and to expand business.

Based on the policy above, in order to enhance the opportunity of return of profits to shareholders, we changed our policy to pay out dividends from surplus from once a year to twice a year in the form of interim and year-end dividends, beginning the payment of interim dividend from the fiscal year ending December 31, 2017. The dividends from surplus will be determined by the Board of Directors for the interim dividend, and the general meeting of shareholders for the year-end dividend.

The year-end dividend for the current fiscal year is scheduled to be ¥15 per share for ordinary dividend adding ¥5 per share for commemorative dividend (commemorating the market change to the First Section of the Tokyo Stock Exchange), totaling to ¥20 per share (payout ratio of 13.0%).

The dividend forecast for the next fiscal year is expected to be ¥40 per share (¥20 per share for the interim dividend and ¥20 per share for the year-end dividend), with a payout ratio of 17.7%.

2. Management Policies

(1) Basic management policies of the Company

Under the management philosophy of "Internet × Real: accelerating new services," the Group will create innovation by accelerated development of services that make full use of Internet technologies, further improve performance and expand business, thereby to improve corporate value.

(2) Target management indicators

Our apartment management platform TATERU business is the core of the Group. We place great importance on the growth of membership (the number of users of our services) and the contract rate (the ratio of the number of contracts closed on the number of growth in membership) as important business indicators in order to continuously expand the TATERU business. In addition, as financial indicators conducive to increasing corporate value, we value net sales and ordinary income, and maximizing these indicators is a key management task. We also consider basic earnings per share as a key management indicator from a shareholder-oriented perspective.

(3) Medium- and long-term business strategies of the Company

By early implementation of IT technologies, the Group enhanced competitiveness, differentiated, and achieved growth. In order to expand the business scale and diversify the source of profits, we will continue to keep up with IT technology developments and render new services, as the norm of business expansion.

We will continue to expand our apartment management platform TATERU business, while exploring the development of services flexibly in order to develop core business. Iniviatives include the real estate investment-type crowdfunding TATERU FUNDING business, the renovation service SMA-RENO business, the development and sales business of IoT devices, and the Minpaku business utilizing the smart door phone "TATERU kit," in addition to expansion via active business alliance with other companies.

(4) Issues to be addressed

Key issues to be addressed by the Group are as follows.

1) Enhancing brand recognition and expanding membership

Our apartment management platform TATERU business, our mainstay business, is fundamentally a matching business connecting property and members. In order to achieve sustainable growth in the future, it is essential that the Company enhances brand recognition of TATERU and expand membership.

Our policy is to actively implement measures to expand membership by enhancing the brand recognition with various advertising activities including TV commercials to promote the use of the Group's services.

2) Strengthening of real estate information

The Group obtains most of the real estate information from real estate brokers and other real estate companies. However, in order to achieve sustainable growth in the future, it is essential to cultivate new sources of information. Our policy is to secure quality information by maintaining good business relationships with existing sources as well as diversifying and strengthening new sources.

3) Enhancing the quality of property management service

Our mainstay apartment management platform TATERU business provides one-stop service including property management service after delivery of apartments. It is our basic stance to provide high quality services placing emphasis on the satisfaction of property owners and residents.

We will pursue further growth by further enhancing the quality of our property management service, as well as the development and promotion of peripheral services.

4) Keeping up with technology innovation

By early implementation of IT technology, the Group has secured cost competitiveness and differentiation in the areas of services and designs. As innovation in IT technology accelerates, we believe it is important to be up to date on such environmental changes. We will therefore establish an organizational structure that constantly grasps the latest technology trends and environmental changes.

5) Expanding profit in new businesses

The Group is growing steadily particularly in our mainstay apartment management platform TATERU business. Nevertheless, it is essential to develop multiple new businesses in a medium- and long-term perspective, and turn profitable at an early stage in order to develop and expand them as our core business in the future.

6) Strengthening corporate governance

We recognize that strengthening corporate governance is a key task for the continuous growth of the Group.

Therefore, we will promote corporate management with emphasis on compliance which, combined with the development of our organizational structure, will strengthen our internal control system, thereby to constantly ensure compliance with laws and regulations and conduct with high ethical standards in tune with social norms.

We will also establish a stringent management structure including the setting of access security authorizations and periodical change of security codes in order to strengthen the management of personal information. In addition, we will enhance each employee’s capabilities and awareness on information management by thorough education.

7) Measures on system failure

Our apartment management platform TATERU business is the core business of the Group. Natural disasters including earthquakes and fires, and the occurrence of unpredictable events including accidents and blackouts may significantly affect the Group’s operating activities in case they cause failure in our equipment and communication network as well as the occurrence of crimes such as unauthorized access to our servers by outsiders, and network failure caused by the negligence of officers and employees. Therefore, the Group internally takes all possible information security measures and strengthens the system for stable operation.

3. Basic Stance on Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Company’s policy is to prepare its consolidated financial statements under Japanese GAAP for the time being.

With regard to International Financial Reporting Standards, the Company’s policy is to take appropriate measures in consideration of the situation in Japan and overseas.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousand yen)

	As of December 31, 2016
Assets	
Current assets	
Cash and deposits	4,904,216
Accounts receivable-trade	435,435
Real estate for sale	1,506,610
Real estate for sale in process	910,683
Supplies	3,429
Deferred tax assets	141,253
Other	589,528
Allowance for doubtful accounts	(790)
Total current assets	8,490,366
Non-current assets	
Property, plant and equipment	
Buildings	221,406
Accumulated depreciation	(33,052)
Buildings, net	188,354
Vehicles	62,585
Accumulated depreciation	(23,887)
Vehicles, net	38,698
Land	204,767
Construction in progress	25,466
Other	63,701
Accumulated depreciation	(44,267)
Other, net	19,434
Total property, plant and equipment	476,721
Intangible assets	83,736
Investments and other assets	
Investment securities	* 1,597,854
Deferred tax assets	24,629
Other	182,720
Total investments and other assets	1,805,204
Total non-current assets	2,365,662
Total assets	10,856,029

(Thousand yen)

	As of December 31, 2016
Liabilities	
Current liabilities	
Accounts payable-trade	2,189,047
Income taxes payable	1,153,157
Provision for bonuses	15,725
Provision for rent warranties	175,824
Other	1,268,291
Total current liabilities	4,802,045
Non-current liabilities	
Asset retirement obligations	23,126
Total non-current liabilities	23,126
Total liabilities	4,825,172
Net assets	
Shareholders' equity	
Capital stock	601,926
Capital surplus	512,444
Retained earnings	4,916,786
Total shareholders' equity	6,031,157
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(300)
Total accumulated other comprehensive income	(300)
Total net assets	6,030,857
Total liabilities and net assets	10,856,029

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Thousand yen)

		For the fiscal year ended December 31, 2016
Net sales		37,915,158
Cost of sales		30,600,364
Gross profit		7,314,794
Selling, general and administrative expenses	*1, 2	3,508,058
Operating income		3,806,736
Non-operating income		
Interest income		391
Dividend income		350
Gain on sales of goods		3,297
Other		246
Total non-operating income		4,285
Non-operating expenses		
Loss on investments in partnership		2,464
Share of loss of entities accounted for using equity method		4,269
Other		289
Total non-operating expenses		7,023
Ordinary income		3,803,998
Extraordinary income		
Gain on sales of non-current assets	*3	1,082
Total extraordinary income		1,082
Extraordinary losses		
Loss on retirement of non-current assets	*4	5,005
Total extraordinary losses		5,005
Profit before income taxes		3,800,074
Income taxes - current		1,505,356
Income taxes - deferred		(54,599)
Total income taxes		1,450,756
Profit		2,349,317
Loss attributable to non-controlling interests		(4,900)
Profit attributable to owners of parent		2,354,217

Consolidated statements of comprehensive income

(Thousand yen)

	For the fiscal year ended December 31, 2016
Profit	2,349,317
Other comprehensive income	
Valuation difference on available-for-sale securities	(802)
Share of other comprehensive income of entities accounted for using equity method	41
Total other comprehensive income	* (761)
Comprehensive income	2,348,556
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	2,353,456
Comprehensive income attributable to non-controlling interests	(4,900)

(3) Consolidated statements of changes in net assets
For the fiscal year ended December 31, 2016

(Thousand yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	601,926	512,444	2,715,470	3,829,842	461	461	3,830,303
Changes of items during period							
Dividends of surplus			(152,902)	(152,902)			(152,902)
Profit attributable to owners of parent			2,354,217	2,354,217			2,354,217
Net changes of items other than shareholders' equity				-	(761)	(761)	(761)
Total changes of items during period	-	-	2,201,315	2,201,315	(761)	(761)	2,200,554
Balance at end of current period	601,926	512,444	4,916,786	6,031,157	(300)	(300)	6,030,857

(4) Consolidated statements of cash flows

(Thousand yen)

	For the fiscal year ended December 31, 2016
Cash flows from operating activities	
Profit before income taxes	3,800,074
Depreciation	83,708
Loss on retirement of non-current assets	5,005
Loss (gain) on sales of non-current assets	(1,082)
Interest and dividend income	(741)
Loss (gain) on investments in partnership	2,464
Share of (profit) loss of entities accounted for using equity method	4,269
Decrease (increase) in notes and accounts receivable-trade	(262,975)
Decrease (increase) in inventories	(958,892)
Increase (decrease) in notes and accounts payable-trade	1,174,220
Decrease (increase) in advance payments	(228,279)
Increase (decrease) in advances received	(9,688)
Increase (decrease) in deposits received	110,274
Increase (decrease) in allowance for doubtful accounts	301
Increase (decrease) in provision for bonuses	3,525
Increase (decrease) in provision for rent warranties	94,634
Decrease (increase) in other assets	(109,224)
Increase (decrease) in other liabilities	139,059
Other, net	287
Subtotal	3,846,942
Interest and dividend income received	742
Income taxes paid	(984,677)
Net cash provided by (used in) operating activities	2,863,006
Cash flows from investing activities	
Purchase of property, plant and equipment	(431,921)
Purchase of intangible assets	(48,709)
Purchase of investment securities	(516,985)
Proceeds from redemption of investment securities	1,958
Purchase of shares of subsidiaries and associates	(1,004,513)
Net decrease (increase) in short-term loans receivable	402
Payments for lease and guarantee deposits	(68,639)
Proceeds from collection of lease and guarantee deposits	7,869
Net cash provided by (used in) investing activities	(2,060,539)
Cash flows from financing activities	
Proceeds from share issuance to non-controlling shareholders	4,900
Cash dividends paid	(152,902)
Net cash provided by (used in) financing activities	(148,002)
Effect of exchange rate change on cash and cash equivalents	(7)
Net increase (decrease) in cash and cash equivalents	654,457
Cash and cash equivalents at beginning of period	4,249,759
Cash and cash equivalents at end of period	* 4,904,216

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Significant matters that form the basis for preparing consolidated financial statements)

1. Matters related to scope of consolidation
Number of consolidated subsidiaries: 2

Names of consolidated subsidiaries:

iApartment Co., Ltd.

iVacation Co., Ltd.

As iApartment Co., Ltd. and iVacation Co., Ltd. were newly established in the current fiscal year, they were included in the scope of consolidation.

2 Matters related to application of equity method
Number of equity-method associates: 1

Name of equity-method associates:

Realize Asset Management Co., Ltd.

As the shares of Realize Asset Management Co., Ltd. was acquired by the Company and it became an associate of the Company in the current fiscal year, it is included in the scope of equity-method associates.

3. Matters related to closing dates of consolidated subsidiaries
The closing date of the business year of consolidated subsidiaries is the same as the consolidated closing date.

4. Matters related to accounting policies
(1) Valuation standards and methods for significant assets

1) Securities

Available-for-sale securities
Those with fair value:
Stated at fair value based on the market value, etc. at the closing date (unrealized gains and losses are reported as a separate component of net assets, and cost of sales is calculated by the moving-average method.)
Those without fair value:
Stated at cost using the moving-average method.

2) Inventories

a) Real estate for sale and real estate for sale in process
Stated at cost using the specific identification method (the balance sheet amount is written down for decreased profitability). Real estate for sale that is currently on lease is depreciated in the same method as property, plant and equipment.

b) Supplies
Stated primarily at cost using the last-purchase-price method (the balance sheet amount is written down for decreased profitability).

(2) Depreciation methods for significant depreciable assets

1) Property, plant and equipment

They are depreciated under the declining-balance method.
Major ranges of useful lives are as follows:

Buildings:	3 to 22 years
Vehicles:	3 to 6 years

2) Intangible assets

They are depreciated under the straight-line method.
Software for internal use is depreciated based on their internal useful lives (5 years).

(3) Accounting standards for significant reserves

1) Allowance for doubtful accounts

In order to prepare for probable losses on collection, the estimated uncollectible amount is provided for in accordance with the historical write-off ratio in the case of general receivables and by individual collectability in the case of doubtful accounts and other specific receivables.

2) Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is provided based on the estimated amount of bonus payment for the current fiscal year.

3) Provision for rent warranties

To provide for payment of rent warranties and others for some properties based on property management agreements, the estimated amount of payment on or after the next fiscal year is provided.

(4) Capital covered by consolidated statements of cash flows

Capital comprises cash on hand, demand deposits and short-term investments due for redemption within three months from the date of acquisition, which are readily cashable and are subject to minimal risk of fluctuation in value.

(5) Other significant matters on presenting consolidated financial statements

Accounting for consumption taxes, etc.

National and local consumption taxes, etc. are accounted for by the tax exclusion method.

(Changes in accounting policies)

(Application of practical solution on a change in depreciation method due to Tax Reform 2016)

Following the revision to the Income Tax Act, the Company has applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Accounting Standards Board of Japan Practical Issues Task Force Report No. 32, June 17, 2016) from the current fiscal year, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of the change on the operating income, ordinary income and profit before income taxes for the current fiscal year is immaterial.

(Changes in accounting estimates)

(Provision for rent warranties)

To provide for payment of rent warranties and others for some properties based on property management agreements, the estimated amount of payment on or after the following fiscal year had been provided. However, the Company changed the accounting estimate since more sophisticated estimates became available due to the progress in accumulating and organizing data on room vacancies in the current fiscal year.

As a result of this change, cost of sales for the current fiscal year increased by ¥159,620 thousand, and gross profit, operating income, ordinary income and profit before income taxes decreased by the same amount respectively.

(Note to consolidated balance sheets)

* Investments in associates are as follows. (Thousand yen)

	As of December 31, 2016
Investment securities (shares)	1,000,285

(Notes to consolidated statements of income)

*1. Main items of selling, general and administrative expenses are as follows.

(Thousand yen)

	For the fiscal year ended December 31, 2016
Salaries and allowances	1,574,242
Provision for bonuses	13,425
Advertising expenses	402,559
Provision of allowance for doubtful accounts	627

*2. The total amount of research and development expenses included in general and administrative expenses are as follows.

(Thousand yen)

For the fiscal year ended December 31, 2016
57,655

*3. Gain on sales of non-current assets are as follows.

(Thousand yen)

	For the fiscal year ended December 31, 2016
Vehicles	1,082

*4. Loss on retirement of non-current assets are as follows.

(Thousand yen)

	For the fiscal year ended December 31, 2016
Software	4,772
Others (Tools, furniture and fixtures)	232
Total	5,005

(Notes to consolidated statements of comprehensive income)

* Reclassification adjustment and tax effect relating to other comprehensive income

(Thousand yen)

	For the fiscal year ended December 31, 2016
Valuation difference on available-for-sale securities	
Amount incurred during the period	(977)
Reclassification adjustment	(196)
Before tax effect adjustment	(1,173)
Tax effect	370
Valuation difference on available-for-sale securities	(802)
Share of other comprehensive income of entities accounted for using equity method	
Amount incurred during the period	41
Total other comprehensive income	(761)

(Notes to consolidated statements of changes in net assets)

For the fiscal year ended December 31, 2016

1. Matters related to shares outstanding

(Shares)

Class of shares	Beginning of period	Increase	Decrease	End of period
Common stock	7,645,100	7,645,100	-	15,290,200

(Overview of reason for change)
The reason for the increase in common stock is as follows.
Increase via a two-for-one stock split: 7,645,100 shares

2. Matters related to treasury stock
Not applicable.

3. Matters related to stock acquisition rights, etc.
Not applicable.

4. Matters related to dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends	Dividend per share	Record date	Effective date
March 24, 2016 Annual General Meeting of Shareholders	Common stock	¥152,902 thousand	¥20	December 31, 2015	March 25, 2016

(Note) Commemorative dividend of ¥5 per share is included in the divided per share of ¥20 per share.

(2) Dividends for which the record date falls in the current business year, but the effective date falls in the following business year

Resolution	Class of shares	Dividend resource	Total cash dividends	Dividend per share	Record date	Effective date
March 23, 2017 Annual General Meeting of Shareholders	Common stock	Retained earnings	¥305,804 thousand	¥20	December 31, 2016	March 24, 2017

(Note) Commemorative dividend of ¥5 per share is included in the divided per share of ¥20 per share.

(Notes to consolidated statements of cash flows)

* Relationship between “Cash and cash equivalents at end of period” and account items listed in the consolidated balance sheets is as follows.

(Thousand yen)

	For the fiscal year ended December 31, 2016
Cash and deposits	4,904,216
Cash and cash equivalents	4,904,216

(Segment information, etc.)

[Segment information]

The Group’s reportable segment consists solely of the apartment management platform TATERU business. As the significance of other business segments is limited, segment information is omitted.

[Related information]

For the fiscal year ended December 31, 2016

1. Information by product and service

   As net sales to external customers for a single product and service category exceeded 90% of net sales in the consolidated statements of income, description is omitted.

2. Information by geographical area

   (1) Net sales

   As net sales to external customers in Japan exceeded 90% of net sales in the consolidated statements of income, description is omitted.

   (2) Property, plant and equipment

   As there were no property, plant and equipment located outside of Japan, it is not applicable.

3. Information by major customer

   As there were no external customers whose net sales were 10% or more of net sales in the consolidated statements of income, description is omitted.

[Information on impairment loss of non-current assets by reportable segment]

Not applicable.

[Information on amortization of goodwill and unamortized balances by reportable segment]

Not applicable.

[Information on gain on bargain purchase by reportable segment]

Not applicable.

(Per share information)

Item	For the fiscal year ended December 31, 2016
Net assets per share	¥394.43
Basic earnings per share	¥153.97
Diluted earnings per share	¥134.61

(Notes) 1. The Company conducted a two-for-one stock split of its common stock effective July 1, 2016. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the current fiscal year.

2. The basis for the calculation of basic earnings per share is as follows.

Item	For the fiscal year ended December 31, 2016
Basic earnings per share	
Profit attributable to owners of parent (Thousand yen)	2,354,217
Amount not attributable to common shareholders (Thousand yen)	-
Profit attributable to owners of parent relating to common stock (Thousand yen)	2,354,217
Average number of shares of common stock outstanding during the period (Shares)	15,290,200
Diluted earnings per share	
Adjustment for profit attributable to parent (Thousand yen)	-
Increase in number of shares of common stock (Shares)	2,198,956
(Stock acquisition rights to shares included in the above (Shares))	2,198,956
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	-

3. The basis for the calculation of net assets per share is as follows.

	As of December 31, 2016
Total net assets (Thousand yen)	6,030,857
Amount deducted from total net assets (Thousand yen)	-
Net assets at the end of the period relating to common stock (Thousand yen)	6,030,857
Number of shares of common stock at the end of the period used to calculate net assets per share (Shares)	15,290,200

(Significant subsequent events)

Conclusion of commitment line agreement

In the ongoing effort to actively expand the Group's business, the Group concluded a commitment line agreement arranged by Mizuho Bank, Ltd. effective January 27, 2017. It is aimed at further strengthening the financial base by implementing flexible and stable financing methods, as well as enabling the execution of measures responding to changes in the business environment.

Overview of the agreement

(1)	Limit of the commitment line	¥5.0 billion
(2)	Date of the agreement	January 27, 2017
(3)	Commitment period	January 27, 2017 to January 26, 2018
(4)	Arranger and agent	Mizuho Bank, Ltd.
(5)	Participating financial institutions	Mizuho Bank, Ltd. and THE SAIKYO BANK, LTD.

5. Others

Orders received

(Record of orders received)

The record of orders received in the apartment management platform TATERU business based on completed construction for the current fiscal year is as follows.

Name of the segment	Orders received (Thousand yen)	Changes from the previous corresponding period (%)	Order backlog (Thousand yen)	Changes from the previous corresponding period (%)
Apartment management platform TATERU business	28,867,232	-	18,868,557	-

(Notes)
1. Consumption taxes, etc. are not included in the above figures.
2. As the Company began preparing consolidated financial statements from the fiscal year ended December 31, 2016, changes from the previous corresponding period are not stated.
3. As the Group's reportable segment consists solely of the apartment management platform TATERU business, the record of orders received belongs to the said business.