

November 10, 2016

Notification on Recording of Special Loss (Impairment Loss) and Adjustment to the Forecast of Operating Results

Haseko Corporation (the “Company”) announces that it has recorded special loss (impairment loss) in the first two quarters of the fiscal year ending March 2017 (April 1, 2016 to September 30 2016) as follows in line with the decision to transfer fixed assets owned by a consolidated subsidiary of the Company.

The Company also announces it has adjusted the forecast of operating results announced on May 13, 2016 in consideration of recent performance trends. The details are as follows.

1. Recording of Special Loss (Impairment Loss)

The decision to transfer fixed assets owned by Haseko Community, Inc., a consolidated subsidiary of the Company, was made on November 10, 2016. In line with this decision, impairment loss of 5,640 million yen was recorded as special loss for the first two quarters of the fiscal year ending March 2017.

2. Outline of Consolidated Subsidiary

(1) Name	Haseko Community, Inc.
(2) Address	6-6 Shiba 4-chome, Minato-ku, Tokyo
(3) Title/Name of representative	Yoshinobu Mitabe, Representative Director, President
(4) Business description	For-sale condominium building management and maintenance
(5) Paid-in capital	¥2,840 million

3. Adjustment to the Forecast of Operating Results for the Entire Fiscal Year Ending March 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated

(Millions of yen, except per share data)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Earnings per share (Yen)
Previous forecast (A)	800,000	80,000	78,000	54,000	179.64
New forecast (B)	800,000	86,000	84,000	55,000	182.96
Change (B-A)	—	+ 6,000	+ 6,000	+ 1,000	
Rate of change (%)	—	+ 7.5	+ 7.7	+ 1.9	
Reference: Results of the previous fiscal year (Ended March 31, 2016)	787,354	68,762	67,327	51,226	170.41

(2) Non-consolidated

(Millions of yen, except per share data)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Earnings per share (Yen)
Previous forecast (A)	565,000	67,000	66,000	46,000	153.02
New forecast (B)	565,000	73,000	72,000	50,000	166.33
Change (B-A)	—	+ 6,000	+ 6,000	+ 4,000	
Rate of change (%)	—	+ 9.0	+ 9.1	+ 8.7	
Reference: Results of the previous fiscal year (Ended March 31, 2016)	560,870	66,441	65,420	51,126	170.08

4. Reason for the Adjustment to the Forecast of Operating Result:

(1) Forecast of Non-consolidated Operating Results

The increase in forecasts of non-consolidated operating income, ordinary income and net income resulted mainly from projecting improvement in profit ratio of construction contracts for condominium construction work.

(2) Forecast of Consolidated Operating Results

The main reason for the adjustment to the consolidated operating income and ordinary income forecasts is the same as for the adjustment to the non-consolidated operating results forecast. Net income attributable to owners of parent is expected to surpass the previously announced forecast despite recording special loss (impairment loss) in the first two quarters of the fiscal year ending March 2017 as described in “1. Recording of Special Loss (Impairment Loss).”

Note: The above forecasts of operating results are calculated based on the information available to the management as of the date hereof. Actual results may differ from the forecasts described above due to any changes in a variety of factors in the future.