Summary of Consolidated Financial Results for the Three-month Period Ended June 30, 2015 (Japanese accounting standards)

Released August 4, 2015

Name of listed firm: Nojima Corporation — Listed on the Tokyo Stock Exchange

Code No.: 7419 — URL http://www.nojima.co.jp

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Scheduled date of quarterly report filing: August 12, 2015

Scheduled start date of dividend payments: —

Supplemental materials on annual results: N

Presentation on annual results: N

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the three-month period ended June 30, 2015 (April 1, 2015 – June 30, 2015)

(1) Consolidated results of operations (Percentages indicate year on year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three-month period ended June 30, 2015	98,868	111.4	1,540	-	1,655	622.2	1,390	911.3
Three-month period ended June 30, 2014	46,775	-2.9	-181	-	229	-81.0	137	-79.0

Note: Comprehensive income: Three months ended June 30, 2015: 1,487 million yen (900.3%) Three months ended June 2014: 148million yen (-77.4%)

Reference: EBITDA Three months ended June 30, 2015: 3,929 million yen (419.4%) Three months ended June 2014: 756million yen (-54.0%)

・ For detailed information, including definitions and methods used to calculate indicators, see p. 2, "1. Qualitative Information on Quarterly Consolidated Financial Performance: (1) Explanation of Operating Results."

Net income before amortization of goodwill: Three-month period ended June 30, 2015: 2,860 million yen (-%)
Three-month period ended June 30, 2014: 228 million yen (-65.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three-month period ended June 30, 2015	29.34	27.51
Three-month period ended June 30, 2014	2.91	2.90

Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred in the beginning of the previous fiscal year to calculate net income per share and diluted net income per share.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2015	217,738	35,225	16.1	737.81
As of March 31, 2014	236,104	34,357	14.3	716.71

Reference: Equity: As of June 30, 2015: 35.079 million yen As of March 31, 2014: 33,865 million yen

Note: The Company implemented 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred in the beginning of the previous period to calculate net assets per share.

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2015	-	12.00	-	18.00	30.00
FY ending March 2016	-				
FY ending March 2016 (planned)		9.00	-	9.00	18.00

Note: Revisions to the most recently announced dividend forecast: N

Note: The Company implemented a 1:2 stock split with an effective date of July 1, 2015. Amounts under "End of 2Q," "Year-end," and "Total" dividends per share for the fiscal year ending March 2016 (planned) reflect the effects of this stock split.
Without the effects of this stock split, planned dividends per share for the end of 2Q and the year-end in the fiscal year ending March 2016 each would be18 yen, and annual dividends per share would be 36 yen.

3. Forecasts of consolidated financial results for the fiscal year ending March 2016 (April 1, 2015 - March 31, 2016)

(Percentages indicate changes from the previous year for full-year forecasts and changes from the same quarter of the previous fiscal year for quarterly forecasts)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	214,000	110.2	4,700	202.5	4,800	110.0	3,650	147.9	77.01
Full-year	452,000	85.2	12,200	88.5	12,500	85.6	9,750	172.4	205.72

Note: Revisions to the most recently announced consolidated earnings forecast: Y

Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred in this consolidated fiscal year beginning to calculate net income per share under cumulative 2Q (planned) and fiscal year ending March 2016.
Without the effects of this stock split, net income per share for fiscal year ending March 2016 would be 411.45 yen if the trial calculation of average number of shares during the period for 1Q was 23,696,873 shares.

Reference: EBITDA: Three months ending June 30, 2015 (planned) 21,900 million yen (130.0%)
Net income before amortization of goodwill: Three months ending June 30, 2015 (planned) 15,400 million yen (259.9%)

* Notes

(1) Significant changes in subsidiaries during this first quarter (changes in designated subsidiaries resulting in changes in the scope of consolidation): N

Added: ___ company(ies) (name: ____________) Removed: ___ company(ies) (name: ____________)

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: N

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

① Changes in accounting policies due to revisions in accounting standards and other regulations: Y

② Changes in accounting policies for reasons other than ①: N

③ Changes in accounting estimates: N

④ Restatement of prior period financial statements: N

Note: See p. 6 of attached document, “2. Matters Concerning Summary Information (Notes): (3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements:” for details.

(4) Number of shares issued and outstanding (common stock)

① Number of shares issued and outstanding at the end of the period (including treasury stock)	FY2015 1Q	48,364,816 shares	FY ended March 2014	48,364,816 shares
② Number of shares of treasury stock at the end of the period	FY2015 1Q	819,652 shares	FY ended March 2014	1,112,918 shares
③ Average number of shares during the period	FY2015 1Q	47,393,747 shares	FY2014 1Q	47,284,629 shares

Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred in the previous consolidated fiscal year beginning to calculate number of shares issued and outstanding at the end of the period (including treasury stock), number of shares of treasury stock at the end of the period, and average number of shares during the period.

Note: The numbers of shares of treasury stock at the end of the period include shares held in trust accounts (377,000 shares in three-month period ended March 2016 and 420,200 shares in FY ended March 2015) for the employee stock ownership plan (ESOP). Shares of Company stock held in ESOP trust accounts are included in treasury stock subtracted from calculations of average number of shares during the period (404,949 shares in three-month period ended March 2016, - shares in three-month period ended March 2015).

* Information regarding the implementation of quarterly review procedures

This release is not subject to audit procedures as required by the Financial Instruments and Exchange Act of Japan. Audit procedures for the quarterly financial statements as required by the Financial Instruments and Exchange Act will not have been completed as of the date this release is issued.

* Explanation concerning appropriate use of forecasts of business performance and other notes

Note on forward-looking statements:
Forecasts of business performance and other forward-looking statements in this release are based on information currently available and certain assumptions the Company deems reasonable at the time of preparation. They do not constitute a guarantee of future results. Actual results may differ materially from those of any forward-looking statements for various reasons.

* Revision of unit for presentation of amounts

In past years, the Company reported amounts in its quarterly consolidated financial statements in thousands of yen. Beginning from the first quarter of the current period, the Company has revised its reporting convention to millions of yen. To facilitate comparison, the amounts for the first quarter of the prior fiscal year also have been restated in units of millions of yen.

○ Contents of attached documents

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Operating Results

Japanese economy for the first quarter of the current fiscal year has been slightly recovering in terms of employment and environmental income due to the effects of various policies of the Japanese government. There are indications of a recovery in personal consumption as well. On the other hand, Concerns arose regarding the potential consequences of a downturn overseas on the domestic economy.

Although the effects of the consumption tax hike in April 2014 has still remained, and there were the effects of bad weather, conditions in the market for sales of home electronics stayed almost the same as a result of remaining steady of "white goods" (large home appliances such as refrigerators and air conditioners)

The market for sales of mobile phones and other mobile devices has dramatically changed considering the fact that leading mobile communications carriers have begun spreading the package deals which included mobile phone lines and fiber-optic services, and contracts of mobile virtual network operators (MVNOs) increased due to provisions of significantly inexpensive SIM cards and smartphones.

Under these conditions, the Nojima Group pursued unwavering efforts to be the leading star in the digital field and to achieve the industry's highest customer satisfaction. To achieve these goals, we sought to establish sales floors in which shoppers can easily find what they want and to provide customer service reflecting the customer's perspectives while working to improve consulting-based sales and to enhance customer service to meet customer needs. As a means of enhancing services, we began offering a service under which we accept payments for public utility charges. In addition, we became the industry's first to begin offering duty-free services at all Nojima stores (not including dedicated communications device stores), including suburban locations, and are adjusting to offer more convenience for overseas visitors to Japan.

In terms of operation of mobile carrier stores, we are strengthening new-graduate hiring capabilities and human resource qualities of ITX Corporation ("ITX" hereinafter) —made a subsidiary on March 2, 2015—to improve its qualities of stores.

Following one Nojima's new store opening and start of operation of both 17 stores of dedicated communications device stores and communications sections which belonged to digital home electronics retail stores from April 2015, the number of operation of digital home electronics retail stores stood at 143 at the end of this quarter. Operation of mobile carrier stores stood at 616 due to the proceeding with the retail of FC stores despite the transfer of operations of 17 stores and so forth from dedicated communications device stores to operation of digital home electronics retail stores.

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	143 stores	―	143 stores
Digital home electronics retail stores	126 stores	―	126 stores
Dedicated communications device stores	17 stores	―	17 stores
Operation of mobile carrier stores	369 stores	247 stores	616 stores
Carrier stores	367 stores	247 stores	614 stores
Others	2 stores	―	2 stores
Total	512 stores	247 stores	759 stores

Note: Excludes one store directly operated by an overseas subsidiary

During the first quarter of the current fiscal year, we recorded net sales of 98,868 million yen (211.4% of the figure for the previous 1Q), operating income of 1,540 million yen (-181 million yen compared with previous 1Q), ordinary income of 1,655 million yen (722.2% of the figure for the previous 1Q), and net income attributable to shareholders of the parent company of 1,390 million yen (1,011.3% of the figure for the previous 1Q).

Consolidated EBITDA (*), which the Group considers an important indicator of business performance, stood at 3,929 million yen (519.4% of the figure for the previous fiscal year).

(*) Consolidated EBITDA = consolidated ordinary income + interest expenses + depreciation + amortization of goodwill

Business performance by segment is outlined below

(Operation of digital home electronics retail stores)
Sales remained steady for “white goods” such as air conditioner, refrigerator, and washing machines. Sales of televisions compatible with the 4K standard increased significantly in terms of both sales volume and net sales.
In the area of communications-related product, sales of smartphone accessories remained steady as well. Net sales in this segment totaled 40,827 million yen (102.8% of the figure for the previous 1Q); segment income was 998 million yen (3,100.8% of the figure for the previous 1Q); segment net income before amortization of goodwill was 999 million yen (3,075.6% of the figure for the previous 1Q).

(Operation of mobile carrier stores)
ITX became a subsidiary and the package deals which included mobile phone lines and fiber-optic services were strengthened successfully, and net sales remained steady. Franchise-related net sales went down due to the restructuring of sales channels. Net sales in this segment totaled 57,824 million yen (826.1% of the figure for the previous 1Q); segment income was 582 million yen (303.7% of the figure for the previous 1Q); segment net income before amortization of goodwill was 2,048 million yen (724.3% of the figure for the previous 1Q).

(2) Explanation of Financial Position

Assets and liabilities and net assets

(Assets)

Total assets as of the end of the first quarter of the current fiscal year were 217,738 million yen, down 18,365 million yen from the end of the previous consolidated fiscal year.

This decrease was due mainly to a decrease of 19,424 million yen to 90,647 million yen in current assets and an increase of 1,058 million yen to 127,091 million yen in fixed assets.

The primary factors underlying the decrease in current assets included a decrease of 22,203 million yen in accounts receivable-trade and a decrease of 1,662 million yen in accounts receivable-other.

The main causes of the increase in fixed assets were the acquisition of tangible fixed assets in connection with new store openings.

(Liabilities)

Total liabilities as of the end of the first quarter of the current fiscal year were 182,513 million yen, down 19,233 million yen from the end of the previous consolidated fiscal year.

This decrease was due mainly to a decrease of 18,230 million yen to 63,354 million yen in current liabilities and a decrease of 1,003 million yen to 119,158 million yen in fixed liabilities.

The main causes of the decrease in current liabilities included a decrease of 15,081 million yen in accounts payable-trade.

The main causes of the decrease in fixed liabilities included a decrease of 790 million yen in long-term loans payable.

(Net assets)

Net assets as of the end of the first quarter of the current fiscal year totaled 35,225 million yen, up 868 million yen from the end of the previous consolidated fiscal year, due to factors including an increase of 961 million yen in retained earnings.

These factors resulted in an equity ratio of 16.1%, up 1.8%.

Cash flow

Cash and cash equivalents (“funds” hereinafter) in the first quarter of the current fiscal year totaled 13,938 million yen (previous 1Q was 5,945 million yen).

The position of each type of cash flow in this consolidated fiscal year and the main reasons thereof are described below.

(Cash flow from operating activities)

Funds gained by operating activities totaled 5,501 million yen (1,401.6% of the figure for the previous 1Q).

This was due mainly to decreases of 22,203 million yen and 1,662 million yen in accounts receivable-trade and accounts receivable-other, even though there was a decrease of 15,081 million yen in notes and accounts payable-trade and an amount of payment of 2,519 million yen in corporate tax and so forth.

(Cash flow from investment activities)

Funds used in investment activities totaled 3,374 million yen (133.6% of the figure for the previous 1Q).

This was due mainly to expenditures of 491 million yen on acquisition of tangible fixed assets in connection with new store openings and other activities and expenditures of 2,725 million yen in connection with the stock acquisition of subsidiaries.

(Cash flow from financing activities)

Funds gained by financing activities totaled 1,398 million yen (136.6% of the figure for the previous 1Q).

This was due mainly to an increase of 2,548 million yen in short-term loans payable despite expenditures of 850 million yen on repayment of long-term loans payable.

(3) Explanation of Consolidated Earnings Forecasts

Nojima Group has revised the consolidated earnings forecasts for fiscal year 2015 ending March 31, 2016 disclosed on May 7, 2015.
For more details, please refer to "Announcement Regarding Upward Revision of Earnings Forecasts" which was unveiled August 4, 2015.

1. Revision of the consolidated earnings forecasts for the six-month period ending September 30, 2015 (from April 1, 2015 to September 30, 2015)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share
Previous forecast（A）	(million yen) 214,000	(million yen) 3,500	(million yen) 3,800	(million yen) 3,050	(yen) 64.55
Latest forecast（B）	214,000	4,700	4,800	3,650	77.01
Difference（B－A）	±0	＋1,200	＋1,000	＋600	-
Difference ratio	±0%	＋34.3%	＋26.3%	＋19.7%	-
(Ref)Performance of the previous 2nd quarter(the six-month period ended September 30, 2015)	101,814	1,553	2,285	1,472	31.14

Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred in the beginning of the previous fiscal year to calculate net income per share.

2. Revision of the consolidated full-year earnings forecasts for FY2015 ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share
Previous forecast（A）	(million yen) 452,000	(million yen) 11,000	(million yen) 11,500	(million yen) 9,150	(yen) 193.64
Latest forecast（B）	452,000	12,200	12,500	9,750	205.72
Difference（B－A）	±0	＋1,200	＋1,000	＋600	-
Difference ratio	±0%	＋10.9%	＋8.7%	＋6.6%	-
(Ref)Performance of the previous period (FY2015 ended March 31, 2015)	244,067	6,472	6,736	3,578	75.62

Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred in the beginning of the previous fiscal year to calculate net income per share.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods in the Preparation of the Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

(Changes in accounting policies)

(Application of revised accounting standard for business combinations)

"Revised accounting standard for business combination" (ASBJ Statement No. 21, September 13, 2013 "business combination accounting standards" hereinafter)," Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013 "consolidated accounting standards" hereinafter), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013 "business divestitures accounting standards" hereinafter). Nojima Group has applied the change from the first quarter of the current fiscal year and begun calculating the difference generated from our changes in equity related to the subsidiaries that domination continues as capital surplus. Acquisition-related costs are changed to calculate at the same fiscal year of the occurrence of the acquisition. The group changed the accounting method to reflect the review of the acquisition cost allocations by determining provisional accounting treatment to consolidated financial statements of the quarterly consolidated fiscal year that corporate combination may occur from the beginning of the first quarter of the current fiscal year. Moreover, display of net income was changed, and display of minority interests was changed to non-controlling interests. Quarterly and yearly financial statements were recomposed in order to reflect the relevant parts. Application of revised accounting standard for business combinations, starting this first quarter consolidated accounting period, follow transitional handling that was stipulated on business combination accounting standards58 – section 2(4), consolidated accounting standards44 – section 5(4), and business divestitures accounting standards57 – 4(4). There is no effect on the first quarter of the current fiscal year.

(4) Additional Information

(Restrictive financial covenants)

1. The following restrictive financial covenants apply under the term loan agreements and revolving credit facilities agreements entered into by the Company to raise working capital.

① The amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of each fiscal year and the first half of each fiscal year must be maintained at no less than the higher of the following figures:
A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of the fiscal year immediately preceding conclusion of the agreement
B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of the immediately preceding fiscal year or first half of the fiscal year
② An ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

The amounts of these agreements and their remaining balances of debt are indicated below.

		Previous consolidated fiscal year (March 31, 2015)	This first quarter consolidated accounting period (June 30, 2015)
Agreement amount		17,000 million yen	17,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	766	766
	Long-term loans payable	934	934

2. The following restrictive financial covenants apply under the loan agreement entered into by the Company as of December 24, 2014 to raise funds to acquire stock in ITX ("ITX" hereinafter).

① From the fiscal year ending March 2015, the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of each fiscal year and the first half of each fiscal year must be maintained at no less than the higher of the following figures:
A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of the fiscal year ending March 2015
B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of the immediately preceding fiscal year or first half of the fiscal year
② From the fiscal year ending March 2015, an ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

The amount of this agreement and its remaining balance of debt are shown below.

		Previous consolidated fiscal year (March 31, 2015)	This first quarter consolidated accounting period (June 30, 2015)
Agreement amount		18,000 million yen	18,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	-	-
	Long-term loans payable	18,000	18,000

3. The following restrictive financial covenants apply under the loan agreement entered into by consolidated subsidiary ITN as of December 24, 2014 to raise funds to acquire stock in ITX and working capital for ITN.

① In the 12-month period of each fiscal year starting with the fiscal year ending March 2016 and the 12 months through first half of each fiscal year starting with the first half ending September 2015, the borrower's gross leverage ratio (*1) on a consolidated basis may not exceed the figure specified by the financial institution two consecutive times.
*1 Gross leverage ratio = interest-bearing debt / EBITDA
② In the 12-month period of each fiscal year starting with the fiscal year ending March 2016 and the 12 months through first half of each fiscal year starting with the first half ending September 2016, the debt service coverage ratio (*2) may not be less than 1.00 two consecutive times.
*2 Debt service coverage ratio = free cash flow / (principal repayments + interest payments + commitment fees)
③ From the fiscal year ending March 2015, an operating loss may not be recorded two consecutive times on the consolidated income statement during the 12-month period of each fiscal year.
④ From the fiscal year ending March 2016, the amount of net assets indicated on the consolidated balance sheet on the ending date of each fiscal year must be no less than 70% of the amount of net assets indicated on the consolidated balance sheet on the ending date of the immediately preceding fiscal year.

The amount of this agreement and its remaining balance of debt are shown below.

		Previous consolidated fiscal year (March 31, 2015)	This first quarter consolidated accounting period (June 30, 2015)
Agreement amount		73,000 million yen	73,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	3,500	3,500
	Long-term loans payable	61,500	61,500

(Trading of issuing shares from treasury stock through trust to employees）

The group transact to issue shares from treasury stock through employee stock ownership trust with the intentions of welfare on behalf of employees.

1. Overview of trading
   The group has introduced "the employee stock ownership plan (EPOS) trust" ("the System" hereinafter) since May 2015 for the purpose of increasing the corporate value. The System acquires the amount of shares at once in advance which takes 3 years for "Nex employee stock ownership plan" ("Our shareholding association" hereinafter) to acquire, and sells to Our shareholding association with the intention of transferring treasury stock to it.
2. Treasury stock remained in trust
   Treasury stock remained in trust is allocated as net asset in accordance with trust book value, incidental expense excluded. The book value and number of shares of applicable treasury stock were 499 million yen and 420,200 shares for the previous consolidated fiscal year, and 448 million yen and 377,000 shares for the first quarter of the current fiscal year.
   Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred in the beginning of the previous fiscal year to calculate the applicable treasury stock remained in trust for previous consolidated fiscal year and the first quarter of the current fiscal year.
3. Recorded book value of loans payable after applying total method.
   500 million yen for previous fiscal year, 500 million yen for the first quarter of the current fiscal year.

3. Quarterly consolidated financial statements

(1) Consolidated Balance Sheet

(Unit: millions of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	10,477	14,004
Notes and accounts receivable-trade	55,288	33,085
Merchandise and products	33,323	34,270
Deferred tax assets	4,146	3,926
Accounts receivable-other	5,434	3,771
Other	1,469	1,653
Allowance for doubtful accounts	-67	-64
Total current assets	110,071	90,647
Non-current assets		
Tangible non-current assets		
Buildings and structures	11,890	11,737
Tools, fixtures, and facilities (net)	1,741	1,765
Land	8,182	8,182
Other (net)	965	971
Total tangible non-current assets	22,779	22,655
Intangible assets		
Goodwill	20,356	22,387
Software	909	819
Contractual intangible assets	67,831	66,760
Other	490	466
Total intangible assets	89,588	90,434
Investments and other assets		
Investment securities	1,920	1,942
Deferred tax assets	1,630	1,808
Lease and guarantee deposits	9,772	9,909
Other	384	388
Allowance for doubtful accounts	-43	-46
Total investments and other assets	13,665	14,001
Total non-current assets	126,032	127,091
Total assets	236,104	217,738

(Unit: millions of yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	51,931	36,849
Short-term loans payable	252	2,801
Current portion of long-term loans payable	7,511	7,451
Accounts payable-other	7,473	4,584
Accrued income taxes	2,645	673
Accrued consumption tax	2,760	2,119
Reserve for point card certificates	2,291	2,168
Reserve for bonuses	1,491	768
Other	5,227	5,937
Total current liabilities	81,585	63,354
Non-current liabilities		
Long-term loans payable	89,159	88,369
Reserve for guarantees for merchandise sold	3,200	3,276
Reserve for directors’ retirement benefits	152	148
Retirement benefit liabilities	4,370	4,443
Deferred tax liabilities	21,924	21,584
Other	1,355	1,337
Total non-current liabilities	120,162	119,158
Total liabilities	201,747	182,513
Net assets		
Shareholders’ equity		
Capital stock	5,669	5,669
Capital surplus	5,795	5,831
Retained earnings	23,061	24,022
Treasury stock	-690	-571
Total shareholders’ equity	33,835	34,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	271
Currency conversion adjustments	35	38
Accumulated adjustment to retirement benefits	-208	-184
Total accumulated other comprehensive income	29	126
Stock acquisition rights	154	146
Non-controlling interests	337	-
Total net assets	34,357	35,225
Total liabilities and net assets	236,104	217,738

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated income statement
(For the six-month period)

(Unit: millions of yen)

	Three-month period ended June 30, 2014	Three-month period ended June 30, 2015
Net sales	46,775	98,868
Cost of sales	37,246	77,710
Gross profit on sales	9,529	21,157
Sales, general, and administrative expenses	9,710	19,617
Operating income (loss)	-181	1,540
Non-operating income		
Interest income	5	5
Purchase discounts	373	331
Other	80	115
Total non-operating income	459	452
Non-operating expenses		
Interest expenses	35	261
Interest on corporate bonds	0	-
Other	12	75
Total non-operating expenses	48	336
Ordinary income	229	1,665
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	27	47
Gain on reversal of stock subscription rights	37	0
Total extraordinary income	64	48
Extraordinary losses		
Impairment loss	-	9
Total extraordinary losses	-	9
Net income before taxes and other adjustments	294	1,693
Income taxes-current	53	594
Income taxes-deferred	102	-291
Total income taxes	156	303
Net income	137	1,390
Net income attributable to non-controlling interests	-	-
Net income attributable to shareholders of the parent company	137	1,390

Consolidated statement of comprehensive income
(For the six-month period)

(Unit: millions of yen)

	Three-month period ended June 30, 2014	Three-month period ended June 30, 2015
Net income	137	1,390
Other comprehensive income		
Valuation difference on available-for-sale securities	14	68
Currency conversion adjustments	-3	3
Adjustments for retirement benefit obligations	-	24
Share in other comprehensive income of equity-method affiliates	0	0
Total other comprehensive income	11	96
Comprehensive income	148	1,487
(Breakdown)		
Comprehensive income attributable to owners of the parent company	148	1,487
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Cash Flow Statement

(Unit: millions of yen)

	Three-month period ended June 30, 2014	Three-month period ended June 30, 2015
Cash flow from operating activities		
Income before income taxes	294	1,693
Depreciation	463	1,727
Impairment loss	-	9
Increase (decrease) in net defined benefit liability	59	73
Increase (decrease) in reserve for point card certificates	-382	-123
Increase (decrease) in reserve for guarantees for merchandise sold	110	76
Interest and dividend income	-15	-20
Interest expense	35	261
Loss (gain) on sales of investment securities	-	-30
Loss (gain) on valuation of investment securities	-27	-47
Increase (decrease) in accounts receivable-trade	13,194	22,203
Decrease (increase) in inventories	-951	-944
Increase (decrease) in accounts receivable-other	2,651	1,662
Decrease (increase) in notes and accounts payable-trade	-8,720	-15,081
Decrease (increase) in accrued consumption taxes	-	-640
Decrease (increase) in advances received	-2,778	-168
Other	-935	-2,401
Subtotal	2,997	8,248
Interest and dividends income received	26	33
Interest expenses paid	-37	-261
Income taxes paid	-2,594	-2,519
Cash flow from operating activities	392	5,501
Cash flow from investment activities		
Purchase of tangible fixed assets	-2,559	-491
Purchase of intangible fixed assets	-1	-7
Purchase of shares of subsidiaries	-	-2,725
Purchase of shares of subsidiaries and associates	-	-242
Payments for lease and guarantee deposits	-109	-250
Proceeds from collection of lease and guarantee deposits	25	38
Other	119	303
Cash flow from investment activities	-2,525	-3,374
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	2,150	2,548
Repayment of long-term loans payable	-854	-850
Cash dividends paid	-278	-426
Other	6	126
Cash flow from financing activities	1,023	1,398
Effect of exchange rate changes on cash and cash equivalents	-3	0
Increase (decrease) in cash and cash equivalents	-1,113	3,524
Starting balance of cash and cash equivalents	7,059	10,413
Ending balance of cash and cash equivalents	5,945	13,938

(4) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

Ⅰ Three-month period ended June 30, 2014 (April 1, 2014 – June 30, 2014)

1. Dividends paid

(Resolution)	Class of shares	Total dividends (million yen)	Dividends per share	Reference date	Effective date	Dividend resource
Board of directors May 7, 2014	Common shares	283	12	March 31, 2014	May 29, 2014	Retained earnings

2. Significant changes in shareholders' Equity

At its meeting on May 7, 2014, the Company Board of Directors resolved the distribution of dividends from retained earnings of 283 million yen. As a result, retained earnings for the end of first quarter of the current fiscal year was 19,903 million yen.

Ⅱ Three-month period ended June 30, 2015 (April 1, 2015 – June 30, 2015)

1. Dividends paid

(Resolution)	Class of shares	Total dividends (million yen)	Dividends per share	Reference date	Effective date	Dividend resource
Board of directors May 7, 2015	Common shares	429	18	March 31, 2015	May 29, 2015	Retained earnings

Note: Total dividends resolved in board meeting on May 7, 2015 includes dividends totaled 3 million yen that were distributed to employee stock ownership plan (ESOP) trust accounts according to the amount of shares owned.

2. Significant changes in shareholders' Equity

At its meeting on May 7, 2015, the Company Board of Directors resolved the distribution of dividends from retained earnings of 429 million yen. As a result, retained earnings for the end of the first quarter of the current fiscal year was 24,022 million yen.

(Segment information, etc.)

[Segment information]

Ⅰ Three-month period ended June 30, 2014 (April 1, 2014 – June 30, 2014)

1. Amounts of net sales and profit (loss) by reporting segment

(Unit: millions of yen)

	Reporting segment			Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement
	Digital home electronics retail stores	Mobile carrier stores	Subtotal				
Net sales							
Net sales to external customers	39,702	6,999	46,702	73	46,775	-	46,775
Internal sales or transfers between segments	19	-	19	62	82	-82	-
Subtotal	39,722	6,999	46,722	136	46,858	-82	46,775
Segment profit (loss)	32	191	223	35	259	-30	229

Note: *1. The “Other” business segment consists of businesses not included in the two reporting segments above. These include the shopping mall business, the sports business, the training business, and the mega-solar business.

*2. Adjustments of segment income consist of companywide costs not distributed between reporting segments.

*3. Segment income is adjusted with ordinary income of consolidated quarterly income statement.

2. A matter related to reporting segment

The Group previously had the retail business as its one and only segment. With the addition of ITX, it has revised its method of identifying segments based on the form of the management organization and the nature of the products and services offered by the Group. Starting previous fiscal year, the Group has switched from the previous single segment to two reporting segments: operation of digital home electronics retail stores and operation of mobile carrier stores. Segment information of the first quarter of the previous fiscal year is shown after the change.

Ⅱ Three-month period ended June 30, 2015 (April 1, 2015 – June 30, 2015)

1. Amounts of net sales and profit (loss) by reporting segment

(Unit: millions of yen)

	Reporting segment			Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement
	Digital home electronics retail stores	Mobile carrier stores	Subtotal				
Net sales							
Net sales to external customers	40,795	57,824	98,620	248	98,868	-	98,868
Internal sales or transfers between segments	32	-	32	75	107	-107	-
Subtotal	40,827	57,824	98,652	323	98,975	-107	98,868
Segment profit (loss)	998	582	1,581	129	1,710	-55	1,655

Note: *1. The “Other” business segment consists of businesses not included in the two reporting segments above. These include the shopping mall business, the sports business, the training business, and the mega-solar business.

*2. Adjustments of segment income consist of companywide costs not distributed between reporting segments.

*3. Segment income is adjusted with ordinary income of consolidated quarterly income statement.

2. A matter related to reporting segment

The Group previously had the retail business as its one and only segment. With the addition of ITX, it has revised its method of identifying segments based on the form of the management organization and the nature of the products and services offered by the Group. Starting previous fiscal year, the Group has switched from the previous single segment to two reporting segments: operation of digital home electronics retail stores and operation of mobile carrier stores.

(Important subsequent information)

(Stock split)

Based on the meeting on May 7, 2015, stock split was implemented with intentions of reducing the price per unit of investment and increasing share liquidity in order for individual investors to make it easier to invest in the Company and broaden its base of investors. The details are stated below.

1. Ratio and timing of stock split: The stock split was implemented on July 1, 2015, splitting shares of common stock held by shareholders listed on or recorded to the final list of shareholders on June 30, 2015 at a ratio of 1:2.
2. Increase in shares of stock as a result of this split: Common stock 24,182,408 shares
3. Provided below is per-share information for this quarter and previous quarter in the hypothetical case that this stock split occurred at the start of the previous consolidated fiscal year.

	Three-month period ended June 30, 2014	Three-month period ended June 30, 2015
Net income per share	2.91 yen	29.34 yen
Diluted net income per share	2.90 yen	27.51 yen