Summary of Consolidated Financial Results for the Three-month Period Ended June 30, 2016 (Japanese accounting standards)

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Presentation on annual results: No

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

1. Consolidated financial results for the three-month period ended June 30, 2016 (April 1, 2016 – June 30, 2016)

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three-month period ended June 30, 2016	96,212	-2.7	1,370	-11.0	1,599	-3.4	908	-34.7
Three-month period ended June 30, 2015	98,868	111.4	1,540	-	1,655	622.2	1,390	911.3

Note: Comprehensive income: Three months ended June 30, 2016: 941 million yen (-36.7 %) Three months ended June 30, 2015: 1,487 million yen (900.3 %)

Reference: EBITDA: Three months ended June 30, 2016: 3,806 million yen (-3.1 %) Three months ended June 30, 2015: 3,929 million yen (419.4 %)

・ 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, 2016: 2,366 million yen (-17.3 %)
Three-month period ended June 30, 2015: 2,860 million yen (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Three-month period ended June 30, 2016	18.80	17.92
Three-month period ended June 30, 2015	29.34	27.51

Note: The Company undertook a 1:2 stock split on common stock effective July 1, 2015. Amounts under net income per share and diluted net income per share were calculated assuming this stock split took place at the start of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2016	215,156	47,354	21.9	972.03
As of March 31, 2016	233,434	46,844	20.0	965.97

Reference: Equity: As of June 30, 2016: 47,133 million yen As of March 31, 2016: 46,646 million yen

Note: The Company undertook a 1:2 stock split on common stock effective July 1, 2015. Amounts under net assets per share were calculated assuming this stock split took place at the start of the previous consolidated fiscal year.

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2016	-	10.00	-	12.00	22.00
FY ending March 2017	-				
FY ending March 2017 (planned)		12.00	-	12.00	24.00

Note: Revisions to the most recently announced dividend forecast: No

3. Forecasts of consolidated financial results for the fiscal year ending March 2017 (April 1, 2016 - March 31, 2017)

(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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2 (cumulative)	216.900	1.8	6,550	11.7	6,800	11.3	4,000	-11.9	82.49
Full-year	458,500	0.8	16,000	9.6	16,500	10.8	10,200	-22.9	210.35

Note: Revisions to the most recently announced consolidated earnings forecast: No
Reference: EBITDA: As of March 31, 2017 (planned) 25,500 million yen (5.6 %)
Net income before amortization of goodwill: As of March 31, 2017 (planned) 16,000 million yen (-16.1 %)

* Notes

(1) Significant changes in subsidiaries during this third quarter (changes in designated subsidiaries resulting in changes in the scope of consolidation): No

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

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: No

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

i Changes in accounting policies due to revisions in accounting standards and other regulations: Yes

ii Changes in accounting policies for reasons other than i: No

iii Changes in accounting estimates: No

iv Restatement of prior period financial statements: No

Note: See p. 5 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)

i Number of shares issued and outstanding at the end of the period (including treasury stock)	FY2016 1Q	48,790,416 shares	FY 2015	48,646,816 shares
ii Number of shares of treasury stock at the end of the period	FY2016 1Q	300,921 shares	FY 2015	356,341 shares
iii Average number of shares during the period	FY2016 1Q	48,335,004 shares	FY2015 1Q	47,393,747 shares

Note: The Company undertook a 1:2 stock split on common stock effective July 1, 2015. Amounts under the number of shares issued and outstanding at the end of the period (including treasury stock), the number of shares of treasury stock at the end of the period, and the average number of shares during the period were calculated assuming this stock split took place at the start of the previous consolidated fiscal year.

Note: The number of shares of treasury stock above include shares held in trust accounts (185,600 shares in the three-month period ended June 30, 2016 and 241,100 shares in the fiscal year ended March 31, 2016) 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 (215,348 shares in the three-month period ended June 30, 2016 and 404,949 shares in the three-month period ended June 30, 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 quarterly financial statements as required by the Financial Instruments and Exchange Act will not have been completed as of the date of this release.

* 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.

○ Contents of attached documents

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Operating Results

Despite apparent weaknesses in certain areas, employment and income conditions continued to improve, and Japan's economy maintained a course of gentle recovery during the three-month period ended June 30, 2016, due in part to the effects of various policies and other factors. Personal consumption remained largely unchanged as consumer confidence appeared to have reached a standstill. On the other hand, concerns arose regarding the potential consequences of the further appreciation of the yen, led by economic slowdowns in China and other emerging countries as well as resource-producing countries, and Britain's departure from the European Union.

The market for home electronics was slightly lower than the first quarter of the last fiscal year, with sales of digital cameras and PCs performing poorly, despite the sales of air conditioners, refrigerators, washing machines performing slightly higher than the same period last year.

The market for sales of mobile phones and other mobile devices overall was slightly lower than the first quarter of the previous fiscal year, with the changes in sales strategy of mobile network operators in response to developments including the issuing of guidelines from the Ministry of Internal Affairs and Communications on excessive smartphone purchase discounts, and the decrease in number of units sold of mobile phones due to a lengthened replacement cycle in response to improved mobile phones in performance and quality, and the spread of inexpensive smartphones in response to the increase in mobile virtual network operators (MVNOs).

Under these conditions, the Nojima Group focused on being the leader in the digital field and achieving the industry's highest customer satisfaction. To achieve these goals, we sought to establish sales floors where shoppers can easily find what they want, and provide customer services reflecting the perspectives of customers, while working to improve consulting-based sales and enhance customer services to meet their needs.

In the operation of digital home electronics retail stores, we hold study meetings and training to acquire knowledge and experience from colleagues to understand the perspectives of customers, thereby improving consulting-based sales and providing services that meet the needs of our customers.

In the operation of mobile carrier stores, we have been focusing on creating synergies within the group and improving the quality of stores by promoting education and training, and sharing management policies.

With nine new store openings (including scrap-and-build efforts) and two store closures, the number of digital home electronics retail stores stood at 141. The operation of digital home electronics retail stores stood at 158, combining 17 dedicated communications device stores, at the end of the three-month period ended June 30, 2016.

In the operation of mobile carrier stores, following the new opening, including scrap-and-build efforts, the acquisition of five stores, and the closure of or suspension of operations at three stores, the number of stores, including both directly-operated carrier stores and franchises, stood at 622 stores.

In the light of these factors, the numbers of stores as of June 30, 2016 are as shown below.

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	158 stores	-	158 stores
Digital home electronics retail stores	141 stores	-	141 stores
Dedicated communications device stores	17 stores	-	17 stores
Operation of mobile carrier stores	388 stores	234 stores	622 stores
Carrier stores	383 stores	234 stores	617 stores
Others	5 stores	-	5 stores
Total	546 stores	234 stores	780 stores

Note: Excludes one store directly operated by an overseas subsidiary

During the three-month period ended June 30, 2016, we recorded net sales of 96,212 million yen (97.3% of the figure for the three months ended June 30, 2015), operating income of 1,370 million yen (89.0% of the figure for the three months ended June 30, 2015), ordinary income of 1,599 million yen (96.6% of the figure for the three months ended June 30, 2015), and net income attributable to shareholders of the parent company of 908 million yen (65.3% of the figure for the three months ended June 30, 2015).

EBITDA (*), which the Group considers to be an important indicator of business performance, stood at 3,806 million yen (96.9% of the figure for the three months ended June 30, 2015).

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

Net income before amortization of goodwill = net income attributable to shareholders of the parent company + amortization of goodwill + amortization of contractual intangible assets

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

Sales of air conditioners and TVs, supported by 4K TVs, were satisfactory, and sales of kitchen appliances and beauty appliances remained stable.

Gross profit on sales increased due to a ratio improvement of new products and white goods achieved by the Nojima Group's consulting sales, which were coupled with customer demand for high-quality products and services.

As a result, net sales in this segment totaled 41,936 million yen (102.7% of the figure for the three months ended June 30, 2015); segment income was 1,126 million yen (112.8% of the figure for the three months ended June 30, 2015); and segment net income before amortization of goodwill was 1,127 million yen (112.9% of the figure for the three months ended June 30, 2015).

(Operation of mobile carrier stores)

In the operation of mobile carrier stores, to shift toward a quality orientation in anticipation of future needs, we enhanced education, training, and similar programs as investments in human resource development which, at the same time, were for improving the expertise of consulting that considers value of product and services more significant than just a product price and product itself in order to deal with the recent trend of the decrease in the number of units of mobile phones.

As a result, net sales in this segment totaled 54,052 million yen (93.5% of the figure for the three months ended June 30, 2015); segment income was 417 million yen (71.6% of the figure for the three months ended June 30, 2015); and segment net income before amortization of goodwill was 1,871 million yen (91.3% of the figure for the three months ended June 30, 2015).

(2) Explanation of Financial Position

Assets and liabilities and net assets

(Assets)

Total assets as of the three-month period ended June 30, 2016 were 215,156 million yen, down 18,277 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 18,060 million yen to 92,637 million yen in current assets and a decrease of 216 million yen to 122,519 million yen in non-current assets.

The primary factors underlying the decrease in current assets included a decrease of 20,012 million yen in accounts receivable-trade, despite an increase of 2,465 million yen in cash and deposits.

The main causes of the decrease in non-current assets included decreases of 1,070 million yen and 363 million yen in contractual intangible assets and goodwill respectively, despite the acquisition of tangible non-current assets in connection with new store openings.

(Liabilities)

Total liabilities as of the three-month period ended June 30, 2016 were 167,802 million yen, down 18,787 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 17,158 million yen to 68,422 million yen in current liabilities and a decrease of 1,629 million yen to 99,379 million yen in non-current liabilities.

The primary factors underlying the decrease in current liabilities included decreases of 14,812 million yen and 3,786 million yen in accounts payable-trade and accrued income taxes respectively.

The main causes of the decrease in non-current liabilities included a decrease of 1,390 million yen in long-term loans payable.

(Net assets)

Net assets as of the three-month period ended June 30, 2016 totaled 47,354 million yen, up 510 million yen from the end of the previous fiscal year, due to factors including an increase of 326 million yen in retained earnings.

These factors resulted in an equity ratio of 21.9%, up 1.9 points from the end of the previous fiscal year.

Cash flow

Cash and cash equivalents (“funds” hereinafter) for the three-month period ended June 30, 2016 totaled 15,129 million yen (the figure for the three-month period ended June 30, 2015 was 13,938 million yen).

The status of each category of cash flow and the main reasons are described below.

(Cash flow from operating activities)

Funds gained by operating activities totaled 3,323 million yen (60.4% of the figure for the three-month period ended June 30, 2015).

This was due mainly to a decrease of 20,012 million yen in accounts receivable-trade along with 1,676 million yen of depreciation and 1,580 million yen of net income before taxes and other adjustments, despite a decrease of 14,812 million yen in notes and accounts payable-trade along with 4,003 million yen of income taxes paid.

(Cash flow from investment activities)

Funds used for investment activities totaled 1,873 million yen (55.5% of the figure for the three-month period ended June 30, 2015).

The primary causes of this decrease included expenditures of 1,517 million yen for the acquisition of tangible non-current assets in connection with new store openings.

(Cash flow from financing activities)

Funds gained by financing activities totaled 933 million yen (66.8% of the figure for the three-month period ended June 30, 2015).

The primary factors of this increase included an increase of 2,790 million yen in short-term loans payable, despite the spending of 1,390 million yen for repaying long-term loans payable.

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 Practical Solution of a Change in Depreciation Method due to Tax Reform 2016)

In response to revised Corporation Tax Law, the group shifted from declining-balance method to straight-line method effecting facilities attached to buildings and structures acquired on and after April 1, 2016, as the group has applied "Practical Solution of a Change in Depreciation Method due to Tax Reform 2016" (ASBJ Practical Issues Task Force (PITF) No. 32, June 17, 2016) since the three-month period ended June 30, 2016.

As a result, operating income, ordinary income and net income before taxes and other adjustments increased eight million yen, respectively, for the three-month period ended June 30, 2016.

(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.
   i) The amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the greater of the following figures:
      A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing 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 closing date of the immediately preceding fiscal year or first half of the fiscal year
   ii) 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 accounting period (March 31, 2016)	This first quarter consolidated accounting period (June 30, 2016)
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	168	168

2. The following restrictive financial covenants apply under the loan agreement entered into by the Company as of March 28, 2016 to refinance a previous loan agreement entered into by the Company as of December 24, 2014 to raise funds to acquire stock in ITX (before the absorption-type merger).
   i) From the fiscal year ended March 2016, the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the greater of the following figures:
      A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year ended March 2015.
      B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
   ii) From the fiscal year ended March 2016, 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 accounting period (March 31, 2016)	This first quarter consolidated accounting period (June 30, 2016)
Agreement amount		10,000 million yen	10,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	2,000	2,000
	Long-term loans payable	8,000	7,500

3. The following restrictive financial covenants apply under the loan agreement concluded by the consolidated subsidiary ITX Corporation as of December 24, 2014 to raise funds to acquire stock in ITX Corporation (pre-merger) and working capital for ITX Corporation.
   i) During the 12-month period of each fiscal year starting with the fiscal year ended March 2016 and the 12 months through the first half of each fiscal year starting with the first half ended 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)
      *2 EBITDA = operating income + depreciation + amortization of goodwill + amortization of long-term prepaid expenses + acquisition cost
   ii) During the 12-month period of each fiscal year starting with the fiscal year ended March 2016 and the 12 months through the first half of each fiscal year starting with the first half ending September 2016, the debt service coverage ratio (*3) may not be less than 1.00 two consecutive times.
      *3 Debt service coverage ratio = free cash flow / (principal repayments + interest payments + commitment fees)
   iii) From the fiscal year ended 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.
   iv) From the fiscal year ended March 2016, the amount of net assets indicated on the consolidated balance sheet on the closing date of each fiscal year may not be less than 70% of the amount of net assets indicated on the consolidated balance sheet on the closing date of the immediately preceding fiscal year.

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

		Previous consolidated accounting period (March 31, 2016)	This first quarter consolidated accounting period (June 30, 2016)
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	57,564	57,564

(Trading of issuing shares from treasury stock through a trust to employees)
The group transacts to issue shares from treasury stock through an employee stock ownership trust for the welfare of employees on their behalf.

1. Overview of trading
   The group introduced “the employee stock ownership plan (ESOP) trust” (“the System” hereinafter) in March 2015 to increase mid- to long-term corporate value. The System acquires the amount of shares at one time in advance, which takes three years for the “NECS employee stock ownership plan” (“Our shareholding association” hereinafter) to acquire, and sells them to our shareholding association to transfer treasury stock to it.
2. Treasury stock retained in trust
   Treasury stock retained in trust is allocated as net assets in accordance with the trust book value, excluding incidental expenses. The book value and number of shares of applicable treasury stock were 287 million yen and 241,000 shares, respectively, for the previous fiscal year, and 220 million yen and 185,000 shares, respectively, for the three-month period ended June 30, 2016.
   Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred at the beginning of the previous fiscal year to calculate the applicable treasury stock retained in trust for the previous fiscal year and the three-month period ended June 30, 2016.
3. Recorded book value of loans payable after applying total method
   A total of 334 million yen for the previous fiscal year and for the three-month period ended June 30, 2016, respectively.

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)
The group has applied (Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016)) since the three-month period ended June 30, 2016.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	12,830	15,295
Notes and accounts receivable-trade	50,752	30,739
Merchandise and products	36,775	37,272
Deferred tax assets	4,018	3,209
Accounts receivable-other	4,928	4,523
Other	1,435	1,637
Allowance for doubtful accounts	-41	-40
Total current assets	110,697	92,637
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	11,099	11,781
Tools, fixtures, and facilities (net)	1,600	1,736
Land	8,375	8,467
Other (net)	1,103	1,248
Total tangible non-current assets	22,179	23,234
Intangible assets		
Goodwill	21,293	20,929
Software	566	525
Contractual intangible assets	63,547	62,476
Other	399	375
Total intangible assets	85,807	84,307
Investments and other assets		
Investment securities	1,739	1,769
Deferred tax assets	2,500	2,544
Lease and guarantee deposits	10,185	10,350
Other	364	355
Allowance for doubtful accounts	-40	-41
Total investments and other assets	14,749	14,977
Total non-current assets	122,736	122,519
Total assets	233,434	215,156

(Unit: million yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	50,237	35,424
Short-term loans payable	1,560	4,350
Current portion of long-term loans payable	9,696	9,696
Accounts payable-other	6,178	5,966
Accrued income taxes	4,225	438
Accrued consumption tax	1,731	962
Unearned revenue	4,057	4,202
Reserve for points	3,029	2,832
Reserve for bonuses	1,263	493
Other	3,601	4,056
Total current liabilities	85,580	68,422
Non-current liabilities		
Long-term loans payable	73,027	71,637
Reserve for guarantees for merchandise sold	3,442	3,467
Reserve for directors’ retirement benefits	156	172
Retirement benefit liabilities	5,158	5,291
Deferred tax liabilities	17,956	17,517
Other	1,267	1,292
Total non-current liabilities	101,009	99,379
Total liabilities	186,590	167,802
Net assets		
Shareholders’ equity		
Capital stock	5,720	5,751
Capital surplus	5,913	5,943
Retained earnings	35,376	35,702
Treasury stock	-319	-253
Total shareholders’ equity	46,690	47,144
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	198	235
Currency conversion adjustments	1	-14
Accumulated adjustment to retirement benefits	-243	-232
Total accumulated other comprehensive income	-43	-10
Stock acquisition rights	197	220
Total net assets	46,844	47,354
Total liabilities and net assets	233,434	215,156

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

Consolidated income statement

(For the three-month period)

(Unit: million yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Net sales	98,868	96,212
Cost of sales	77,710	74,192
Gross profit on sales	21,157	22,020
Sales, general, and administrative expenses	19,617	20,650
Operating income	1,540	1,370
Non-operating income		
Interest income	5	4
Purchase discounts	331	391
Other	115	101
Total non-operating income	452	496
Non-operating expenses		
Interest expenses	261	224
Other	75	43
Total non-operating expenses	336	267
Ordinary income	1,655	1,599
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	47	-
Gain on reversal of stock acquisition rights	0	0
Total extraordinary income	48	0
Extraordinary losses		
Loss on valuation of investment securities	-	19
Impairment loss	9	-
Total extraordinary losses	9	19
Net income before taxes and other adjustments	1,693	1,580
Income taxes-current	594	366
Income taxes-deferred	-291	305
Total income taxes	303	671
Net income	1,390	908
Net income attributable to shareholders of the parent company	1,390	908

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

(Unit: million yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Net income	1,390	908
Other comprehensive income		
Valuation difference on available-for-sale securities	68	37
Currency conversion adjustments	3	-15
Adjustments for retirement benefit obligations	24	11
Share in other comprehensive income of equity-method affiliates	0	-0
Total other comprehensive income	96	32
Comprehensive income	1,487	941
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	1,487	941
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Cash Flow Statement

(Unit: million yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
Cash flow from operating activities		
Net income before taxes and other adjustments	1,693	1,580
Depreciation	1,727	1,676
Impairment loss	9	-
Amortization of goodwill	376	363
Increase (decrease) in net defined benefit liability	73	132
Increase (decrease) in reserve for points	-123	-197
Increase (decrease) in reserve for guarantees for merchandise sold	76	25
Interest and dividend income	-20	-13
Interest expenses	261	224
Decrease (increase) in accounts receivable-trade	22,203	20,012
Decrease (increase) in inventories	-944	-504
Decrease (increase) in accounts receivable-other	1,662	404
Increase (decrease) in notes and accounts payable-trade	-15,081	-14,812
Increase (decrease) in accrued consumption taxes	-640	-768
Increase (decrease) in advances received	-168	-68
Increase (decrease) in unearned revenue	304	144
Other	-3,160	-856
Subtotal	8,248	7,343
Interest and dividend income received	33	28
Interest expenses paid	-261	-45
Income taxes paid	-2,519	-4,003
Cash flow from operating activities	5,501	3,323
Cash flow from investment activities		
Purchase of tangible non-current assets	-491	-1,517
Purchase of intangible assets	-7	-46
Purchase of shares of subsidiaries	-2,725	-
Purchase of shares of affiliates	-242	-
Payments for lease and guarantee deposits	-250	-304
Proceeds from collection of lease and guarantee deposits	38	127
Other	303	-131
Cash flow from investment activities	-3,374	-1,873
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	2,548	2,790
Repayment of long-term loans payable	-850	-1,390
Cash dividends paid	-426	-582
Other	126	115
Cash flow from financing activities	1,398	933
Effect of exchange rate changes on cash and cash equivalents	0	-18
Increase (decrease) in cash and cash equivalents	3,524	2,363
Starting balance of cash and cash equivalents	10,413	12,765
Ending balance of cash and cash equivalents	13,938	15,129

(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, 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: 1. The total dividends above include the dividends of three million yen which are distributed to trust accounts for the employee stock ownership plan (ESOP).

2. Although the Company undertook a 1:2 stock split on common stock effective July 1, 2015, since the reference date above was March 31, 2015, the dividends were calculated based on the number of shares before the stock split.

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 three-month period ended June 30, 2016 were 24,022 million yen.

Ⅱ Three-month period ended June 30, 2016 (April 1, 2016 – June 30, 2016)

1. Dividends paid

(Resolution)	Class of shares	Total dividends (million yen)	Dividends per share	Reference date	Effective date	Dividend resource
Board of directors May 10, 2016	Common shares	582	12	March 31, 2016	June 3, 2016	Retained earnings

Note: Total dividends above include the dividends of two million yen which are distributed to trust accounts for the employee stock ownership plan (ESOP).

2. Significant changes in shareholders' Equity

At its meeting on May 10, 2016, the Company Board of Directors resolved the distribution of dividends from retained earnings of 582 million yen.

As a result, retained earnings for the three-month period ended June 30, 2016 were 35,702 million yen.

(Segment information, etc.)

[Segment information]

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

Net sales and profit (loss) by reporting segment

(Unit: million yen)

	Reporting segment			Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement
	Operation of digital home electronics retail stores	Operation of 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 income	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 on the consolidated quarterly income statement.

II Three-month period ended June 30, 2016 (April 1, 2016 – June 30, 2016)

Net sales and profit (loss) by reporting segment

(Unit: million yen)

	Reporting segment			Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Subtotal				
Net sales							
Net sales to external customers	41,907	54,050	95,957	254	96,212	-	96,212
Internal sales or transfers between segments	29	1	31	76	107	-107	-
Subtotal	41,936	54,052	95,988	330	96,319	-107	96,212
Segment income	1,126	417	1,544	93	1,638	-38	1,599

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 on the consolidated quarterly income statement.