Summary of consolidated financial results for fiscal year ended March 2016 (Japanese accounting standards)

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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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Presentation on annual results: Y

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

1. Consolidated financial results for the fiscal year ended March 2016 (April 1, 2015 - March 31, 2016)

(1) Consolidated results of operations (Percentages indicate YoY 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	%
FY ended March 2016	454,842	86.4	14,593	125.5	14,892	121.1	13,226	269.6
FY ended March 2015	244,067	11.8	6,472	6.0	6,736	-11.7	3,578	-18.6

Note: Comprehensive income: FY ended March 2016: 13,152 million yen (274.2%) FY ended March 2015: 3,514 million yen (-21.2%)

Reference: EBITDA FY ended March 2016: 24,137 million yen (153.5%) FY ended March 2015: 9,523 million yen (-2.5%)

・ For detailed information, including definitions and methods used to calculate indicators, see p. 2, "1. Analysis of operating results and financial position: (1) Analysis of operating results."

Net income before amortization of goodwill: FY ended March 2016: 19,069 million yen (345.6%)
FY ended March 2015: 4,279 million yen (-2.8%)

	Net income per share	Diluted net income per share	ROE	ROA	Operating income margin
	Yen	Yen	%	%	%
FY ended March 2016	276.59	260.40	32.9	6.3	3.2
FY ended March 2015	75.61	72.95	11.0	4.1	2.7

Reference: Equity in net income (losses) of affiliates: FY ended March 2016: 18 million yen FY ended March 2015: -5 million yen

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
	Millions of yen	Millions of yen	%	Yen
FY ended March 2016	233,434	46,844	20.0	965.97
FY ended March 2015	236,104	34,357	14.3	716.71

Reference: Equity: FY ended March 2016: 46,646 million yen FY ended March 2015: 33,865 million yen

Note: Net assets per share were calculated based on the assumption that the stock split took place at the start of the previous consolidated fiscal year.

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2016	21,496	-5,921	-13,186	12,765
FY ended March 2015	6,932	-47,281	43,682	10,413

2. Dividends

	Dividends per share					Total dividends for the year	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 2015	-	12.00	-	18.00	30.00	712	19.8	2.2
FY ended March 2016	-	10.00	-	12.00	22.00	1,064	8.0	2.6
FY ending March 2017 (planned)	-	12.00	-	12.00	24.00		11.4	

Note: Without the effects of the stock split, dividends per share for the end of Q2 in the fiscal year ending March 2016 would be 20 yen per share, year-end dividends 24 yen per share, and annual dividends 44 yen. Planned dividends per share for the end of Q2 in the fiscal year ending March 2017 would be 24 yen, year-end dividends 24 yen, and annual dividends 48 yen.

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Q2 (cumulative)	216,900	1.8	6,550	11.7	6,800	11.3	4,000	-11.9	82.83
Full-year	458,500	0.8	16,000	9.6	16,500	10.8	10,200	-22.9	211.22

Note: Net income per share in the forecasts of consolidated financial results for the fiscal year ending March 2017, reflects the effects of the stock split. Estimates based on a count of 24,145,238 shares not reflecting the stock split give net income per share of 422.44 yen for the fiscal year ending March 2017.

Reference: EBITDA: FY ending March 2017 full-year (forecast): 25,500 million yen (5.6%)
Net income before amortization of goodwill: FY ending March 2017 full-year (forecast): 16,000 million yen (-16.1%)

* Notes

(1) Significant changes in subsidiaries during this fiscal year (changes in designated subsidiaries resulting in changes in the scope of consolidation): Y

Added: ___ company (name: ____________) Removed: 1 company (name: ITX Corporation)

Note: See p.9 of attached document, “2. Position of group of companies,” for details.

(2) 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.25 of attached document, “5. Consolidated financial statements: (5) Notes to the consolidated financial statements: (Changes in accounting policies)” for details.

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

① Total number of shares issued and outstanding at the end of the period (including treasury stock)	FY ended March 2016	48,646,816 shares	FY ended March 2015	48,364,816 shares
② Number of shares of treasury stock at the end of the period	FY ended March 2016	356,341 shares	FY ended March 2015	1,112,918 shares
③ Average number of shares during the period	FY ended March 2016	47,817,706 shares	FY ended March 2015	47,327,986 shares

Note: Total 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 were calculated based on the assumption that the stock split took place at the start of the previous consolidated fiscal year.

Note: The numbers of shares of treasury stock above include shares held in trust accounts (241,000 shares in FY 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 (336,485 shares in FY ended March 2016 and 420,200 shares in FY ended March 2015).

Reference: Summary of nonconsolidated financial results

1. Nonconsolidated financial results for the fiscal year ended March 2016 (April 1, 2015 - March 31, 2016)

(1) Nonconsolidated results of operations (Percentages indicate YoY changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2016	204,412	4.5	8,964	90.7	10,548	62.3	6,222	71.7
FY ended March 2015	195,664	-7.3	4,699	-18.6	6,497	-11.0	3,624	-14.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2016	130.13	122.51
FY ended March 2015	76.58	73.89

Note: Net income per share and diluted net income per share were calculated based on the assumption that the stock split took place at the start of the previous fiscal year.

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 2016	106,970	39,587	36.8	815.69
FY ended March 2015	104,980	33,690	31.9	709.72

Reference: Equity: FY ended March 2016: 39,389 million yen FY ended March 2015: 33,535 million yen

Note: Net assets per share were calculated based on the assumption that the stock split took place at the start of the previous fiscal year.

* Disclosure concerning the status of audit procedures

This release is not subject to audit procedures as required by the Financial Instruments and Exchange Act of Japan. Audit procedures for 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.

* Change in units of amounts indicated

To date, the figures for accounts and other items indicated on the Company’s consolidated financial statements have been indicated in units of thousands of yen. Starting this consolidated fiscal year, amounts will be indicated in units of millions of yen instead.
To facilitate comparisons, amounts for the previous consolidated fiscal year are also indicated in units of millions of yen.

○ Contents of attached documents

1. Analysis of operating results and financial position

(1) Analysis of operating results

① Operating results in this fiscal year

Despite apparent weaknesses in certain areas, employment and income conditions continued to improve, and Japan's economy maintained a course of gentle recovery during this consolidated fiscal year, due in part to the effects of various policies and other factors. Personal consumption remained largely unchanged from the previous year, as consumer confidence appeared to have reached a standstill.

Uncertainty regarding future prospects persisted in overseas economies. China and other emerging markets in Asia and resource-producing countries, for example, experienced economic slowdowns. The US economy remained strong thanks to improving employment conditions. Concerns persisted regarding the potential consequences of these global trends for the domestic Japanese economy.

The market for home electronics was sluggish, with sales of air conditioners, refrigerators, kitchen appliances, washing machines, and vacuum cleaners remaining flat, and PCs performing poorly.

In the market for sales of mobile phones and other mobile devices, despite the introduction of new iPhone models in late September, figures for units sold continued to drop year on year due to weak replacement demand.

The sales environment is undergoing dramatic change, including changes in the effective sale prices of mobile phones in response to developments including the issuing of guidelines from the Ministry of Internal Affairs and Communications on excessive smartphone purchase discounts.

Under these conditions, the Nojima Group focused on being the leading star in the digital field and achieving the industry's highest customer satisfaction in anticipation of the Internet of Things (IoT) era. 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 with ITX Corporation and improving the quality of stores by promoting education and training, and sharing management policies.

With 10 new store openings (including scrap-and-build efforts) and two store closures, the number of digital home electronics retail stores stood at 134 at the end of this fiscal year. The number of dedicated communications device stores stood at 18 following the closure of one store. The combined total for this sector stood at 152 digital home electronics retail stores.

In the operation of mobile carrier stores, following the new opening, including scrap-and-build efforts, the acquisition of 14 stores, and the closure of or suspension of operations at nine stores, the number of stores, including both directly-operated carrier stores and franchises, stood at 620 stores.

In light of these factors, the numbers of stores at the end of this consolidated fiscal year were as shown below.

Stores in operation

	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	152 stores	-	152 stores
Digital home electronics retail stores	134 stores	-	134 stores
Dedicated communications device stores	18 stores	-	18 stores
Operation of mobile carrier stores	384 stores	236 stores	620 stores
Carrier stores	380 stores	236 stores	616 stores
Other	4 stores	-	4 stores
Total	536 stores	236 stores	772 stores

Note: Excludes one store directly operated by an overseas subsidiary.

As a result, during this consolidated fiscal year, we recorded net sales of 454,842 million yen (186.4% of the figure for the previous fiscal year); operating income of 14,593 million yen (225.5% of the figure for the previous fiscal year); ordinary income of 14,892 million yen (221.1% of the figure for the previous fiscal year); and net income attributable to shareholders of the parent company of 13,226 million yen (369.6% of the figure for the previous fiscal year).

Consolidated EBITDA,* which the Group considers an important indicator of business performance, stood at 24,137 million yen (253.5% of the figure for the previous fiscal year).

(*) Consolidated EBITDA = consolidated 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 refrigerators, kitchen appliances, washing machines and vacuum cleaners remained stable.

Gross profit on sales increased due to an acceleration of sales of high value-added products 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 183,627 million yen (104.3% of the figure for the previous fiscal year); segment income was 8,332 million yen (178.9% of the figure for the previous fiscal year), and segment income before amortization of goodwill was 8,335 million yen (178.9% of the figure for the previous fiscal year).

(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 and relocated the administrative sections of ITX Corporation to the same office building as our own head office in December 2015, to promote exchange of human resources and sharing of information with our own administrative sections.

As a result, net sales in this segment totaled 270,547 million yen (400.4% of the figure for the previous fiscal year); segment income was 6,555 million yen (331.7% of the figure for the previous fiscal year), and segment income before amortization of goodwill was 12,383 million yen (463.8% of the figure for the previous fiscal year).

② Future outlook

A look at future prospects reflects expectations of a continued gentle economic recovery due to various factors, including various government economic policies and continued monetary easing by the Bank of Japan. These expectations are despite concerns about the impact of various global instabilities, including low oil prices and increasing geopolitical risks.

Due to competition with e-commerce firms, the already competitive environment, and other factors, conditions in the market for sales of home electronics are expected to remain harsh.

In the market for sales of mobile phones and other mobile devices, effective sale prices of mobile phones are expected to grow due to various factors, including the Ministry of Internal Affairs and Communications’ guidelines on excessive discounts on purchases of smartphones. Sales volumes are projected to decrease as a result. On the other hand, new products and services such as bundled landline services, insurance, electricity, and other services are expected to generate new demand.

In light of these conditions, the Group will continue to invest in human resources and enhance its strengths in consulting, as well as opening 15 digital home electronics retail stores per year and optimizing our store network.

As a result of these efforts, we project the following full-year consolidated business performance for the next fiscal year: net sales of 458,500 million yen (100.8% of the figure for this fiscal year), operating income of 16,000 million yen (109.6% of the figure for this fiscal year), ordinary income of 16,500 million yen (110.8% of the figure for this fiscal year), and net income attributable to shareholders of the parent company of 10,200 million yen (77.1% of the figure for this fiscal year).

We also project EBITDA of 25,500 million yen (105.6% of the figure for this fiscal year) and net income before amortization of goodwill of 16,000 million yen (83.9% of the figure for this fiscal year).

Note: The above forecasts of business performance are based on information currently available at the time this release was prepared. They involve uncertainties, and actual results may differ from forecasts of full-year consolidated business performance for various reasons.

③ Progress on the medium-term management plan

On May 7, 2015 the Company published and began implementing its three-year medium-term management plan covering the period through the fiscal year ending March 2018.

As a result of efforts to achieve the targets of the medium-term management plan, performance in the fiscal year ended March 2016, the first year of the plan, showed results two years ahead of schedule for ordinary income (14,800 million yen vs. the medium-term management plan's target of 15,000 million yen), EBITDA (24,100 million yen vs. a target of 24,500 million yen), net income before amortization of goodwill (19,000 million yen vs. a target of 14,100 million yen), ROE (32.9% vs. a target of 15% or higher), and equity ratio (20.0% vs. a target of 20% or higher). In response, we have established a revised three-year medium-term management plan for the period through the fiscal year ending March 2019.

Consolidated targets of the medium-term management plan are shown below.

	Targets for final FY ending March 2018 of previous medium-term management plan	Performance for FY ended March 2016	Final FY of medium-term management plan (FY ending March 2019)	
			Target value	vs. FY ended March 2016
Net sales	500 billion yen	454.8 billion yen	478.1 billion yen	105.1%
Ordinary income	15 billion yen	14.8 billion yen	18.5 billion yen	124.2%
EBITDA	24.5 billion yen	24.1 billion yen	27.8 billion yen	115.2%
Net income before amortization of goodwill	14.1 billion yen	19 billion yen	17.5 billion yen	91.8%
ROE	15% or higher	32.9%	15% or higher	-
Equity ratio	20% or higher	20.0%	30% or higher	Approx. +10 points

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

Note: The target figure for net income before amortization of goodwill is less than the figure for the fiscal year ended March 2016 because net income attributable to shareholders of the parent company in the fiscal year ended March 2016 includes 4.6 billion yen recorded as income taxes-deferred (gains) due to factors including the presence of deferred tax assets.

(2) Analysis of financial position

① Assets

Total assets as of the end of this consolidated fiscal year stood at 233,434 million yen, down 2,670 million yen from the end of the previous consolidated fiscal year.
This decline was mainly due to a decrease of 3,296 million yen to 122,736 million yen in non-current assets and despite an increase of 626 million yen to 110,697 million yen in current assets.
The primary factors underlying the increase in current assets included an increase of 3,452 million yen in merchandise and an increase of 2,352 million yen in cash and deposits. The increase was despite a decrease of 4,536 million yen in accounts receivable-trade.
Major causes of the decrease in non-current assets included a decrease of 4,283 million yen in contractual intangible assets despite an increase of 1,967 million yen following the acquisition of tangible non-current assets in connection with new store openings.

② Liabilities

Total liabilities as of the end of this consolidated fiscal year stood at 186,590 million yen, down 15,156 million yen from the end of the previous consolidated fiscal year.
This decrease was mainly due to a decrease of 19,152 million yen to 101,009 million yen in non-current liabilities. (Current liabilities increased by 3,995 million yen to 85,580 million yen.)
The main causes of the increase in current liabilities included increases of 2,185 million yen in the current portion of long-term loans payable and 1,579 million yen in accrued income taxes.
The main causes of the decrease in non-current liabilities included a decrease of 16,131 million yen in long-term loans payable.

③ Net assets

Net assets as of the end of this consolidated fiscal year totaled 46,844 million yen, up 12,486 million yen from the end of the previous consolidated fiscal year, due to an increase of 12,314 million yen in retained earnings and other factors.
These factors resulted in an equity ratio of 20.0%.

④ Cash flow

Cash and cash equivalents (“funds” hereinafter) in this consolidated fiscal year totaled 12,765 million yen, up 2,352 million yen from the figure of 10,413 million yen for the previous consolidated fiscal year.
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 21,496 million yen (310.1% of the figure for the previous fiscal year).
This increase was mainly due to securing net income before taxes and other adjustments of 13,987 million yen, depreciation of 7,017 million yen, and a decrease of 4,536 million yen in accounts receivable-trade. It occurred despite income tax paid of 3,969 million yen and other expenditures.

(Cash flow from investment activities)
Funds used in investment activities totaled 5,921 million yen (12.5% of the figure for the previous fiscal year).
This was mainly due to expenditures of 2,725 million yen in connection with stock acquisition in subsidiaries and expenditures of 2,485 million yen on acquisition of tangible non-current assets in connection with new store openings and other activities.

(Cash flow from financing activities)
Funds used in financing activities totaled 13,186 million yen (vs. funds gained of 43,682 million yen in the previous fiscal year).
This was mainly due to expenditures of 25,946 million yen on repayment of long-term loans payable. It occurred despite borrowings of 12,000 million yen in long-term loans payable and other factors.

Reference: Trends in cash flow indicators

	50th period FY ended March 2012	51st period FY ended March 2013	52nd period FY ended March 2014	53rd period FY ended March 2015	54th period FY ended March 2016
Equity ratio (%)	34.0	33.9	33.1	14.3	20.0
Market equity ratio (%)	17.6	16.1	18.7	25.5	25.3
Interest-bearing debt to cash flow (years)	1.8	1.3	4.8	14.0	3.9
Interest coverage ratio (times)	32.4	57.1	24.1	33.0	21.1

Equity ratio: equity/total assets
Market equity ratio: total market capitalization/total assets
Interest-bearing debt to cash flow: interest-bearing debt/cash flow
Interest coverage ratio: cash flow/interest expense
Notes:

1. Each of the above indicators is calculated based on financial figures on a consolidated basis.
2. Total market capitalization is calculated based on the number of shares issued and outstanding, not including treasury stock. For calculations for the 50th period, 51st period, 53rd period, and 54th period, this figure includes shares of Company stock held in employee stock ownership plan (ESOP) trust accounts.
3. Cash flow by operating activities is used above for cash flow.
4. Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.

(3) Basic policy on profit distribution and dividends for this and next fiscal years

The Group regards returning profits to shareholders as one of its most important management responsibilities and adheres to a basic policy of paying stable, continual dividends reflecting consideration for the internal reserves necessary to enhance its financial position and to implement proactive business expansion.

The Company's Articles of Incorporation stipulate that matters covered under each item of Article 459, Paragraph 1 of the Companies Act on dividends of surplus, etc. may be determined through a resolution of the Board of Directors. The Articles of Incorporation also stipulate the payment of interim dividends, with a basis date of September 30 each year, based on a resolution of the Board of Directors. Accordingly, the Company's basic policy is to pay dividends twice a year, in the form of interim dividends and year-end dividends.

Based on the above basic policy and on a comprehensive consideration of matters including the Group's business performance and financial position in this consolidated fiscal year as well as projections for the future business environment, the Company decided to pay year-end dividends of 12 yen per share for this consolidated fiscal year.

As a result, total full-year dividends for this fiscal year, including interim dividends, were 22 yen per share.

The Company plans to pay interim dividends of 12 yen per share and year-end dividends of 12 yen per share in the next fiscal year, for a full-year total of 24 yen per share.

(4) Business and other risks

The following are risks with potentially material effects on investor decisions that may impact the Group's business performance, financial position, and other results.
Forward-looking statements in the text below reflect the Group's judgment as of the end of this consolidated fiscal year.

① Seasonal factors

While the Group's net sales and earnings tend to increase during busy seasons, including the year-end period and seasons in which employees receive bonuses, the products it sells include products whose sales are affected by weather and other factors. A marked decrease in demand for such products due to a cold summer, warm winter, or other such factors can impact the Group's business performance and financial position.

② Economic conditions

Economic conditions like economic globalization, domestic and international economic trends, and consumer sentiment can impact the Group's business performance. Measures like consumption tax hikes that affect personal consumption can also impact the Group's business performance and financial position.

③ Competitor stores

Some regions are subject to intense competition in prices and services due to the large number of stores within the same market area competing against the Nojima Group. Market changes occur very rapidly. Predicting such changes with any accuracy is difficult. Accordingly, factors like the opening of new stores by competitors or the launch of sales by companies from other industries of products sold by the Group can impact the Group's business performance.
In addition, downward pressure on sale prices due to the diversification of sales methods and growing ease of price comparisons through increased prevalence of Internet environment, and changes in consumer behavior can also impact the Group's business performance and financial position.

④ Risks related to securing and training human resources

The Group pursues its business efforts through multiple stores. The Group also counts consulting-based sales among its strengths. Thus, a failure to secure and train outstanding human resources as anticipated poses the potential to impair Group business performance and financial position.

⑤ Laws, regulations, etc.

The main businesses of the Group involve operating digital home electronics retail stores and carrier stores. These stores are subject to various laws and regulations, including the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment, Act against Unjustifiable Premiums and Misleading Representations, the Telecommunications Business Act, the Antimonopoly Act, the Act for Identification, etc. by Mobile Voice Communications Carriers of Their Subscribers, etc. and for Prevention of Improper Use of Mobile Voice Communications Services, and the Act on the Protection of Personal Information.
Although the Group strives to strengthen its system of internal controls to ensure compliance with applicable laws and regulations, including employee training and education, any violation of such laws and regulations may result in loss of standing for the Group, claims for damages, or disciplinary action, like suspension of business. Such consequences would impact the Group's business performance and financial position.
Additions to or changes in the above laws and regulations as well as future government policies on information, communications, and other areas may also impact the Group's business performance and financial position.

⑥ Business conditions in the mobile communications field

In the operation of some of its home electronics retail stores and its carrier stores, the Group's activities include sales of mobile communications devices and serving as an agent for mobile communications service contracts. In addition, since making ITX Corporation a consolidated subsidiary in March 2015, the mobile communications field's share of the Group's consolidated business performance has grown.
Competition continues to intensify in the mobile communications industry and the mobile communications agent business due to longer device replacement cycles and the maturation of the market itself. In addition to other factors like the growth in mobile virtual network operators (MVNOs), the provision of fiber-optic services by mobile communications carriers, and future obligations to unlock SIM locks on customer devices, changes may emerge in the market, in industry trends, and other areas. All these factors have the potential to impact the Group's business performance and financial position.

⑦ Fees and other charges paid by mobile communications carriers

Under agent agreements concluded with mobile communications carriers, the Group undertakes various activities, including sales of mobile phones and other devices and serving as an agent for mobile communications service contracts. In return, it receives payment of fees, incentives, and other support payments from the mobile communications carriers. In the event of major changes in the sales policies of mobile communications carriers, marketing measures, or other conditions, the conditions of payment of fees and other charges paid by the mobile communications carriers may impact the Group's business performance and financial position.
In addition, among the stores opened by the Group, the opening of carrier stores is subject to certain restrictions, since decisions on such openings are made through negotiations with individual mobile communications carriers.
The agent agreements with mobile communications carriers include resolutive clauses. Cases like marked violations of the terms of such an agreement may have massive impact, including cancellation of the agreement, impacting the Group's business performance and financial position.

⑧ Handling of personal information

The Group handles large volumes of personal information in its activities, including product delivery, signing up mobile users, user registration for e-commerce services, serving as an agent for broadband Internet access and other services, and setting up new mobile-phone service. Recognizing the importance of such information, we manage the handling of this information through a system of internal controls and thorough training of employees. However, in the event of incidents like leaks or improper use of personal information due to unforeseen circumstances, the Group's business performance and financial position may be impacted due to loss of societal standing, claims for damages, or other repercussions.

⑨ Natural disasters, accidents, etc.

The Group takes various steps to ensure the safety of its customers from natural disasters, accidents, etc., including compliance with the Fire Service Act and other laws and regulations. It also takes out various types of insurance policies. However, since the Group operates so many stores, including those of subsidiaries and affiliates, and, especially for digital home electronics retail stores, because it employs a strategy of dominant store openings focusing on Kanagawa Prefecture and concentrated in neighboring prefectures, numerous stores may be damaged in the event of a large-scale natural disaster (for example, an earthquake or typhoon) in the greater Tokyo area. Transportation paralysis due to a disaster may impact the Group's business performance and financial position.

⑩ Interest-bearing debt

The Group raises some of the funds it uses in capital expenditures involved in opening stores and (more recently) in activities like mergers and acquisitions by borrowing from financial institutions. As of March 31, 2016, the Group's balance of interest-bearing debt was equal to 36.0% of the value of its consolidated total assets.

While the Group employs a policy of strengthening its financial constitution while taking into consideration the interest-bearing debt ratio and other factors, it also intends to continue opening new stores and considering mergers, acquisitions, and other activities, and there is a possibility that a resulting increase in debt may impact the Group's business performance and financial position. In addition, cases such as difficulty in implementing investment plans due to changing financial circumstances and increases in the costs of raising funds due to rising market interest rates can also impact the Group's business performance and financial position.

The syndicate loan agreements with the Group's main financial institutions include financial covenants as described later under "5. Consolidated financial statements: (5) Notes to the consolidated financial statements: (Additional information)." A violation of those terms could impact the Group's financial position through a demand to repay such loans.

⑪ Impairment accounting of non-current assets

While the Group owns various non-current assets used for business purposes, in some cases the application of the Accounting Standard for Impairment of Fixed Assets and the Implementation Guidance on Accounting Standard for Impairment of Fixed Assets will require the impairment of such non-current assets due to falling market values and future cash flows, and this could impact the Group's business performance and financial position.

⑫ Lease and guarantee deposits

In most cases when the Group opens a store it does so through leasing rather than purchasing land or buildings. Pursuant to lease agreements, we place lease and guarantee deposits with the lessors. The lease and guarantee deposits are returned at the end of the lease, either in part after offsetting against rent or in full. However, in some cases it might not be possible to recover all or part of the lease and guarantee deposits depending on the economic situation of the lessor. Also, in some cases in the event of lease termination prior to the end of the lease period the lease agreement may require repayment of the lease and guarantee deposits in part or payment of a penalty, and this could impact the Group's business performance and financial position.

⑬ Mergers, acquisitions, and other activities

The Group considers activities like mergers and acquisitions, business alliances, and strategic investments ("M&As, etc." hereinafter) to constitute an effective means of business expansion for purposes like expanding into new regions and business domains or strengthening existing businesses. The Group intends to consider use of such methods in future business expansion as well.

The Group employs a policy of implementing thorough research and analysis on the business conditions, financial details, and business foundations of prospective partners, in addition to the subject business domain, region, and market trends before entering into an alliance with another firm through M&As, etc. However, in light of potential marked changes in the external environment, a mismatch of interests between the parties, or other factors, there are no guarantees that events will proceed as planned. Where it is not possible to undertake adequate research or analysis due to limitations at the time of considering M&As, etc., contingent liabilities or unrecognized liabilities may be identified later. In addition, in cases like the declining business performance of the partner firm, the Group's business performance and financial position may be impacted by its inability to recover investments, additional costs, impairment of goodwill, or other factors.

⑭ International expansion

The Group's efforts to advance fully into the retail market for home electronics in Southeast Asia include the establishment of the overseas subsidiary Nojima (Cambodia) Co., Ltd. in Cambodia and the conclusion of a capital and business alliance with Tran Anh Digital World Joint Stock Company in Vietnam.

While the Group has adopted the business strategy of expanding its business in Southeast Asia, initiatives at this point in time have only just begun. There is no guarantee that the Group will be able to advance its business expansion efforts according to plans. International expansion entails various risks, including risk of political instability in individual countries and regions, uncertainty in economic trends, religious and cultural differences, and differences in laws, regulations, and business practices, in addition to foreign exchange risks. The Group's business performance and financial position may be impacted if these factors make it difficult to advance with business initiatives and to recover investments.

⑮ Risks related to products of the private brand ELSONIC

The Group has actively developed ELSONIC products in house. We are striving to enhance this lineup of unique products offering advantages in price competitiveness and quality. We are also expanding the number of items found in this lineup, targeting areas that promise a certain degree of demand. While we implement sufficient quality control for products developed in house, there is a risk that accidents or other problems attributable to the Group's ELSONIC products may lead to the loss of customers' trust or impair the brand, impacting the Group's business performance and financial position through the cost of responding to such cases or in other ways.

2. Position of group of companies

The Nojima Group consists of Nojima Corporation (the Company), seven subsidiaries, and three affiliates. In light of its management organization and the details of the products and services handled by the Group, we employ the two reporting segments of operation of digital home electronics retail stores and operation of mobile carrier stores.

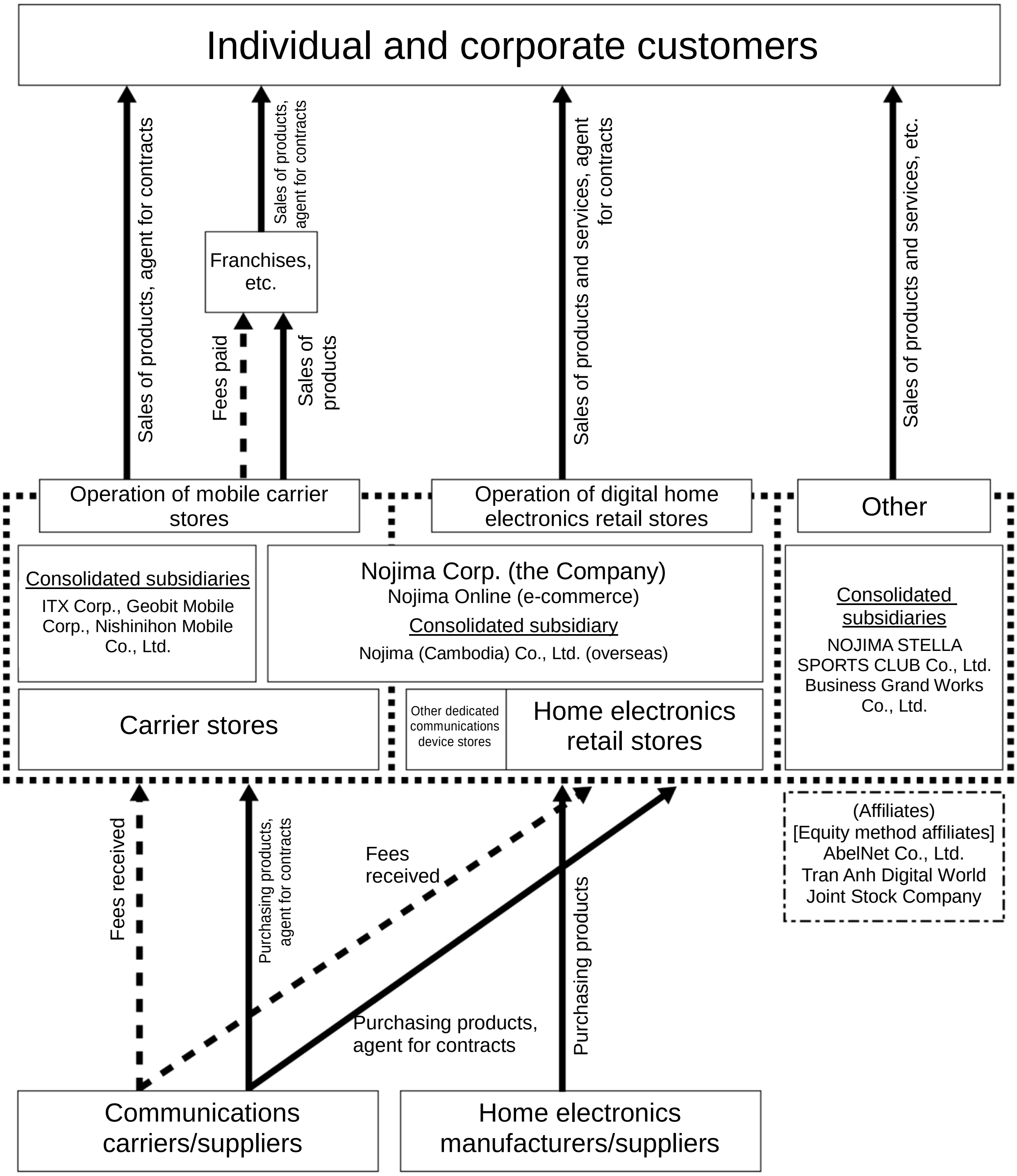
The main lines of business in the segment of operation of digital home electronics retail stores are sales of digital audio-video products like flat-screen televisions and home appliances, as well as the related delivery, installation, and repair services and sales of IT devices like personal computers, home video game consoles and related products, software, and other products, and provision of related solutions, setup, repair, and other services.

The main lines of business in the segment of operation of mobile carrier stores are sales of communications devices, primarily mobile phones and the provision of related services.

The Group's lines of business and the relationship of the Company and its affiliates to those businesses are outlined below.

Segment	Business section	Company	Main products
Operation of digital home electronics retail stores	Digital audio-video devices	Nojima Corporation Nojima (Cambodia) Co., Ltd. Tran Anh Digital World Joint Stock Company	Televisions, video, audio, portable audio players, Blu-ray recorders, other peripheral devices, etc.
	IT devices	Nojima Corporation Nojima (Cambodia) Co., Ltd. Tran Anh Digital World Joint Stock Company	Personal computers, PC software, printers, digital cameras, other peripheral devices, etc.
	Home appliances	Nojima Corporation Nojima (Cambodia) Co., Ltd. Tran Anh Digital World Joint Stock Company	Air conditioners, refrigerators, microwave ovens, washing machines, clothes dryers, lighting, home electrification appliances, other related products
	Information services	Nojima Corporation	Fiber-optic broadband Internet access and IP telephony
	Communications devices	Nojima Corporation Nojima (Cambodia) Co., Ltd. Tran Anh Digital World Joint Stock Company	Wholesale and retail sales of mobile phones and other communications devices, services related to mobile phones, PHS, etc.
	e-commerce	Nojima Corporation AbelNet Co., Ltd. Tran Anh Digital World Joint Stock Company	Mail order sales over the Internet
Operation of mobile carrier stores	Communications devices	Nojima Corporation ITX Corporation Nishinihon Mobile Co., Ltd. Geobit Mobile Corporation	Wholesale and retail sales of mobile phones and other communications devices, services related to mobile phones, PHS, etc.
Other	Other	Nojima Corporation NOJIMA STELLA SPORTS CLUB Co., Ltd. Business Grand Works Co., Ltd.	Shopping mall business, sports business, training business, and mega-solar business

A diagram of the Group's organization is shown in the next section.



Note: ITX Corporation includes one subsidiary and one affiliate.

3. Management policies

(1) Basic policies of Company management

Based on our philosophy of contributing to human progress by encouraging customers to use digital technologies and related products, the Nojima Group has established guidelines on conduct based on the outlook that every employee plays a role in management, through their thinking, decisions, and actions.

(2) Target management indicators

The Nojima Group has set a target ROE of 15% or more, reflecting our priority management goals of stable earning power, efficient use of invested capital, and sustainable, high growth potential as an industry leader. At the same time, we plan to build an organization and structure focused on sound management, targeting a consolidated equity ratio of 30% or higher.

(3) The Company's medium- to long-term management strategies

Current projections point to an emerging "Internet of things" (IoT), an era in which various home appliances are linked through the Internet. Alongside its customers, the Nojima Group will strive to apply innovation and creativity to realize smarter lifestyles by improving its consulting-based sales and enhancing its range of new products and services to meet customer needs.
To ramp up our efforts to deliver new value to customers in the coming IoT era, we have formulated a medium-term management plan to strengthen each of our business foundations and enhance our earnings structure.
Details of the medium-term management plan are provided in "Notice of formulation of medium-term management plan" (released May 7, 2015). In addition, since we reached the numerical targets of the medium-term management plan two years ahead of schedule, we have formulated and released a new three-year medium-term management plan covering the period through the fiscal year ending March 2019. (This is described in the "Notice concerning medium-term management plan" released May 10, 2016.) Go to the following URLs to review the plan:
Nojima website:
http://www.nojima.co.jp/ir/news/index.html
Tokyo Stock Exchange website (search page for information on listed firms):
http://www.jpx.co.jp/listing/co-search/index.html

(4) Issues to be addressed by the Company

The current business environment is characterized by expectations for continued gentle economic recovery. The factors underlying such expectations include various government economic policies and continued monetary easing by the Bank of Japan. Factors countering such expectations include concerns about the impact of unstable global conditions, such as low oil prices and increasing geopolitical risks.
In response, based on the combined expertise of the entire Group, the Group will address the following three issues as priority topics to ensure the capacity to move forward and to keep customers satisfied at all times, thereby earning the support of our customers.

① Store management
Through actions based on the customer's perspective, we will create sales floors where customers can easily find what they want because the things they need are in convenient locations. To meet customer needs for new products and new technologies in home electronics, smartphones, and other product areas, we will continue to add to the Group's workforce and to our capacity to implement high-quality consulting-based sales.

② Human resources
We will train product advisers with specialized knowledge to greet customers with heartfelt service. In training our human resources, including store leaders and consulting sales staff, we will continue to use Nojima Manabu, the Web-based training tool, to improve the abilities of each individual and to help them acquire knowledge and expertise.

③ Store development
Our store development efforts will continue to be based on the strategy of dominant store openings concentrated in neighboring prefectures, focusing on Kanagawa Prefecture. We will strive to enhance our store network and expand our total sales floor area through remodeling and scrap-and-build efforts targeting existing stores, including those of ITX Corporation and other subsidiaries, as well as by opening new stores in locations featuring advantageous market conditions.

(5) Other key management issues for the Company

As part of efforts to increase management transparency, the Company shifted, starting in June 2003, to a company with a committee governance structure (now a company with an appointed committee governance structure). The Board of Directors consists of 15 members; this number enables effective deliberation and swift, effective decision-making in response to rapidly shifting business conditions. Moreover, seven of the Board of Directors are outside directors. This structure makes it possible to proactively incorporate diverse perspectives from outside the Company. All three members of the audit committee are outside directors, an arrangement that will allow the audit committee to function effectively in overseeing management through independent monitoring.

On the topic of information on the Company itself, we are striving to disclose business information proactively by clarifying still further our rules on timely disclosure. We will continue to strive to secure management transparency by making effective use of tools like the Internet to disclose accurate information faster.

With respect to the development and maintenance of our internal controls systems, we have taken steps to develop an internal checks-and-balances organization and established an Internal Audit Group and a Compliance Group under the direction of the Internal Audit Office. The staff responsible for internal auditing consist of the General Manager of the Internal Audit Office, the General Manager of the Internal Audit Group, and six staff members (as of March 31, 2016), with other staff assigned to assist as necessary. Internal auditing involves periodic visits to stores, head office sections, and the Distribution Center to audit business operations for compliance with laws, regulations, the Articles of Incorporation, and various internal rules. Based on the results, advice is provided on improvements, alongside related guidance. The Compliance Group implements systematic employee guidance and training to ensure compliance with laws, regulations, the Articles of Incorporation, and various internal rules. It also reports to management where appropriate and deliberates on issues like compliance training and measures to prevent violations of laws and regulations and other inappropriate actions. We have also established, and are implementing, the Compliance Rules, Risk Management Rules, and Rules on the Internal Controls Committee to further improve the soundness and propriety of our business management.

To strengthen management of subsidiaries and affiliates, we have developed and currently implement the Rules on Management of Affiliates. These rules are intended to optimize the group governance structure of the Nojima Group while giving each company sufficient independence and autonomy. They also enable appropriate management to grow the earnings of both the parent company and affiliates.

4. Basic approach to selection of accounting standards

The Nojima Group is in the process of acquiring knowledge on international accounting standards, analyzing differences between international and Japanese standards, studying the impact of adopting international standards, and undertaking related preparations to adopt international accounting standards at some time in the future. We have yet to determine precisely when we will adopt international accounting standards.

5. Consolidated financial statements

(1) Consolidated balance sheet

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2015)	This consolidated fiscal year (March 31, 2016)
Assets		
Current assets		
Cash and deposits	*1 10,477	*1 12,830
Notes and accounts receivable-trade	55,288	50,752
Merchandise and products	33,323	36,775
Deferred tax assets	4,146	4,018
Accounts receivable-other	5,434	4,928
Other	1,469	1,435
Allowance for doubtful accounts	-67	-41
Total current assets	110,071	110,697
Non-current assets		
Tangible non-current assets		
Buildings and structures	*1 20,390	*1 21,363
Accumulated depreciation	-8,500	-10,263
Buildings and structures (net)	11,890	11,099
Machinery, equipment and vehicles	846	873
Accumulated depreciation	-163	-251
Machinery, equipment and vehicles (net)	683	621
Tools, fixtures, and facilities	7,283	7,858
Accumulated depreciation	-5,542	-6,257
Tools, fixtures, and facilities (net)	1,741	1,600
Land	*1 8,182	*1 8,375
Other (net)	281	482
Total tangible non-current assets	22,779	22,179
Intangible assets		
Goodwill	20,356	21,293
Software	909	566
Contractual intangible assets	67,831	63,547
Other	490	399
Total intangible assets	89,588	85,807
Investments and other assets		
Investment securities	*1 1,920	*1 1,739
Deferred tax assets	1,630	2,500
Lease and guarantee deposits	*1 9,772	*1 10,185
Other	384	364
Allowance for doubtful accounts	-43	-40
Total investments and other assets	13,665	14,749
Total non-current assets	126,032	122,736
Total assets	236,104	233,434

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2015)	This consolidated fiscal year (March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	51,931	50,237
Short-term loans payable	252	1,560
Current portion of long-term loans payable	*1 7,511	*1 9,696
Accounts payable-other	7,473	6,178
Accrued income taxes	2,645	4,225
Accrued consumption tax	2,760	1,731
Unearned revenue	2,079	4,057
Reserve for points	2,291	3,029
Reserve for bonuses	1,491	1,263
Other	3,148	3,601
Total current liabilities	81,585	85,580
Non-current liabilities		
Long-term loans payable	*1 89,159	*1 73,027
Reserve for guarantees for merchandise sold	3,200	3,442
Reserve for directors' retirement benefits	152	156
Retirement benefit liabilities	4,370	5,158
Deferred tax liabilities	21,924	17,956
Other	1,355	1,267
Total non-current liabilities	120,162	101,009
Total liabilities	201,747	186,590
Net assets		
Shareholders' equity		
Capital stock	5,669	5,720
Capital surplus	5,795	5,913
Retained earnings	23,061	35,376
Treasury stock	-690	-319
Total shareholders' equity	33,835	46,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	198
Currency conversion adjustments	35	1
Accumulated adjustment to retirement benefits	-208	-243
Total accumulated other comprehensive income	29	-43
Stock acquisition rights	154	197
Noncontrolling interests	337	-
Total net assets	34,357	46,844
Total liabilities and net assets	236,104	233,434

(2) Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)	This consolidated fiscal year (April 1, 2015 - March 31, 2016)
Net sales	244,067	454,842
Cost of sales	193,523	358,810
Gross profit on sales	50,543	96,031
Sales, general, and administrative expenses		
Advertising expenses	6,457	10,674
Salaries, allowances, and bonuses	13,902	28,668
Provision of reserve for bonuses	336	1,264
Provision of reserve for directors' retirement benefits	35	14
Retirement benefit expenses	627	951
Rents	7,768	11,299
Depreciation	2,409	6,759
Amortization of goodwill	167	1,468
Other	12,367	20,337
Total sales, general, and administrative expenses	44,071	81,438
Operating income	6,472	14,593
Non-operating income		
Interest income	21	20
Purchase discounts	1,415	1,365
Other	249	359
Total non-operating income	1,687	1,745
Non-operating expenses		
Interest expenses	209	1,018
Commission fees	1,081	120
Other	131	307
Total non-operating expenses	1,422	1,446
Ordinary income	6,736	14,892
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	103	-
Gain on reversal of stock subscription rights	40	6
Total extraordinary income	143	6
Extraordinary losses		
Loss on valuation of investment securities	-	22
Impairment loss	681	888
Total extraordinary losses	681	911
Net income before taxes and other adjustments	6,199	13,987
Income taxes-current	2,975	5,379
Income taxes-deferred	-368	-4,618
Total income taxes	2,607	761
Net income	3,592	13,226
Net income attributable to noncontrolling interests	13	-
Net income attributable to shareholders of the parent company	3,578	13,226

Consolidated statement of comprehensive income

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)	This consolidated fiscal year (April 1, 2015 - March 31, 2016)
Net income	3,592	13,226
Other comprehensive income		
Valuation difference on available-for-sale securities	100	-4
Currency conversion adjustments	33	-12
Adjustments for retirement benefit obligations	-210	-35
Share in other comprehensive income of equity-method affiliates	0	-20
Total other comprehensive income	-77	-73
Comprehensive income	3,514	13,152
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	3,503	13,152
Comprehensive income attributable to noncontrolling interests	11	-

(3) Consolidated statement of changes in net assets

Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	5,669	5,737	20,145	-300	31,252
Accumulated impact of changes in accounting policies			-95		-95
Balance at start of fiscal year reflecting changes in accounting policies	5,669	5,737	20,050	-300	31,156
Changes this fiscal year					
Distribution of surplus			-567		-567
Net income attributable to shareholders of the parent company			3,578		3,578
Acquisition of treasury stock				-500	-500
Disposal of treasury stock		58		110	168
Changes this fiscal year in items other than shareholders' equity (net)					
Total change this fiscal year	-	58	3,011	-390	2,678
Balance at end of fiscal year	5,669	5,795	23,061	-690	33,835

	Accumulated other comprehensive income				Stock acquisition rights	Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	103	2	-	105	172	-	31,530
Accumulated impact of changes in accounting policies							-95
Balance at start of fiscal year reflecting changes in accounting policies	103	2	-	105	172	-	31,434
Changes this fiscal year							
Distribution of surplus							-567
Net income attributable to shareholders of the parent company							3,578
Acquisition of treasury stock							-500
Disposal of treasury stock							168
Changes this fiscal year in items other than shareholders' equity (net)	100	33	-208	-75	-17	337	244
Total change this fiscal year	100	33	-208	-75	-17	337	2,923
Balance at end of fiscal year	203	35	-208	29	154	337	34,357

This consolidated fiscal year (April 1, 2015 - March 31, 2016)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	5,669	5,795	23,061	-690	33,835
Changes this fiscal year					
Issuance of new shares or exercise of stock acquisition rights	50	50			101
Distribution of surplus			-911		-911
Net income attributable to shareholders of the parent company			13,226		13,226
Acquisition of treasury stock				-2	-2
Disposal of treasury stock		67		373	440
Changes this fiscal year in items other than shareholders' equity (net)					
Total change this fiscal year	50	117	12,314	371	12,854
Balance at end of fiscal year	5,720	5,913	35,376	-319	46,690

	Accumulated other comprehensive income				Stock acquisition rights	Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	203	35	-208	29	154	337	34,357
Changes this fiscal year							
Issuance of new shares or exercise of stock acquisition rights							101
Distribution of surplus							-911
Net income attributable to shareholders of the parent company							13,226
Acquisition of treasury stock							-2
Disposal of treasury stock							440
Changes this fiscal year in items other than shareholders' equity (net)	-4	-33	-35	-73	42	-337	-368
Total change this fiscal year	-4	-33	-35	-73	42	-337	12,486
Balance at end of fiscal year	198	1	-243	-43	197	-	46,844

(4) Consolidated cash flow statement

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)	This consolidated fiscal year (April 1, 2015 - March 31, 2016)
Cash flow from operating activities		
Net income before taxes and other adjustments	6,199	13,987
Depreciation	2,726	7,017
Impairment loss	681	888
Amortization of goodwill	167	1,468
Increase (decrease) in reserve for retirement benefits	486	788
Increase (decrease) in reserve for points	-367	737
Increase (decrease) in reserve for guarantees for merchandise sold	387	241
Interest and dividend income	-41	-50
Interest expense	209	1,018
Commission fee	1,081	120
Decrease (increase) in accounts receivable-trade	-5,297	4,536
Decrease (increase) in accounts receivable-other	1,084	506
Decrease (increase) in inventories	-750	-3,559
Increase (decrease) in notes and accounts payable-trade	5,289	-1,694
Increase (decrease) in accrued consumption taxes	1,104	-1,028
Increase (decrease) in advances received	-2,878	406
Increase (decrease) in unearned revenue	642	1,978
Other	-289	-973
Subtotal	10,436	26,389
Interest and dividends income received	52	94
Interest expenses paid	-213	-1,017
Income tax (paid) refunded	-3,342	-3,969
Cash flow from operating activities	6,932	21,496
Cash flow from investment activities		
Sales of investment securities	-	376
Purchase of tangible non-current assets	-3,568	-2,485
Purchase of intangible non-current assets	-24	-132
Purchase of stock in subsidiaries resulting in change in scope of consolidation	*2 -43,505	-
Payments for lease and guarantee deposits	-852	-979
Proceeds from collection of lease and guarantee deposits	277	299
Purchase of investments in subsidiaries	-	-2,725
Purchase of stocks of affiliates	-	-242
Other	391	-33
Cash flow from investment activities	-47,281	-5,921

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)	This consolidated fiscal year (April 1, 2015 - March 31, 2016)
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	252	1,308
Proceeds from long-term loans payable	85,500	12,000
Repayment of long-term loans payable	-39,928	-25,946
Redemption of bonds	-125	-
Proceeds from sales of treasury stock	-	213
Purchase of treasury stock	-499	-2
Cash dividends paid	-567	-910
Commission fees paid	-1,081	-120
Other	131	272
Cash flow from financing activities	43,682	-13,186
Effect of exchange rate changes on cash and cash equivalents	20	-35
Increase (decrease) in cash and cash equivalents	3,354	2,352
Starting balance of cash and cash equivalents	7,059	10,413
Ending balance of cash and cash equivalents	*1 10,413	*1 12,765

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Important bases for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: Seven companies

Names of main consolidated subsidiaries:

Omitted here because listed under “2. Position of group of companies.”

Consolidated subsidiaries ITX Kobe Co., Ltd. and ITX Wakayama Co., Ltd. were liquidated effective June 1, 2015 by absorption into consolidated subsidiary ITX Corporation (eliminated July 1, 2015 by merger; “ITX Corporation (pre-merger)” hereinafter) as the surviving company.

Consolidated subsidiary ITX Corporation (pre-merger) was liquidated effective July 1, 2015 by absorption into consolidated subsidiary ITN Corporation (renamed “ITX Corporation” July 1, 2015 by merger; “ITX Corporation” hereinafter) as the surviving company.

(2) Names of non-consolidated subsidiaries and other information

Not applicable.

ITX Communications America, Inc., a non-consolidated subsidiary, was liquidated.

2. Application of equity method

(1) Number of equity-method affiliates: Three companies

AbelNet Co., Ltd.

Nijicom Co., Ltd.

Tran Anh Digital World Joint Stock Company

The scope of application of the equity method includes Tran Anh Digital World Joint Stock Company due to the purchase of additional stock in this affiliate during the first quarter of this consolidated fiscal year.

(2) Fiscal years of equity-method affiliates

The financial statements for the affiliate’s most recent fiscal year are used if the fiscal year of an equity-method affiliate ends on a different date from that of the Company’s consolidated fiscal year.

3. Fiscal years of consolidated subsidiaries and other matters

The ending dates of fiscal years of the following consolidated subsidiaries differ from the ending date of the Company’s consolidated fiscal year:

Company	Year ends
Business Grand Works Inc.	October 31
Nojima (Cambodia) Co., Ltd.	December 31
NOJIMA STELLA SPORTS CLUB Co., Ltd.	January 31

For these companies, preparation of consolidated financial statements is based on financial statements from tentative settlement of accounts undertaken as of the date of consolidated settlement of accounts.

The ending dates of fiscal years of other consolidated subsidiaries are the same as the ending date of the Company’s consolidated fiscal year.

4. Accounting standards

(1) Standards and methods for valuation of important assets

A. Securities

Available-for-sale securities:

a. Those having fair market value:

Mark-to-market based on market values and other information as of the date of settlement of accounts (Part of revaluation gains/losses is booked directly to net assets. Costs of sold securities are calculated by the moving average method.)

b. Those without fair market value:

Moving average cost method

B. Inventories

Merchandise:

The moving average cost method (the balance sheet figure is calculated by write-down of book values based on decreased profitability). For recycled (used) merchandise, the cost accounting method employed is the retail method (the balance sheet figure is calculated by write-down of book values based on decreased profitability).

(2) Depreciation methods for important depreciable assets

A. Tangible non-current assets (not including leased assets)

Nojima and domestic consolidated subsidiary Business Grand Works Inc. (“BGW” hereinafter) primarily use the declining balance method. However, they use the straight line method for buildings (not including fixtures) acquired on or after April 1, 1998.

Domestic consolidated subsidiaries Geobit Mobile Corporation and ITX and its one subsidiary use the straight line method.

The overseas consolidated subsidiary Nojima (Cambodia) Co., Ltd. mainly uses the straight line method in accordance with Cambodian accounting standards.

Main useful lives for depreciation purposes are shown below.

Buildings and structures:	7-47 years
Machinery, equipment and vehicles:	2-17 years
Tools, fixtures, and facilities:	2-20 years

B. Intangible non-current assets (not including leased assets)

The straight line method is applied.

Main useful lives for depreciation purposes are shown below.

Software:	5 years
Contractual intangible assets:	15 or 16 years

C. Leased assets

The straight line method is applied, using the term of the lease as the useful life of the asset and zero as the residual value.

(3) Accounting standards for important reserves

A. Allowance for doubtful accounts

In preparation for losses from unrecoverable claims, the anticipated amount of unrecoverable claims is booked as follows: The actual loan loss ratio is applied for ordinary claims (general accounts receivable); for extraordinary claims (doubtful accounts receivable) like those involving the possibility of default and those in bankruptcy reorganization, the possibility of recovery is considered for each claim.

B. Reserve for point card certificates

In preparation for costs resulting from future use of loyalty points by customers based on a system that awards points to customers based on past purchases and other factors, the anticipated amount of points used in the future is booked based on past performance.

C. Reserve for bonuses

In preparation to pay bonuses to employees, some consolidated subsidiaries book the required amount of reserve for bonuses based on the anticipated amount payable.

D. Reserve for guarantees for merchandise sold

In preparation to pay costs of after-sales service for products sold, the anticipated amount of service costs during product guarantee periods is booked based on past performance.

E. Reserve for directors’ retirement benefits

In preparation to pay retirement benefits to directors, the amount payable as of the end of the current fiscal year is booked based on internal rules.

(4) Accounting treatment of retirement benefits

A. Period attribution of estimated retirement benefits

The straight line attribution is used to attribute estimated amounts of retirement benefits to periods through the end of this consolidated fiscal year for calculations of retirement benefit obligations.

B. Treatment of actuarial gains and losses and past service costs

Past service costs are booked as expenses by the straight line method, using a fixed number of years (six years) within the average remaining number of years of service for personnel employed at the time such obligations arise.

Actuarial gains or losses are booked as expenses in the fiscal years in which they arise. Some consolidated subsidiaries book actuarial gains or losses as expenses beginning the following consolidated fiscal year by the straight line method, using an amount prorated over a fixed number of years (six years) within the average remaining number of years of employment for personnel employed at the time each such gains or losses arise in each consolidated fiscal year.

C. Application of simplified method for small businesses, etc.

Some consolidated subsidiaries apply the simplified method to calculations of obligations related to retirement benefits and costs of retirement benefits, treating as the amount of retirement benefit obligations the amount payable to employees retiring of their own accord as of the end of the fiscal year.

(5) Standards for conversion of major assets or liabilities in foreign currencies to Japanese yen

Monetary claims and obligations in foreign currencies are converted into yen at the spot exchange rate as of the date of consolidated settlement of accounts. Any difference from this conversion is recorded as a profit or loss. Assets and liabilities of overseas consolidated subsidiaries, etc. are converted into yen at the spot exchange rate as of the date of consolidated settlement of accounts. Income and expenses of overseas subsidiaries, etc. are converted into yen at the average exchange rate over the fiscal year. Differences due to conversion are included under Net assets as “Currency conversion adjustments.”

(6) Major hedge accounting methods

A. Hedge accounting methods

The only transactions that meet the requirements for hedge accounting are interest rate swaps. Exceptional processing is applied.

B. Hedge schemes and hedged items

Hedge schemes: Interest rate swaps

Hedged items: Loans payable

C. Hedging policy

The Company uses hedge accounting within the scope of eligible obligations to reduce interest rate risks and to improve its financial balance.

D. Method of evaluating efficacy of hedging

The efficacy of hedging is not evaluated for interest rate swaps to which exceptional processing is applied.

(7) Method of amortization of goodwill

Goodwill is amortized by the straight line method over an amortization period of 5-16 years from the fiscal year in which the goodwill arises.

(8) Scope of funds on the consolidated cash flow statement

The funds included on the consolidated cash flow statement are cash on hand, deposits that may be withdrawn at any time, and short-term investments easily convertible to cash that have maturities of three months or less from the date of purchase and only minor risks of fluctuations in value.

(9) Other important matters concerning preparation of the consolidated financial statements

Account processing of consumption tax, etc.:

The tax-excluded method is applied.

(Changes in accounting policies)

(Application of Revised Accounting Standard for Business Combinations, etc.)

From this consolidated fiscal year, the Company has applied accounting standards including those specified in the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013; "Standard for Business Combinations" hereinafter), Revised Accounting Standard for Consolidation of Accounts (ASBJ Statement No. 22, September 13, 2013; "Standard for Consolidation of Accounts" hereinafter), and Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; "Standard for Business Divestitures" hereinafter). As a result, accounting methods have changed to those for recording as capital surplus differences in amounts arising from changes in the Company's interests in subsidiaries it continues to control, and recording costs related to acquisitions as costs in the consolidated fiscal years in which they arise. For business combinations implemented since the start of this consolidated fiscal year, through the finalization of tentative account processing, the Company has switched to reflecting revisions of allocated amounts of acquisition costs in the consolidated financial statements for the consolidated fiscal years that include the dates of such business combinations. The Company has also changed the way it presents net income and other figures and changed the term "minority interest" to "noncontrolling interest." It has revised the consolidated financial statements for the previous consolidated fiscal year to reflect these changes in presentation.

In applying the Standard for Business Combinations and other standards above, the Company is applying them from the start of this consolidated fiscal year into the future in accordance with the transitional handling specified in section 58-2 (4) of the Standard for Business Combinations, section 44-5 (4) of the Standard for Consolidation of Accounts, and section 57-4 (4) of the Standard for Business Divestitures.

These changes do not affect consolidated financial statements or per-share information for this consolidated fiscal year.

(Accounting standards and guidances not applied)

(Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016))

(1) Overview

Fundamentally, this Guidance covers the treatment of the recoverability of deferred tax assets in accordance with the framework of Report No. 66 of the Audit Committee of the Japanese Institute of Certified Public Accountants, "Audit Treatment of Judgments with Regard to Recoverability of Deferred Tax Assets," under which companies are grouped into five categories. The amount of deferred tax assets recorded is estimated according to category, with the following treatment revised as necessary:

① Treatment for a company that does not satisfy any of the requirements for classification under Category 1 through Category 5

② Requirements for classification under Category 2 and Category 3

③ Treatment related to temporary differences when the scheduling of the timing of the reversal is not possible at company falling into Category 2

④ Treatment related to the period for which pretax income on future temporary differences and other gains and reversals can reasonably be estimated at company falling into Category 3

⑤ Treatment for a company satisfying the requirements for classification under Category 4 that also falls within Category 2 or Category 3

(2) Planned date of application

Plans call for application of these accounting standards starting at the beginning of the fiscal year ending March 31, 2017.

(3) Impact of application of these accounting standards, etc.

As of the time of preparation of these consolidated financial statements, the amount of the impact of application of these accounting standards is under assessment.

(Changes in presentation methods)

(Consolidated balance sheet)

Unearned revenue, shown under “Other” under current liabilities in the previous consolidated fiscal year, is shown separately beginning this consolidated fiscal year due to growing monetary amounts. The consolidated financial statements for the previous consolidated fiscal year have been revised to reflect this change in presentation methods.
As a result, the amount of 5,227 million yen shown under “Other” under current liabilities on the Consolidated Balance Sheet for the previous consolidated fiscal year has been revised to 2,079 million yen in unearned revenue and 3,148 million yen in “Other.”

(Consolidated income statement)

Amortization of goodwill, shown under “Other” under sales, general, and administrative expenses in the previous consolidated fiscal year, is shown separately beginning this consolidated fiscal year due to growing monetary amounts. The consolidated financial statements for the previous consolidated fiscal year have been revised to reflect this change in presentation methods.
As a result, the amount of 12,534 million yen shown under “Other” under sales, general, and administrative expenses on the Consolidated Income Statement for the previous consolidated fiscal year has been revised to 167 million yen in amortization of goodwill and 12,367 million yen in “Other.”

(Consolidated cash flow statement)

Amortization of goodwill and increase (decrease) in unearned revenue, shown under “Other” under cash flow from operating activities in the previous consolidated fiscal year, are shown separately beginning this consolidated fiscal year since their significance in terms of monetary amounts has increased. The consolidated financial statements for the previous consolidated fiscal year have been revised to reflect this change in presentation methods.
As a result, the amount of 624 million yen shown under “Other” under cash flow from operating activities on the Consolidated Cash Flow Statement for the previous consolidated fiscal year has been revised to 167 million yen in amortization of goodwill, 642 million yen in increase (decrease) in unearned revenue, and -289 million yen in “Other.”
Due to the minor value of the account loss (gain) on valuation of investment securities, which had been posted separately under cash flow from operating activities in the previous fiscal year, it is included under "Other" starting this consolidated fiscal year. The consolidated financial statements for the previous fiscal year have been revised to reflect this change in presentation methods.
As a result, the accounts loss (gain) on valuation of investment securities (-103 million yen) and “Other” (624 million yen) under cash flow from operating activities on the Consolidated Cash Flow Statement for the previous consolidated fiscal year have been combined into the single account, “Other” (-289 million yen).
Due to the minor value of the account purchase of investment securities, which had been posted separately under cash flow from investing activities in the previous fiscal year, it is included under “Other” from this consolidated fiscal year. The consolidated financial statements for the previous fiscal year were revised to reflect this change in presentation methods.
As a result, the accounts purchase of investment securities (-0 million yen) and “Other” (392 million yen) under cash flow from investing activities on the Consolidated Cash Flow Statement for the previous consolidated fiscal year have been combined into a single account, “Other” (391 million yen).

(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 consolidated fiscal year (March 31, 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	934	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 (intended to raise funds to acquire stock in ITX Corporation (pre-merger)).

① From the fiscal year ending March 2016, 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 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 fiscal year (March 31, 2015)	This consolidated fiscal year (March 31, 2016)
Agreement amount (*1)		18,000 million yen	10,000 million yen
Remaining balance of debt	Current portion of long-term loans payable (*1)	-	2,000
	Long-term loans payable (*1)	18,000	8,000

*1 The agreement amount and remaining balance of debt in the previous consolidated fiscal year are based on the previous loan agreement.

(3) The following restrictive financial covenants apply under the loan agreement concluded by 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.

① In the 12-month period of each fiscal year starting with the fiscal year ending March 2016 and the 12 months through the first half of each fiscal year starting with the first half ending September 2015, the borrower's gross leverage ratio (*2) on a consolidated basis may not exceed the figure specified by the financial institution two consecutive times.

*2 Gross leverage ratio = interest-bearing debt/EBITDA (*3)

*3 EBITDA = operating income + depreciation + amortization of goodwill + amortization of long-term prepaid expenses + acquisition-related expenses

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 (*4) may not be less than 1.00 two consecutive times.

*4 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 consolidated fiscal year (March 31, 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	61,500	57,564

(Transactions involving distribution of shares of Company stock to employees and others through a trust)
As an employee benefit, the Company takes part in transactions involving distribution of shares of Company stock through a trust to the employee stock-ownership plan (ESOP).

(1) Overview of these transactions
To increase corporate value over the medium to long term, in March 2015 the Company adopted an employee stock-ownership plan (ESOP; "System" hereinafter). Under this System, an ESOP trust account established to transfer shares of Company stock to the “NEX employee stock ownership plan” (“Our shareholding association” hereinafter) carries out advance purchases in bulk of the volume of shares to be acquired by Our shareholding association over the three-year period beginning March 2015 and sells them to Our shareholding association.

(2) Shares of Company stock remaining in trust
Shares of Company stock remaining in trust are recorded as treasury stock under assets on the Balance Sheet, at their book values in trust (not including associated expenses). The book value and number of shares of this treasury stock were 499 million yen and 420,000 shares in the previous consolidated fiscal year and 287 million yen and 241,000 shares in this consolidated fiscal year.
Note: The Company undertook a 1:2 stock split on common stock with an effective date of July 1, 2015. Shares of Company stock remaining in trust in the previous consolidated fiscal year and this consolidated fiscal year were calculated based on the assumption this stock split took place at the start of the previous consolidated fiscal year.

(3) Book value of debt recorded through application of the gross method
Previous consolidated fiscal year: 500 million yen; this consolidated fiscal year: 334 million yen

(Notes on consolidated balance sheet)

*1 Hypothecated assets and collateralized obligations:
Assets pledged as collateral are shown below.

	Previous consolidated fiscal year (March 31, 2015)	This consolidated fiscal year (March 31, 2016)
Cash and deposits	3,029 million yen	4,803 million yen
Short-term loans to affiliates*	180	180
Buildings and structures	382	368
Land	1,051	1,051
Investment securities	81	24
Stock of affiliates*	72,361	20,000
Long-term loans to affiliates*	30,000	-
Lease and guarantee deposits	516	481
Total	107,601	26,909

* Short-term loans to affiliates, stock of affiliates, and long-term loans to affiliates above are offset in consolidated financial statements.

Collateralized obligations are shown below.

	Previous consolidated fiscal year (March 31, 2015)	This consolidated fiscal year (March 31, 2016)
Current portion of long-term loans payable	3,630 million yen	3,630 million yen
Long-term loans payable	62,410	58,344
Total	66,040	61,974

*2 To enable the flexible and stable raising of working capital, the Nojima Group has concluded agreements with its main financial institutions on overdrafts and loan commitments. Shown below are available balances under these agreements as of the end of the consolidated fiscal year.

	Previous consolidated fiscal year (March 31, 2015)	This consolidated fiscal year (March 31, 2016)
Credit line	30,000 million yen	31,000 million yen
Outstanding balance	-	1,100
Difference: Available balance	30,000	29,900

(Notes on consolidated cash flow statement)

*1 Relationship between amounts of the ending balance of cash and cash equivalents and items shown on the consolidated balance sheet:

	Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)	This consolidated fiscal year (April 1, 2015 - March 31, 2016)
Cash and deposits	10,477 million yen	12,830 million yen
Time deposits with terms of more than three months	-64	-64
Transfers to escrow account (account with restricted deposits and withdrawals)	-0	-0
Cash and cash equivalents	10,413	12,765

*2 Breakdown of major assets and liabilities of companies added as new consolidated subsidiaries due to acquisition of stock

Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)

(Business Grand Works Co., Ltd.)

Shown below are the breakdown of assets and liabilities immediately after the addition to consolidation of BGW by stock acquisition and the relationship between the purchase price of BGW stock and expenditures (net increase) for the acquisition of BGW.

Current assets	233 million yen
Non-current assets	53
Goodwill	88
Current liabilities	-66
Non-current liabilities	-29
Purchase price of stock	280 million yen
Cash and cash equivalents	-218
Difference: Expenditure on acquisition	61 million yen

(ITX Corporation)

Shown below are the breakdown of the assets and liabilities immediately after the addition to consolidation of ITX Corporation (pre-merger) by stock acquisition and the relationship between the purchase price of ITX Corporation (pre-merger) stock and expenditures (net increase) for the acquisition of ITX Corporation (pre-merger).

Current assets	47,082 million yen
Non-current assets	72,293
Goodwill	19,598
Current liabilities	-32,638
Non-current liabilities	-55,308
Noncontrolling interests	-325
Purchase price of stock	50,701 million yen
Cash and cash equivalents	-7,257
Difference: Expenditures on acquisition	43,444 million yen

This consolidated fiscal year (April 1, 2015 - March 31, 2016)

Not applicable

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

(1) Method of determining reporting segments

The Nojima Group periodically reviews its reporting segments to assess business performance and to allow informed decision-making by top management decision-making bodies on use of management resources. The reporting segments are based on financial information for units of the Group's organization that can be separated from the rest of the organization.

(2) Types of products and services within each reporting segment

The segment of operation of digital home electronics retail stores sells digital audio video products, IT devices, and home electronics and provides related solutions, setup, repairs, and other services.

The segment of operation of mobile carrier stores sells communication devices (primarily mobile phones) and provides related services.

2. Calculating net sales, income or loss, assets, liabilities, and other accounts by reporting segment

Account processing methods for each reporting business segment are identical to those described under "Important bases for preparation of the consolidated financial statements."

Income figures for reporting segments are based on ordinary income.

Internal transactions and transfers between segments are recorded based on market prices.

3. Amounts of net sales, income or loss, assets, liabilities, and other accounts by reporting segment

Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)

(Unit: millions of yen)

	Reporting segment			Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements
	Digital home electronics retail stores	Mobile carrier stores	Subtotal				
Net sales							
Net sales to external customers	175,902	67,567	243,470	596	244,067	-	244,067
Internal sales or transfers between segments	124	-	124	297	421	-421	-
Subtotal	176,026	67,567	243,594	894	244,488	-421	244,067
Segment income	4,657	1,976	6,634	226	6,861	-124	6,736
Segment assets	64,820	158,537	223,357	7,800	231,158	4,946	236,104
Segment liabilities	37,986	150,860	188,846	149	188,996	12,750	201,747
Other accounts							
Depreciation	1,723	707	2,430	295	2,726	-	2,726
Amortization of goodwill	1	160	161	6	167	-	167
Interest income	0	0	0	0	0	21	21
Interest expense	-	63	63	-	63	146	209
Equity in earnings of affiliates	5	-	5	-	5	-	5
Impairment loss	676	5	681	-	681	-	681
Investment in equity-method affiliates	586	-	586	-	586	-	586
Unamortized balance of goodwill	4	20,269	20,274	82	20,356	-	20,356
Increase in tangible and intangible non-current assets	1,224	89,900	91,125	1,983	93,108	-	93,108

Notes:

*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. Adjustments of segment assets and liabilities consist of companywide assets not distributed between reporting segments and offsetting between segments.

*3. Segment income is adjusted against ordinary income on the Consolidated Income Statement.

This consolidated fiscal year (April 1, 2015 - March 31, 2016)

(Unit: millions of yen)

	Reporting segment			Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements
	Digital home electronics retail stores	Mobile carrier stores	Subtotal				
Net sales							
Net sales to external customers	183,493	270,545	454,038	803	454,842	-	454,842
Internal sales or transfers between segments	134	1	135	336	472	-472	-
Subtotal	183,627	270,547	454,174	1,140	455,315	-472	454,842
Segment income	8,332	6,555	14,887	200	15,087	-195	14,892
Segment assets	65,495	153,609	219,104	7,503	226,608	6,826	233,434
Segment liabilities	44,148	131,325	175,473	158	175,632	10,957	186,590
Other accounts							
Depreciation	1,434	5,293	6,728	288	7,017	-	7,017
Amortization of goodwill	2	1,452	1,455	12	1,468	-	1,468
Interest income	0	0	0	0	0	19	20
Interest expense	0	802	802	-	802	215	1,018
Equity in earnings of affiliates	18	-	18	-	18	-	18
Impairment loss	767	120	888	-	888	-	888
Investment in equity-method affiliates	1,003	-	1,003	-	1,003	-	1,003
Unamortized balance of goodwill	12	21,211	21,223	69	21,293	-	21,293
Increase in tangible and intangible non-current assets	1,221	3,651	4,872	9	4,882	-	4,882

Notes:

*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. Adjustments of segment assets and liabilities consist of companywide assets not distributed between reporting segments and offsetting between segments.

*3. Segment income is adjusted against ordinary income on the Consolidated Income Statement.

[Impairment loss on non-current assets by reporting segment]

Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)

Omitted here because the information is provided under segment information

This consolidated fiscal year (April 1, 2015 - March 31, 2016)

Omitted here because the information is provided under segment information

[Amount of amortization of goodwill and unamortized balance of goodwill by reporting segment]

Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)

Omitted here because the information is provided under segment information

This consolidated fiscal year (April 1, 2015 - March 31, 2016)

Omitted here because the information is provided under segment information

[Gain on negative goodwill by reporting segment]

Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)

Not applicable

This consolidated fiscal year (April 1, 2015 - March 31, 2016)

Not applicable

(Per-share information)

	Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)	This consolidated fiscal year (April 1, 2015 - March 31, 2016)
Net assets per share	716.71 yen	965.97 yen
Net earnings per share	75.61 yen	276.59 yen
Diluted earnings per share	72.95 yen	260.40 yen

Notes:

1. The Company undertook a 1:2 stock split on common stock with an effective date of July 1, 2015. Amounts under net assets per share, net earnings per share and diluted earnings per share were calculated based on the assumption this stock split took place at the start of the previous consolidated fiscal year.
2. Calculations of net earnings per share and diluted earnings per share are based on the following information:

	Previous consolidated fiscal year (April 1, 2014 - March 31, 2015)	This consolidated fiscal year (April 1, 2015 - March 31, 2016)
Net earnings per share		
Net income attributable to shareholders of the parent company (millions of yen)	3,578	13,226
Amount not reverting to common shareholders (millions of yen)	-	-
Net income attributable to shareholders of the parent company related to common stock (millions of yen)	3,578	13,226
Average number of shares during the fiscal year (thousands of shares)	47,327	47,817
Diluted net earnings per share		
Adjustments of net income attributable to shareholders of the parent company (millions of yen)	-	-
Increase in common stock (thousands of shares)	1,724	2,972
(Amount of the above corresponding to stock acquisition rights [thousands of shares])	(1,724)	(2,972)
Summary of potential dilution not included in calculation of diluted net earnings per share due to lack of dilution effect	-	Stock acquisition rights no. 13 (2015 stock options) (6,313 stock acquisition rights)

3. Shares of Company stock remaining in trust recorded as treasury stock under shareholders' equity are included under treasury stock excluded from calculations of the average number of shares during the fiscal year for purposes of calculating net earnings per share and included under treasury stock excluded from total shares issued and outstanding at the end of the fiscal year for purposes of calculating net assets per share.
   The average number of shares of such treasury stock excluded from calculations of net income per share during the fiscal year was 23,000 shares in the previous consolidated fiscal year and 336,000 shares in this consolidated fiscal year. The number of shares of such treasury stock excluded from calculations of net assets per share at the end of the fiscal year was 420,000 shares in the previous consolidated fiscal year and 241,000 shares in this consolidated fiscal year.

(Important subsequent information)

(Stock options)

Granting of stock options (stock acquisition rights)

At its meeting held on May 10, 2016, the Company Board of Directors passed a resolution calling for the presentation to the 54th regular general meeting of shareholders, scheduled for June 23, 2016, of a resolution requesting approval of issue of stock acquisition rights as stock options and entrustment of decision-making on the terms of this issue to the Board of Directors, pursuant to the stipulations of Articles 236, 238, and 239 of the Companies Act of Japan.

1. Objective of adopting a program of stock options and reasons for issuing stock acquisition rights free of charge
   The objective of adopting a program of stock options is to increase corporate value by strengthening morale and motivation to improve Group business performance. To achieve this objective, the stock options will be issued free of charge.
2. Overview of issue of stock acquisition rights

(1) Persons to receive allocation of stock acquisition rights
Company directors, executive officers, and employees, and directors and employees of Company subsidiaries, as authorized by the Company Board of Directors

(2) Class and number of shares subject to stock acquisition rights
The shares subject to stock acquisition rights for which the Board of Directors may determine the terms of issue as entrusted by the general meeting of shareholders shall not exceed 1,600,000 shares of Company common stock. However, if the number of shares allotted has been adjusted as described under (3) below, the maximum number of shares subject to the stock acquisition rights shall be the product of multiplying the adjusted number of shares allotted by the total number of stock acquisition rights.

(3) Total number of stock acquisition rights
The number of stock acquisition rights for which the Board of Directors may determine the terms of issue as entrusted by the general meeting of shareholders shall not exceed 16,000.
The number of shares subject to stock acquisition rights (“number of shares granted” hereinafter) shall be 100 shares of the Company’s common stock per stock acquisition right. However, if the Company undertakes a stock split (this should be understood hereinafter to include the free distribution of the Company’s common stock) or common stock consolidation, the number of shares granted shall be adjusted in accordance with the formula given below. This adjustment shall be made only for the number of shares granted under stock acquisition rights not yet exercised as of the time of adjustment. Any fractional shares arising from the adjustment shall be discarded.

Adjusted number of shares granted = original number of shares granted × stock split or stock consolidation ratio

In addition to the above cases, when the Company is involved in a merger, company split, stock swap, or stock transfer (“merger, etc.” hereinafter) or needs to adjust the number of shares granted for other reasons, it reserves the right to adjust the number of shares granted within reasonable limits based on the terms of the merger, etc. and other matters.

(4) Issue price of stock acquisition rights
Stock acquisition rights shall be issued free of charge.

(5) Amount payable upon exercise of stock acquisition rights
The amount payable upon exercise of one stock acquisition right shall be determined by multiplying the price payable per share that may be granted through the exercise of stock options (“exercise price” hereinafter) by the number of shares granted.
The exercise price shall be the closing price of Company common stock in ordinary trading on the Tokyo Stock Exchange for the allocation date (or the most recent closing price if no trading takes place on the allocation date).
The exercise price shall be adjusted after the allocation date in each of the following cases.

① If the Company undertakes a stock split or a stock consolidation, the exercise price shall be adjusted by applying the formula indicated below, with the result rounded up to the nearest whole yen.

$$\text{Adjusted exercise price} = \text{original exercise price} \times \frac{1}{\text{stock split or stock consolidation ratio}}$$

② If the Company issues new shares or sells treasury stock at below market value, the exercise price shall be adjusted by applying the formula indicated below, with the result rounded up to the nearest whole yen.

$$\text{Adjusted exercise price} = \text{original exercise price} \times \frac{\text{existing number of shares issued and outstanding} + \dfrac{\text{number of new shares issued} \times \text{price payable per share}}{\text{market value}}}{\text{existing number of shares issued and outstanding} + \text{number of new shares issued}}$$

In the formula above, “existing number of shares issued and outstanding” refers to the total number of shares issued by the Company minus the number of shares of treasury stock held by the Company. In the case of sale of treasury stock, “number of new shares issued” above shall be read as “number of shares of treasury stock sold.”

③ Should the Company find it necessary to adjust the exercise price after the allocation date for unavoidable reasons (e.g. merger, etc.), the Company reserves the right to adjust the exercise price within reasonable limits based on the terms of the merger, etc. and other matters.

(6) Period in which stock acquisition rights may be exercised
Stock acquisition rights may be exercised for a period of two years starting on the date three years after the day after the date of the Board of Directors resolution determining the terms of the issue of the stock acquisition rights.

(7) Conditions for exercise of stock acquisition rights
- A. A person allocated stock acquisition rights ("stock option holder" hereinafter) must hold the title of director, executive officer, or employee of the Company or a Company subsidiary at the time of exercise. This does not apply in cases as deemed appropriate by the Board of Directors.
- B. Stock acquisition rights may not be passed on to legal heirs.
- C. A stock acquisition right must be exercised in full.
- D. Other terms and conditions shall be as specified in the stock option contract concluded between the Company and the stock option holder, based on a decision by the Board of Directors.

(8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights
- A. The Company may acquire stock acquisition rights free of charge on a date separately specified by the Board of Directors if the general meeting of shareholders approves a proposal for a merger agreement whereby the Company is to be dissolved or a proposal for share exchange agreement or share transfer plan whereby the Company becomes a wholly owned subsidiary.
- B. If a stock option holder is unable to exercise the option because he or she no longer satisfies the requirements for execution under (7) above or has relinquished such right, the Company may acquire the stock acquisition rights free of charge.
- C. The Company may cancel stock acquisition rights it has acquired and holds free of charge at any time.

(9) Restrictions on acquisition of stock acquisition rights through transfer
Approval of the Company's Board of Directors is required for the acquisition of stock acquisition rights through transfer of ownership.

(10) Increases in capital and capital reserves due to issue of stock through exercise of stock acquisition rights
- A. The amount of an increase in capital due to issue of stock through exercise of stock acquisition rights shall be one-half the limit for an increase in capital calculated pursuant to Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, with the result rounded up to the nearest whole yen.
- B. The amount of an increase in capital reserves due to issue of stock through exercise of stock acquisition rights shall be the amount remaining after subtracting the increase in capital specified under A above from the limit for an increase in capital under A.

(11) Policies for treatment of stock acquisition rights in the case of stock swap or stock transfer
If the Company is involved in a merger leading to the dissolution of the Company, an absorption-type corporate divestiture, an establishment-type corporate divestiture (in both cases, only if the Company is to be divided), or a stock swap or stock transfer (only if the Company is to become a wholly owned subsidiary) (the term "organizational restructuring" hereafter to encompass all such events), the Company shall grant stock acquisition rights in the company described in Article 236, Paragraph 1, Item 8, A to E of the Companies Act of Japan ("restructured Company" hereinafter), in each respective case, to stock option holders with unexercised stock acquisition rights not acquired by the Company ("remaining stock options" hereinafter) as of the date the organizational restructuring takes effect (that is, the effective date of absorption-type merger, consolidation-type merger, absorption-type corporate divestiture, establishment-type corporate divestiture, stock swap, or stock transfer). In this case, the remaining stock options shall be cancelled, and the restructured Company will issue new stock acquisition rights. This provision is limited to cases in which the merger agreement, new company merger agreement, absorption type corporate divestiture agreement, establishment type corporate divestiture plan, stock swap agreement, or stock transfer plan specifies grants of stock acquisition rights in the restructured Company in accordance with the conditions indicated below.
- A. Number of stock acquisition rights in the restructured Company to be granted
  The same number of stock acquisition rights as the number of remaining stock options held by each stock option holder
- B. Class of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights
  The restructured Company's common stock
- C. Number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights
  Determined in accordance with "(2) Class and number of shares subject to stock acquisition rights" above, based on consideration of the terms of the organizational restructuring and other matters.
- D. Amount to be invested upon exercise of stock acquisition rights
  The amount to be invested upon exercise of each stock acquisition right to be granted shall be determined by multiplying the number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights determined, as described under C above, by the adjusted exercise price, as described under 5 ③ above.
- E. Period in which stock acquisition rights may be exercised
  Stock acquisition rights may be exercised from the starting date of the period described under "(6) Period in which stock acquisition rights may be exercised" above or the effective date of the organizational restructuring, whichever comes later, to the ending date of the period described under "(6) Period in which stock acquisition rights may be exercised" above.
- F. Increases in capital and capital reserves due to issue of stock through exercise of stock acquisition rights
  Determined according to "(10) Increases in capital and capital reserves due to issue of stock through exercise of stock acquisition rights" above.
- G. Restrictions on acquisition of stock acquisition rights through transfer
  Approval of the restructured Company's Board of Directors is required for the acquisition of stock acquisition rights through transfer of ownership.
- H. Reasons and conditions for acquisition of stock acquisition rights by the restructured Company
  Determined according to "(8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights" above.

(12) Date of allocation of stock acquisition rights
The date shall be determined separately by the Board of Directors.

Note: The details above are conditional upon the approval in the 54th regular general meeting of shareholders scheduled for June 23, 2016 of the resolution on issue of stock acquisition rights free of charge as stock options and on approval by the compensation committee in a meeting held after the 54th regular general meeting of shareholders of the individual compensation for directors and executive officers.

6. Other notes

Changes in directors

① Changes in representatives

Not applicable

② Changes in other directors

• Candidates for new directors

Name	New title	Previous title
Fumio Yoshimatsu	Outside Director	-

• Planned retiring directors

Name	New title	Previous title
Yasumasa Gomi	-	Outside Director

③ Planned appointment/retirement date

Plans call for the above appointments and retirements to take effect on June 23, 2016 (after the regular general meeting of shareholders scheduled for that date).