Summary of consolidated financial results for fiscal year ended March 2015 (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

Representative: Hiroshi Nojima, President & Representative Executive Officer
Contact: Atsushi Yamasaki, Executive Officer/General Manager, Finance and Accounting Division Tel.: +81-50-3116-1220

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Scheduled start date of dividend payments: May 29, 2015
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Presentation on annual results: Y (for institutional investors and securities analysts)

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

1. Consolidated financial results for the fiscal year ended March 2015 (April 1, 2014 - March 31, 2015)

(1) Consolidated 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 2015	244,067	11.8	6,472	6.0	6,736	-11.7	3,578	-18.6
FY ended March 2014	218,402	9.2	6,105	194.9	7,632	119.2	4,394	137.8

Note: Comprehensive income: FY ended March 2015: 3,514 million yen (-21.2%) FY ended March 2014: 4,458 million yen (139.7%)

Reference: EBITDA FY ended March 2015 9,523 million yen (-2.5%) FY ended March 2014: 9,764 million yen (83.9%)

・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 2015: 4,279 million yen (-2.8%)
FY ended March 2014: 4,404 million yen (135.6%)

	Net income per share	Diluted net income per share	ROE	ROA	Operating income margin
	Yen	Yen	%	%	%
FY ended March 2015	151.23	145.91	11.0	4.1	2.7
FY ended March 2014	213.52	212.07	15.9	9.2	2.8

Reference: Equity in net income (losses) of affiliates: FY ended March 2015: -5 million yen FY ended March 2014: 4 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 2015	236,104	34,357	14.3	1,433.41
FY ended March 2014	94,650	31,530	33.1	1,326.70

Reference: Equity: FY ended March 2015: 33,865 million yen FY ended March 2014: 31,357 million yen

(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 2015	6,932	-47,281	43,682	10,413
FY ended March 2014	3,134	-8,858	7,658	7,059

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	-	12.00	24.00	514	11.2	1.9
FY ended March 2014	-	12.00	-	18.00	30.00	712	19.8	2.2
FY ending March 2016 (planned)	-	9.00	-	9.00	18.00		9.3	

Note: The Company plans to undertake a 1:2 stock split with an effective date of July 1, 2015. Amounts under "End of Q2," "Year-end," and "Total" dividends per share for the fiscal year ending March 2016 (planned) reflect the effects of this stock split.
Without the effects of this stock split, planned dividends per share for the end of Q2 and the year-end in the fiscal year ending March 2016 each would be 18 yen, and annual dividends per share would be 36 yen.

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

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Q2 (cumulative)	214,000	310.3	3,500	109.7	3,800	85.0	3,050	154.5	64.55
Full-year	452,000	85.2	11,000	70.0	11,500	70.7	9,150	155.7	193.64

Note: Net income per share in the forecasts of consolidated financial results for the fiscal year ending March 2016, reflects the effects of the planned stock split.
Estimates based on a count of 23,625,949 shares not reflecting the stock split give net income per share of 387.29 yen for the fiscal year ending March 2016.

Reference: EBITDA: FY ending March 2016 full-year (forecast): 20,900 million yen (119.5%)
Net income before amortization of goodwill: FY ending March 2016 full-year (forecast): 14,800 million yen (245.8%)

* Notes

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

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

Note: See p. 8 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 2015	24,182,408 shares	FY ended March 2014	24,182,408 shares
② Number of shares of treasury stock at the end of the period	FY ended March 2015	556,459 shares	FY ended March 2014	546,270 shares
③ Average number of shares during the period	FY ended March 2015	23,663,993 shares	FY ended March 2014	20,582,004 shares

Note: The numbers of shares of treasury stock above include shares held in trust accounts (210,100 shares in FY ended March 2015 and X shares in FY ended March 2014) 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 (210,100 shares in FY ended March 2015 and X shares in FY ended March 2014).

Reference: Summary of nonconsolidated financial results

1. Nonconsolidated financial results for the fiscal year ended March 2015 (April 1, 2014 - March 31, 2015)

(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 2015	195,664	-7.3	4,699	-18.6	6,497	-11.0	3,624	-14.0
FY ended March 2014	210,982	7.5	5,775	206.0	7,305	121.0	4,216	141.6

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2015	153.17	147.78
FY ended March 2014	204.85	203.46

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 2015	104,980	33,690	31.9	1,419.44
FY ended March 2014	90,320	30,983	34.1	1,303.58

Reference: Equity: FY ended March 2015: 33,535 million yen FY ended March 2014: 30,811 million yen

* 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.

○ Contents of attached documents

1. Analysis of operating results and financial position

(1) Analysis of operating results

① Operating results in this fiscal year

Japan's economy maintained a gentle recovery during this consolidated fiscal year, due to the effects of various policies of the Japanese government and the Bank of Japan and other factors. Recovering consumer confidence helped maintain steady personal consumption.

While overseas economies maintained a course of gentle recovery, concerns arose regarding the potential consequences of a downturn overseas on the domestic economy.

Conditions in the market for sales of home electronics remained harsh due to factors including the effects of the demand rush prior to the consumption tax hike in April 2014.

The market for sales of mobile phones and other mobile devices remained steady due to the introduction of various attractive smartphone models, including new iPhone models, and the proliferation of new rate plans offered by leading mobile communications carriers.

Under these conditions, the Nojima Group pursued unwavering efforts to be the leading star in the digital field and to achieve the industry's highest customer satisfaction. To achieve these goals, we sought to establish sales floors in which shoppers can easily find what they want and to provide customer service reflecting the customer's perspective while working to improve consulting-based sales and to enhance customer service to meet customer needs.

As one means of enhancing services, we began offering a service under which we accept payments for public utility charges.

In sales of home electronics, we became the industry's first to begin offering duty-free services at all Nojima stores (not including dedicated communications device stores), including suburban locations, thereby offering more convenience for the growing numbers of overseas visitors to Japan and capturing more inbound demand.

In sales of mobile phones and other mobile devices, we are striving to expand the Group's market share by working with ITX Corporation ("ITX" hereinafter)—made a subsidiary on March 2, 2015—to solve the challenges confronting the ITX and the Group. To do this, we are integrating the high profitability and extensive store network offered by ITX with the Group's strength in thorough customer service to meet customer needs through consulting-based sales.

Following new store openings and scrap-and-build efforts, the number of home electronics retail stores stood at 126 at the end of this fiscal year. The number of dedicated communications device stores grew to 651 after ITX became a subsidiary. (ITX operates 257 directly operated carrier stores and 228 franchises, in addition to one other dedicated communications device store.) 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
Home electronics retail stores	126 stores	- stores	126 stores
Dedicated communications device stores	396 stores	255 stores	651 stores
Carrier stores	375 stores	255 stores	630 stores
Other dedicated communications device stores	21 stores	- stores	21 stores
Total	522 stores	255 stores	777 stores

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

During this consolidated fiscal year, we recorded net sales of 244,067 million yen (111.8% of the figure for the previous fiscal year), operating income of 6,472 million yen (106.0% of the figure for the previous fiscal year), ordinary income of 6,736 million yen (88.3% of the figure for the previous fiscal year), and net income of 3,578 million yen (81.4% of the figure for the previous fiscal year).

Consolidated EBITDA (*), which the Group considers an important indicator of business performance, stood at 9,523 million yen (97.5% of the figure for the previous fiscal year).

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

The Group has established new business reporting segments beginning this consolidated fiscal year. Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

While the business environment remained harsh due in part to the rebound from the demand rush preceding the consumption tax hike in April 2014, sales remained steady for products like vacuum cleaners, kitchen appliances, and audio-video devices like television sets. Sales of televisions compatible with the 4K standard increased significantly in terms of both sales volume and net sales, pushing up the unit price of audio-video products sold. In the area of communications-related products, sales of smartphone accessories were strong. Net sales in this segment totaled 176,026 million yen; segment income was 4,657 million yen.

(Operation of carrier stores)

The introduction of various attractive smartphone models (including new iPhone models), the proliferation of new rate plans offered by leading mobile communications carriers, and enhancements of the store network after ITX became a subsidiary resulted in total net sales in this segment of 67,567 million yen. Segment income was 1,976 million yen.

② Future outlook

A look at future prospects reflects expectations of gentle economic recovery due to various factors, including improved corporate earnings and employment conditions, generated by government economic policies and continued monetary easing by the Bank of Japan. Nevertheless, the risk remains that an economic downturn overseas may exert downward pressure on the Japanese economy.

While factors like competition with e-commerce firms and the already competitive environment generate harsh conditions in the market for sales of home electronics, the market is projected to undergo gentle recovery as the rebound to the consumption tax hike weakens.

Severe conditions are projected to continue in the market for sales of mobile phones and other mobile devices, due to the likely entry into the market of mobile virtual network operators (MVNOs), exacerbating an already competitive environment. On the other hand, developments like the introduction of bundled discounts with landline services are expected to stimulate new demand.

In light of these conditions, as described under “3. Management policies: (4) Issues to be addressed by the Company” below, the Group intends to push forward by making the most of the knowledge and wisdom held across the organization. The Group’s management slogan for the next fiscal year will be “Let’s Finish the Job! Reforming Nojima through Creating: Human Resources, Infrastructures, Business Models.” Under this slogan, we will continue to energetically enhance our store network, maximize net sales from consulting-based sales, and further reduce expenditures by consolidating operations across the Group and achieving increasingly thorough business administration.

In light of these efforts, we project the following full-year consolidated business performance for the next fiscal year: net sales of 452,000 million yen (185.2% of the figure for this fiscal year), operating income of 11,000 million yen (170.0% of the figure for this fiscal year), ordinary income of 11,500 million yen (170.7% of the figure for this fiscal year), and net income of 9,150 million yen (255.7% of the figure for this fiscal year).

We also project EBITDA of 20,900 million yen (219.5% of the figure for this fiscal year) and net income before amortization of goodwill of 14,800 million yen (345.8% 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.

(2) Analysis of financial position

Assets and liabilities increased from this consolidated fiscal year due to the inclusion of ITX in the scope of consolidation.

① Assets

Total assets as of the end of this consolidated fiscal year were 236,104 million yen, up 141,454 million yen from the end of the previous consolidated fiscal year.

This increase was due mainly to an increase of 47,677 million yen to 110,071 million yen in current assets and an increase of 93,777 million yen to 126,032 million yen in fixed assets.

The primary factors underlying the increase in current assets included an increase of 29,708 million yen in accounts receivable-trade and an increase of 11,461 million yen in merchandise.

The main causes of the increase in fixed assets included an increase of 3,547 million yen following the acquisition of tangible fixed assets in connection with new store openings and an increase of 85,471 million yen in goodwill and contractual intangible assets after adding ITX Corporation to the scope of consolidation by stock acquisition.

② Liabilities

Total liabilities as of the end of this consolidated fiscal year were 201,747 million yen, up 138,627 million yen from the end of the previous consolidated fiscal year.

This increase was due mainly to an increase of 35,561 million yen to 81,585 million yen in current liabilities and an increase of 103,065 million yen to 120,162 million yen in fixed liabilities.

The main causes of the increase in current liabilities included an increase of 26,776 million yen in accounts payable-trade.

The main causes of the increase in fixed liabilities included an increase of 77,889 million yen in long-term loans payable.

③ Net assets

Net assets as of the end of this consolidated fiscal year totaled 34,357 million yen, up 2,827 million yen from the end of the previous consolidated fiscal year, due to factors including an increase of 2,915 million yen in retained earnings.

These factors resulted in an equity ratio of 14.3%.

④ Cash flow

Cash and cash equivalents (“funds” hereinafter) in this consolidated fiscal year totaled 10,413 million yen, up 3,354 million yen from the figure of 7,059 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 6,932 million yen (up 221.2% from the figure for the previous fiscal year). This was due mainly to an increase of 5,289 million yen in notes and accounts payable-trade, despite securing net income before taxes and other adjustments of 6,199 million yen and an increase of 5,297 million yen in accounts receivable-trade.

(Cash flow from investment activities)
Funds used in investment activities totaled 47,281 million yen (up 533.7% from the figure for the previous fiscal year). This was due mainly to expenditures of 3,568 million yen on acquisition of tangible fixed assets in connection with new store openings and other activities and expenditures of 43,505 million yen in connection with the stock acquisition of ITX Corporation.

(Cash flow from financing activities)
Funds gained by financing activities totaled 43,682 million yen (up 570.4% from the figure for the previous fiscal year). This was due mainly to borrowing of 85,500 million yen in long-term loans payable in connection with the stock acquisition of ITX Corporation and expenditures of 39,928 million yen on repayment of long-term loans payable.

Reference: Trends in cash flow indicators

	49th period FY ended March 2011	50th period FY ended March 2012	51st period FY ended March 2013	52nd period FY ended March 2014	53rd period FY ended March 2015
Equity ratio (%)	32.2	34.0	33.9	33.1	14.3
Market equity ratio (%)	18.4	17.6	16.1	18.7	25.5
Interest-bearing debt to cash flow (years)	9.2	1.8	1.3	4.8	13.98
Interest coverage ratio (times)	4.9	32.4	57.1	24.1	33.03

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, and 53rd 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 18 yen per share for this consolidated fiscal year.
As a result, total full-year dividends for this fiscal year, including interim dividends, were 30 yen per share.
The Company plans to pay interim dividends of 9 yen per share and year-end dividends of 9 yen per share in the next fiscal year, for a full-year total of 18 yen per share.
Note: The Company plans to undertake a 1:2 stock split with an effective date of July 1, 2015. Planned amounts of dividends per share for the next fiscal year reflect the effects of this stock split.

(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 Laws, regulations, etc.

The main businesses of the Group are the operation of home electronics retail stores and carrier stores. These stores are subject to laws and regulations, including the 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.

⑤ 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.

⑥ 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.

⑦ 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.

⑧ 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, numerous stores may be damaged in the event of a large-scale natural disaster (for example, an earthquake or typhoon). Transportation paralysis due to a disaster may impact the Group’s business performance and financial position.

⑨ 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, 2015, the Group’s balance of interest-bearing debt was equal to 40.6% 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.

⑩ Impairment accounting of fixed assets

While the Group owns various fixed 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 fixed assets due to falling market values and future cash flows, and this could impact the Group’s business performance and financial position.

⑪ 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.

⑫ 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.

(Acquisition of ITX)

As of March 2, 2015, Nojima completed the acquisition of 99.0% of voting shares in ITX through the special-purpose corporation (SPC) ITN Corporation, a wholly-owned subsidiary (“ITN” hereinafter), making ITX and its four subsidiaries Nojima subsidiaries.

The ITX Group operates carrier stores across Japan. It also has a corporate customer base that the Nojima Group lacked. The reasoning underlying this acquisition is to expand our lines of business by integrating the strengths of both companies. This includes the integration between the Nojima Group’s unrivalled expertise in training sales personnel in its home electronics and communications sections and the nationwide mobile communications agent network operated by ITX, in addition to leveraging the ITX’s corporate customer base. Nevertheless, rapid changes in the business environment may affect the course of the Group’s planned business development.

For the fiscal year ended March 2015, the Group is preparing consolidated financial statements incorporating business performance and other data for the ITX Group for March 2015 (one month). The Group raised 83,000 million yen (on a consolidated basis) through loans from financial institutions to finance the 50,701 million yen needed to acquire shares of ITX stock purchased and to refinance existing ITX debts. In addition, this acquisition resulted in the booking of 19,598 million yen in goodwill and 66,060 million yen in intangible fixed assets.

An overview of ITX business performance in past years and other information is provided below. We expect ITX’s performance to have considerable impact on Nojima’s consolidated business performance. We recognize this as matter to be noted by investors in their investment decision-making.

[ITX consolidated business performance, etc.]

(Unit: millions of yen)

	FY ended March 2013	FY ended March 2014	FY ended March 2015
Consolidated net sales	130,210	257,346	246,330
Consolidated operating income	3,082	7,250	9,120
Consolidated ordinary income	800	5,702	8,689
Consolidated net income	460	5,711	7,956
Consolidated net assets	17,167	16,317	21,290
Consolidated total assets	96,766	102,485	91,929

Notes:

1. The above figures have not been audited by Deloitte Touche Tohmatsu LLC.
2. ITX was established August 16, 2012. Thus, the fiscal year ended March 2013 is approximately seven months long.
3. During the fiscal year ended March 2014, consolidated net assets fell due to decreasing amounts of capital and capital reserves, together with distribution of surplus.
4. While the acquisition of ITX and actions to make it a subsidiary took place through ITN, a wholly-owned subsidiary of Nojima (which received 20,000 million yen in investments from Nojima and raised 65,000 million yen through borrowings), plans call for merging ITX with ITN on July 1, 2015.

⑬ 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.

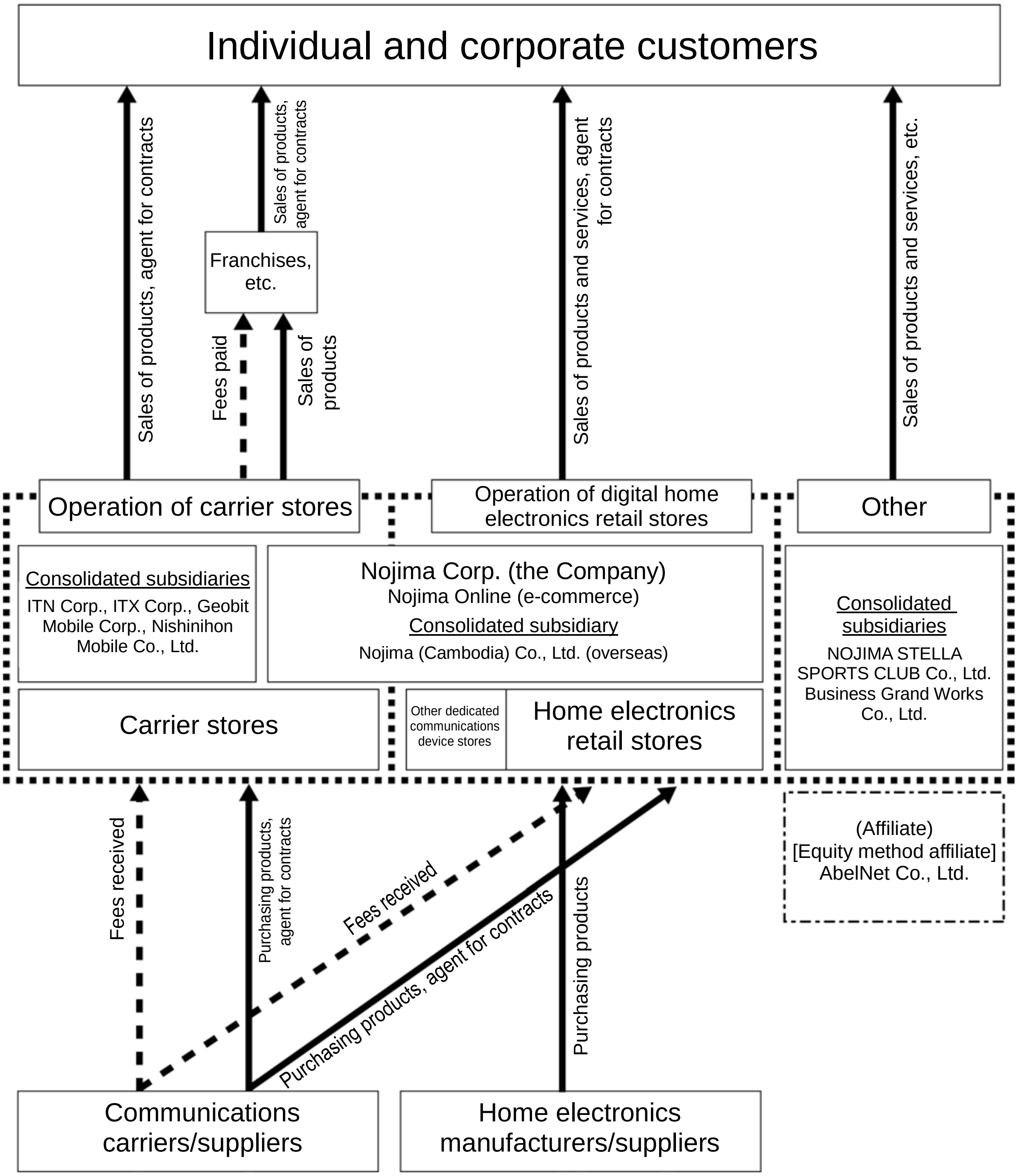
While the Group has adopted the business strategy of expanding its business in Southeast Asia, initiatives at this point in time have only just begun. There is no guarantee that the Group will be able to advance its business expansion efforts according to plans. International expansion entails various 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.

2. Position of group of companies

The Nojima Group consists of Nojima Corporation (the Company), ten subsidiaries, and two 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 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 carrier stores are sales of communications devices, primarily mobile phones and the provision of related services.
We also established new reporting segments from this consolidated fiscal year. The two segments above are identical to those described under “5. Consolidated financial statements: (5) Notes on consolidated financial statements: (Segment information, etc.).” The “Other” business segment consists of businesses not included in the two reporting segments. These include the shopping mall business, the sports business, the training business, and the mega-solar business.
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	Televisions, video, audio, portable audio players, Blu-ray recorders, other peripheral devices, etc.
	IT devices	Nojima Corporation	Personal computers, PC software, printers, digital cameras, other peripheral devices, etc.
	Home appliances	Nojima Corporation	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
	e-commerce	Nojima Corporation AbelNet Co., Ltd.	Mail order sales over the Internet
Operation of 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: Plans call for a merger of ITN Corporation and ITX Corporation effective on July 1, 2015.
ITX Corporation includes three subsidiaries 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.
Since its founding, Nojima has anticipated social trends and changes in customer lifestyles and continually adjusted its course under a management style that emphasizes moving forward while adhering to principles that put the customer first. The buzzword “Internet of things” (IoT) refers to the linking of various home appliances through communications hubs and to an impending paradigm shift that will result in the connection of various industries through such communications hubs. Today, at a time when the values of human lifestyle stand on the threshold of dramatic change, our goal is to help create completely new smart lifestyles for our customers by becoming a portal ourselves and by evolving into a node connecting to various products and solutions.

(2) Target management indicators

1. 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 20% or higher.

2. The Company’s medium- to long-term management strategies

① Basic policy
Projections point to a soon-to-arrive “**Internet of things**” (IoT), a time when various home appliances are linked together through communications hubs. The Nojima Group believes now is the time to advance beyond the framework of the home electronics retail store to build the foundations for delivering new value to the world. To do this, we plan to build on our approach of anticipating social trends and changes in customer lifestyles and refining our course accordingly.
In March 2015, we added ITX Corporation (“ITX” hereinafter), a company that operates mobile phone sales agent stores, to the Nojima Group, identifying as the two pillars of our business the operation of digital home electronics retail stores and the operation of mobile carrier stores. To ramp up our efforts to deliver new value to the world in the coming IoT era, we formulated a medium-term management plan to strengthen each of our business foundations and to enhance our earnings structure over the coming three years, while striving to move toward the **Nojima 4.0** (*) vision.

② Consolidated numerical targets

	Performance of FY ended March 2015	Final FY ending March 2018 of medium-term management plan	
		Target value	vs. FY ended March 2015
Net sales	244 billion yen	500 billion yen	2.0 times
EBITDA	9.5 billion yen	24.5 billion yen	2.6 times
Operating income	6.7 billion yen	15 billion yen	2.2 times
Net income before amortization of goodwill	4.2 billion yen	14.1 billion yen	3.4 times
ROE	11.0%	15% or higher	Approx. +4 pts.
Equity ratio	14.3%	20% or higher	Approx. +6 pts.

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

③ Specific measures

A. Aggressive and strategic opening of stores in Japan
- Continue our dominant store-opening policy of opening ten or more Nojima stores (digital home electronics retail stores) each year in the Tokyo metropolitan area.
- Refurbish or demolish/rebuild carrier stores to enhance store quality.

B. Recruitment and development of high-quality human resources
- Strengthen ITX's new-graduate hiring capabilities to secure high-quality human resources.
- Enhance human resource quality through training and a solid training structure established in partnership with Business Grand Works, Co., Ltd., a consolidated subsidiary.

C. Benefits delivered by ITX acquisition
- Increase sales of digital home appliances and services through ITX's corporate sales department.
- Mobilize interest in and facilitate "smart life" by leveraging Nojima's consulting-based sales capabilities and ITX's planning capabilities.
- Integrate Nojima and ITX's overlapping functions.

D. Expanding the ELSONIC private brand
- Improve lineup to offer distinctive, price-competitive, high-quality original products.
- Significantly increase the number of items sold under the brand (currently around 400).

E. Propelling overseas expansion
- Consider opening more stores in Cambodia and Vietnam, where we already operate stores.
- Consider opening stores in other countries, particularly in Southeast Asia.

* About our **Nojima 4.0** management policy

Since our founding as a company, we have anticipated social trends and changes in customer lifestyles and continually refined our course accordingly. By repeating the cycle of interacting proactively with customers and all stakeholders and as part of a continual effort to improve, we have improved the capabilities of staff on the sales floor, the source of our competitive strength.

We seek to realize Nojima 4.0 as the successor to the previous versions of the Company: Nojima 1.0 of the 1960s, which contributed to creating new lifestyles by providing "white goods" (large home appliances such as refrigerators and washing machines) to customers living in postwar Japan; Nojima 2.0 of the 1980s, which improved customer lifestyles by providing home audio-video devices; and Nojima 3.0 of the 2000s, which introduced customers to new lifestyles against the backdrop of the proliferation of personal computers and the Internet. As expressed by the buzzword "Internet of things" (IoT), we anticipate a paradigm shift whereby various industries will be connected through communications as a hub. Today, at a time when the values of human lifestyle stand on the precipice of dramatic change, our goal based on the **Nojima 4.0** vision is to help create completely new smart lifestyles for our customers by becoming a portal ourselves and evolving into a node connecting to various products and solutions.

Note: This account of the medium-term management plan is based on information currently available at the time of its announcement by the Company. Actual results may differ due to industry trends, changes in business environment, and other factors.

(3) Issues to be addressed by the Company

While the Japanese economy shows signs of gentle recovery, the business environment in which the Group operates remains harsh.

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 scrap-and-build efforts targeting existing stores and by opening new stores in locations with good market conditions.

(4) Other key management issues for the Company

As part of efforts to increase management transparency, the Nojima Group shifted from June 2003 to a company with a 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 Internal Audit Group periodically visits 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, it provides advice on improvements and 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: thousands of yen)

	Previous consolidated fiscal year (March 31, 2014)	This consolidated fiscal year (March 31, 2015)
Assets		
Current assets		
Cash and deposits	7,123,534	*1 10,477,668
Notes and accounts receivable-trade	25,579,750	55,288,519
Merchandise and products	21,861,956	33,323,194
Deferred tax assets	1,314,440	4,146,174
Accounts receivable-other	5,824,167	5,434,438
Other	691,669	1,469,505
Allowance for doubtful accounts	-780	-67,675
Total current assets	62,394,740	110,071,826
Non-current assets		
Tangible non-current assets		
Buildings and structures	*1 14,775,976	*1 20,390,652
Accumulated depreciation	-7,198,866	-8,500,253
Buildings and structures (net)	7,577,109	11,890,398
Machinery, equipment and vehicles	846,825	846,689
Accumulated depreciation	-60,396	-163,140
Machinery, equipment and vehicles (net)	786,429	683,548
Tools, fixtures, and facilities	6,632,500	7,283,821
Accumulated depreciation	-5,085,870	-5,542,495
Tools, fixtures, and facilities (net)	1,546,630	1,741,325
Land	*1 7,993,397	*1 8,182,279
Other (net)	1,328,845	281,894
Total tangible non-current assets	19,232,411	22,779,446
Intangible assets		
Goodwill	2,716,389	20,356,759
Software	777,692	909,559
Contractual intangible assets	-	67,831,533
Other	12,168	490,508
Total intangible assets	3,506,251	89,588,360
Investments and other assets		
Investment securities	1,538,853	*1 1,920,962
Deferred tax assets	1,177,375	1,630,572
Lease and guarantee deposits	*1 6,534,848	*1 9,772,605
Other	282,347	384,639
Allowance for doubtful accounts	-16,453	-43,606
Total investments and other assets	9,516,972	13,665,172
Total non-current assets	32,255,635	126,032,980
Total assets	94,650,376	236,104,806

(Unit: thousands of yen)

	Previous consolidated fiscal year (March 31, 2014)	This consolidated fiscal year (March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	25,155,087	51,931,510
Short-term loans payable	-	252,000
Current portion of long-term loans payable	*1 3,728,360	*1 7,511,000
Current portion of bonds	125,000	-
Accounts payable-other	4,417,546	7,473,541
Accrued income taxes	2,685,216	2,645,346
Accrued consumption tax	345,375	2,760,179
Reserve for point card certificates	2,658,921	2,291,765
Reserve for bonuses	38,218	1,491,977
Other	6,869,643	5,227,754
Total current liabilities	46,023,370	81,585,076
Non-current liabilities		
Long-term loans payable	*1 11,270,000	*1 89,159,000
Reserve for guarantees for merchandise sold	2,812,927	3,200,501
Reserve for directors' retirement benefits	145,138	152,671
Retirement benefit liabilities	1,927,331	4,370,015
Deferred tax liabilities	-	21,924,109
Other	941,181	1,355,788
Total non-current liabilities	17,096,578	120,162,086
Total liabilities	63,119,948	201,747,162
Net assets		
Shareholders' equity		
Capital stock	5,669,815	5,669,815
Capital surplus	5,737,186	5,795,234
Retained earnings	20,145,991	23,061,309
Treasury stock	-300,140	-690,476
Total shareholders' equity	31,252,852	33,835,883
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103,095	203,143
Currency conversion adjustments	2,008	35,098
Accumulated adjustment to retirement benefits	-	-208,386
Total accumulated other comprehensive income	105,104	29,855
Stock acquisition rights	172,471	154,796
Minority interests	-	337,108
Total net assets	31,530,427	34,357,643
Total liabilities and net assets	94,650,376	236,104,806

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

Consolidated income statement

(Unit: thousands of yen)

	Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)	This consolidated fiscal year (April 1, 2014 - March 31, 2015)
Net sales	218,402,347	244,067,283
Cost of sales	174,681,379	193,523,437
Gross profit on sales	43,720,967	50,543,845
Sales, general, and administrative expenses		
Advertising expenses	6,133,327	6,457,467
Salaries, allowances, and bonuses	11,710,874	13,902,183
Provision of reserve for bonuses	-	336,198
Provision of reserve for directors' retirement benefits	11,745	35,865
Retirement benefit expenses	301,412	627,004
Rents	6,748,036	7,768,922
Depreciation	1,991,559	2,409,339
Other	10,718,113	12,534,828
Total sales, general, and administrative expenses	37,615,069	44,071,808
Operating income	6,105,897	6,472,037
Non-operating income		
Interest income	23,656	21,998
Purchase discounts	1,558,001	1,415,660
Equity in earnings of affiliates	4,930	-
Other	244,172	249,363
Total non-operating income	1,830,760	1,687,023
Non-operating expenses		
Interest expenses	129,031	209,756
Commission fees	110,375	1,081,305
Other	64,333	131,537
Total non-operating expenses	303,740	1,422,598
Ordinary income	7,632,918	6,736,461
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	-	103,044
Gain on reversal of stock subscription rights	4,791	40,946
Total extraordinary income	4,791	143,990
Extraordinary losses		
Loss on valuation of investment securities	137,832	-
Impairment loss	420,744	681,324
Other	6,564	-
Total extraordinary losses	565,142	681,324
Net income before taxes and other adjustments	7,072,568	6,199,127
Income taxes-current	3,236,884	2,975,652
Income taxes-deferred	-559,045	-368,649
Total income taxes	2,677,839	2,607,002
Net income before minority interests	4,394,729	3,592,124
Minority interests in income (losses)	-	13,448
Net income	4,394,729	3,578,675

Consolidated statement of comprehensive income

(Unit: thousands of yen)

	Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)	This consolidated fiscal year (April 1, 2014 - March 31, 2015)
Net income before minority interests	4,394,729	3,592,124
Other comprehensive income		
Valuation difference on available-for-sale securities	62,094	100,007
Share in other comprehensive income of equity-method affiliates	19	36
Currency conversion adjustments	2,008	33,089
Adjustments for retirement benefit obligations	-	-210,569
Total other comprehensive income	64,122	-77,435
Comprehensive income	4,458,851	3,514,689
(Breakdown)		
Comprehensive income attributable to owners of the parent company	4,458,851	3,503,427
Comprehensive income attributable to minority interests	-	11,261

(3) Consolidated statement of changes in net assets

Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	4,323,175	4,284,205	16,172,737	-868,789	23,911,329
Accumulated impact of changes in accounting policies					-
Balance at start of fiscal year reflecting changes in accounting policies	4,323,175	4,284,205	16,172,737	-868,789	23,911,329
Changes this fiscal year					
Adjustment to reserves due to changes in tax rates					-
Issue of new shares of stock	1,346,640	1,346,640			2,693,280
Distribution of surplus			-421,475		-421,475
Net income			4,394,729		4,394,729
Acquisition of treasury stock				-490	-490
Sale of treasury stock		106,340		569,138	675,478
Changes this fiscal year in items other than shareholders' equity (net)					
Total change this fiscal year	1,346,640	1,452,980	3,973,253	568,648	7,341,522
Balance at end of fiscal year	5,669,815	5,737,186	20,145,991	-300,140	31,252,852

	Accumulated other comprehensive income				Stock acquisition rights	Minority 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	40,981	-	-	40,981	136,628	-	24,088,940
Accumulated impact of changes in accounting policies							-
Balance at start of fiscal year reflecting changes in accounting policies	40,981	-	-	40,981	136,628	-	24,088,940
Changes this fiscal year							
Adjustment to reserves due to changes in tax rates							-
Issue of new shares of stock							2,693,280
Distribution of surplus							-421,475
Net income							4,394,729
Acquisition of treasury stock							-490
Sale of treasury stock							675,478
Changes this fiscal year in items other than shareholders' equity (net)	62,114	2,008	-	64,122	35,842	-	99,965
Total change this fiscal year	62,114	2,008	-	64,122	35,842	-	7,441,487
Balance at end of fiscal year	103,095	2,008	-	105,104	172,471	-	31,530,427

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

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	5,669,815	5,737,186	20,145,991	-300,140	31,252,852
Accumulated impact of changes in accounting policies			-95,952		-95,952
Balance at start of fiscal year reflecting changes in accounting policies	5,669,815	5,737,186	20,050,038	-300,140	31,156,899
Changes this fiscal year					
Distribution of surplus			-567,405		-567,405
Net income			3,578,675		3,578,675
Acquisition of treasury stock				-500,877	-500,877
Sale of treasury stock		58,048		110,541	168,590
Changes this fiscal year in items other than shareholders' equity (net)					
Total change this fiscal year	-	58,048	3,011,270	-390,335	2,678,984
Balance at end of fiscal year	5,669,815	5,795,234	23,061,309	-690,476	33,835,883

	Accumulated other comprehensive income				Stock acquisition rights	Minority 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	103,095	2,008	-	105,104	172,471	-	31,530,427
Accumulated impact of changes in accounting policies							-95,952
Balance at start of fiscal year reflecting changes in accounting policies	103,095	2,008	-	105,104	172,471	-	31,434,475
Changes this fiscal year							
Distribution of surplus							-567,405
Net income							3,578,675
Acquisition of treasury stock							-500,877
Sale of treasury stock							168,590
Changes this fiscal year in items other than shareholders' equity (net)	100,048	33,089	-208,386	-75,248	-17,674	337,108	244,184
Total change this fiscal year	100,048	33,089	-208,386	-75,248	-17,674	337,108	2,923,168
Balance at end of fiscal year	203,143	35,098	-208,386	29,855	154,796	337,108	34,357,643

(4) Consolidated cash flow statement

(Unit: thousands of yen)

	Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)	This consolidated fiscal year (April 1, 2014 - March 31, 2015)
Cash flow from operating activities		
Income before income taxes	7,072,568	6,199,127
Depreciation	2,069,183	2,726,616
Impairment loss	420,744	681,324
Increase (decrease) in reserve for retirement benefits	-1,626,343	-
Increase (decrease) in net defined benefit liability	1,878,928	486,099
Increase (decrease) in reserve for point card certificates	-434,199	-367,156
Increase (decrease) in reserve for guarantees for merchandise sold	572,885	387,574
Interest and dividend income	-41,115	-41,219
Decrease (increase) in accounts receivable-other	-1,413,887	1,084,191
Interest expense	129,031	209,756
Loss (gain) on valuation of investment securities	137,832	-103,044
Decrease (increase) in accounts receivable-trade	-7,338,631	-5,297,247
Decrease (increase) in inventories	-4,068,035	-750,362
Increase (decrease) in notes and accounts payable-trade	2,447,120	5,289,803
Increase (decrease) in accrued consumption taxes	102,140	1,104,489
Increase (decrease) in advances received	2,992,428	-2,878,739
Commission fees paid	-	1,081,305
Other	2,432,358	624,144
Subtotal	5,333,011	10,436,663
Interest and dividends income received	51,704	52,381
Interest expenses paid	-133,197	-213,229
Income tax (paid) refunded	-2,116,798	-3,342,819
Cash flow from operating activities	3,134,720	6,932,994
Cash flow from investment activities		
Purchase of investment securities	-317,844	-600
Purchase of tangible fixed assets	-4,251,266	-3,568,315
Purchase of intangible fixed assets	-392,746	-24,271
Purchase of stock in subsidiaries resulting in change in scope of consolidation	-3,177,664	-43,505,439
Payments for lease and guarantee deposits	-988,305	-852,342
Proceeds from collection of lease and guarantee deposits	298,456	277,025
Other	-29,101	392,347
Cash flow from investment activities	-8,858,472	-47,281,597

(Unit: thousands of yen)

	Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)	This consolidated fiscal year (April 1, 2014 - March 31, 2015)
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	-	252,000
Proceeds from long-term loans payable	8,500,000	85,500,000
Repayment of long-term loans payable	-3,500,309	-39,928,360
Redemption of bonds	-250,000	-125,000
Proceeds from issuance of common stock	2,674,446	-
Proceeds from sales of treasury stock	589,625	-
Cash dividends paid	-422,103	-567,165
Commission fees paid	-	-1,081,305
Other	67,079	-367,904
Cash flow from financing activities	7,658,737	43,682,264
Effect of exchange rate changes on cash and cash equivalents	8,856	20,450
Increase (decrease) in cash and cash equivalents	1,943,841	3,354,113
Starting balance of cash and cash equivalents	5,115,368	7,059,210
Ending balance of cash and cash equivalents	7,059,210	10,413,323

(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: 10 companies

Names of main consolidated subsidiaries:

Omitted here because listed under "2. Position of group of companies."

Business Grand Works Co., Ltd. ("BGW" hereinafter) is included in the scope of consolidation starting this consolidated fiscal year due to purchase of stock on July 28, 2014.

ITN Corporation ("ITN" hereinafter) is included in the scope of consolidation starting this consolidated fiscal year because it was established as a new company this fiscal year.

ITX Corporation ("ITX" hereinafter) and its three subsidiaries are included in the scope of consolidation starting this consolidated fiscal year due to purchase of stock on March 2, 2015 by our consolidated subsidiary ITN.

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

ITX Communications America, Inc.

ITX Communications America, Inc. is not included in the scope of consolidation because our control of the entity is temporary.

2. Application of equity method

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

AbelNet Co., Ltd.

Nijicom Co., Ltd.

Nijicom Co., Ltd. is included in the scope of application of the equity method starting this consolidated fiscal year due to the purchase of ITX stock by ITN.

(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
BGW	October 31
ITN	November 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.

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 fixed assets (not including leased assets)

Nojima and domestic consolidated subsidiary BGW 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 three subsidiaries 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 fixed 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

① 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.

② 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.

③ 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 Accounting Standard for Retirement Benefits, etc.)

Starting this consolidated fiscal year, the Company has applied the provisions specified in Paragraph 35 of Accounting Standard Board of Japan (“ASBJ”) Statement No. 26, “Accounting Standard for Retirement Benefits,” and Paragraph 67 of ASBJ Guidance No. 25, “Implementation Guidance on Accounting Standard for Retirement Benefits.” In accordance with those provisions, the Company has changed its method for determining discount rates from using rates determined by reference to a number of years approximating the average remaining service period of employees to using a single weighted average discount rate reflecting the period in which retirement benefits are expected to be paid and the amount in each such period.

In accordance with the provisions on transitional handling specified in Paragraph 37 of the Accounting Standard for Retirement Benefits, the Company accounts for the effects of changes in methods of calculating retirement benefit obligations and service costs resulting from application of the Accounting Standard for Retirement Benefits, etc. as an adjustment to retained earnings as of the start of this consolidated fiscal year.

As a result, as of the start of this consolidated fiscal year, liabilities for retirement benefits increased by 148,948 thousand yen while retained earnings fell by 95,952 thousand yen. Operating income, ordinary income, and net income before taxes and other adjustments for this fiscal year each fell by 7,829 thousand yen.

(Accounting standards and guidances not applied)

(“Revised Accounting Standard for Business Combinations” and others)

- “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013)
- “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013)
- “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013)
- “Revised Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2, September 13, 2013)
- “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013)
- “Revised Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4, September 13, 2013)

(1) Overview

These accounting standards and guidances were revised primarily with respect to the following matters: ① handling of changes in the parent company’s equity stake in a subsidiary when its control of the subsidiary continues through means such as acquisition of additional stock; ② handling of costs related to acquisitions; ③ presentation of net income and change from minority interest to non-controlling interest; and ④ handling of provisional account processing.

(2) Planned date of first application

We plan to apply these standards and guidances from the start of the fiscal year ending March 2016. We plan to apply the provisional account processing to business combinations implemented at the start of the fiscal year ending March 2016 or later.

(3) Effects of application of these standards and guidances

The effects of these standards and guidances are being evaluated as of the time of preparation of these consolidated financial statements.

(Changes in presentation methods)

(Consolidated balance sheet)

Due to the minor value of the construction in progress account, which had been posted separately under “Tangible non-current assets” in prior fiscal years, it has been 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 construction in progress (1,328,845 thousand yen) and “Other” (X thousand yen) under “Tangible non-current assets” on the consolidated balance sheet for the previous consolidated fiscal year have been combined into the single account, “Other” (1,328,845 thousand yen).

Due to the minor value of the asset retirement obligations account, which had been posted separately under “Non-current liabilities” in prior fiscal years, it has been 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 asset retirement obligations (63,904 thousand yen) and “Other” (877,277 thousand yen) under “Non-current liabilities” on the consolidated balance sheet for the previous consolidated fiscal year have been combined into the single account, “Other” (941,181 thousand 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, 2014)	This consolidated fiscal year (March 31, 2015)
Agreement amount		17,300,000 thousand yen	17,000,000 thousand yen
Remaining balance of debt	Current portion of long-term loans payable	758,360	766,000
	Long-term loans payable	1,200,000	934,000

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

① From the fiscal year ending March 2015, the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of each fiscal year and the first half of each fiscal year must be maintained at no less than the higher of the following figures:
A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of the fiscal year ending March 2015
B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the ending date of the immediately preceding fiscal year or first half of the fiscal year

② From the fiscal year ending March 2015, an ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

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

		Previous consolidated fiscal year (March 31, 2014)	This consolidated fiscal year (March 31, 2015)
Agreement amount		- thousand yen	18,000,000 thousand yen
Remaining balance of debt	Current portion of long-term loans payable	-	-
	Long-term loans payable	-	18,000,000

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

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

② In the 12-month period of each fiscal year starting with the fiscal year ending March 2016 and the 12 months through first half of each fiscal year starting with the first half ending September 2016, the debt service coverage ratio (*2) may not be less than 1.00 two consecutive times.
*2 Debt service coverage ratio = free cash flow / (principal repayments + interest payments + commitment fees)

③ From the fiscal year ending March 2015, an operating loss may not be recorded two consecutive times on the consolidated income statement during the 12-month period of each fiscal year.

④ From the fiscal year ending March 2016, the amount of net assets indicated on the consolidated balance sheet on the ending date of each fiscal year must be no less than 70% of the amount of net assets indicated on the consolidated balance sheet on the ending date of the immediately preceding fiscal year.

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

		Previous consolidated fiscal year (March 31, 2014)	This consolidated fiscal year (March 31, 2015)
Agreement amount		- thousand yen	73,000,000 thousand yen
Remaining balance of debt	Current portion of long-term loans payable	-	3,500,000
	Long-term loans payable	-	61,500,000

(Notes on consolidated balance sheet)

*1 Hypothecated assets and collateralized obligations:

Assets pledged as collateral are shown below.

	Previous consolidated fiscal year (March 31, 2014)	This consolidated fiscal year (March 31, 2015)
Cash and deposits	- thousand yen	3,029,141 thousand yen
Short-term loans to affiliates*	-	180,000
Buildings and structures	395,439	382,450
Land	1,510,208	1,051,081
Investment securities	-	81,165
Stock of affiliates*	-	72,361,732
Long-term loans to affiliates*	-	30,000,000
Lease and guarantee deposits	630,679	516,104
Total	2,536,327	107,601,676

* 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, 2014)	This consolidated fiscal year (March 31, 2015)
Current portion of long-term loans payable	185,000 thousand yen	3,630,000 thousand yen
Long-term loans payable	1,040,000	62,410,000
Total	1,225,000	66,040,000

*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, 2014)	This consolidated fiscal year (March 31, 2015)
Credit line	22,000,000 thousand yen	30,000,000 thousand yen
Outstanding balance	-	-
Difference: Available balance	22,000,000	30,000,000

(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, 2013 - March 31, 2014)	This consolidated fiscal year (April 1, 2014 - March 31, 2015)
Cash and deposits	7,123,534 thousand yen	10,477,668 thousand yen
Time deposits with terms of more than three months	-64,267	-64,279
Transfers to escrow account (account with restricted deposits and withdrawals)	-57	-65
Cash and cash equivalents	7,059,210	10,413,323

*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, 2013 - March 31, 2014)

(Geobit Mobile Corporation)

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

Current assets	3,193,605 thousand yen
Non-current assets	217,956
Goodwill	2,705,117
Current liabilities	-2,775,245
Non-current liabilities	-48,433
Purchase price of stock	3,293,000 thousand yen
Cash and cash equivalents	-115,335
Difference: Expenditure on acquisition	3,177,664 thousand yen

This 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	233,448 thousand yen
Non-current assets	53,824
Goodwill	88,777
Current liabilities	-66,431
Non-current liabilities	-29,619
Purchase price of stock	280,000 thousand yen
Cash and cash equivalents	-218,972
Difference: Expenditure on acquisition	61,027 thousand yen

(ITX Corporation)

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

Current assets	47,082,977 thousand yen
Non-current assets	72,293,908
Goodwill	19,598,227
Current liabilities	-32,638,873
Non-current liabilities	-55,308,661
Minority interests	-325,846
Purchase price of stock	50,701,732 thousand yen
Cash and cash equivalents	-7,257,320
Difference: Expenditures on acquisition	43,444,412 thousand yen

(Business combinations, etc.)

(Geobit Mobile Corporation)

(Business combination through acquisition)

1. Details of revisions and actual amounts in cases involving significant revisions of the distribution of acquisition costs
   The distribution of costs of the Geobit Mobile Corporation acquisition in the previous fiscal year was not finalized in that fiscal year. As a result, costs were subject to provisional account treatment based on reasonable estimates available at the time the consolidated financial statements were prepared. The distribution of acquisition costs was finalized this consolidated fiscal year, and the amounts of goodwill have been revised as indicated below.

Revised account	Revised amount of goodwill
Goodwill (pre-revision)	2,705,117 thousand yen
Contractual intangible assets	-2,757,000
Deferred tax liabilities	980,940
Other acquisition cost adjustments	-163,000
Total amount of revisions	-1,939,060
Goodwill (revised)	766,057

2. Resulting amount of goodwill, reason for goodwill, amortization method, and amortization period
   (1) Resulting amount of goodwill
   766,057 thousand yen
   (2) Reason for goodwill
   Since the cost of the acquisition exceeded the net amount distributed to assets acquired and liabilities accepted, the excess amount was booked as goodwill.
   (3) Amortization method and amortization period
   Straight line method over 15 years
3. Amount distributed to intangible assets other than goodwill, breakdown by type, amortization method, and amortization period
   (1) Amount distributed to intangible assets
   2,757,000 thousand yen
   (2) Breakdown by type
   Contractual intangible assets: 2,757,000 thousand yen
   (3) Amortization method and amortization period
   Straight line method over 15 years

(ITX Corporation)

(Business combination through acquisition)

(1) Overview of business combination

① Name and lines of business of acquired company

A. Name of acquired company
ITX Corporation

B. Lines of business
Information and telecommunications services, primarily telecoms business

② Primary reasons for business combination

ITX provides information and communications services, primarily in the area of telecoms business, and operates carrier stores across Japan, boasting one of the highest levels of profitability in the mobile phone agent industry. It also has a corporate customer base that the Nojima Group has lacked.

We acquired ITX stock because we expect that making ITX a Nojima subsidiary will incorporate into the Group its high earning power, broad store network, and corporate customer base; generate synergies by merging the strengths of the two companies and finding solutions for issues they both face; increase the Group's market share in the mobile phone agent business; and help to maximize the overall corporate value of the Group.

③ Date of business combination
March 2, 2015

④ Legal form of business combination
Stock acquisition

⑤ Name of company after combination
ITX Corporation

⑥ Percentage of voting rights acquired
99.0%

⑦ Primary reason for determining the acquiring company
Securing 99.0% of voting rights in the acquisition through purchase of stock in cash

(2) Period of business performance of acquired company or acquired business included in consolidated financial statements
Figures for the business performance of ITX for March 2015 (one month) are included as part of the consolidated business performance for this consolidated fiscal year.

(3) Cost of acquisition and breakdown thereof

Price of acquisition	(cash)	50,398,719	thousand yen
Direct expenses for acquisition	(e.g. advisory fees)	303,013	thousand yen
Cost of acquisition		50,701,732	thousand yen

(4) Resulting amount of goodwill, reason for goodwill, amortization method, and amortization period

① Resulting amount of goodwill
19,598,227 thousand yen

② Reason for goodwill
Expectations of increased earning power from future business development

③ Amortization method and amortization period
Straight line method over 16 years

(5) Amounts of assets received and liabilities accepted on the date of the business combination and breakdown into major items

Current assets	47,082,977	thousand yen
Non-current assets	72,293,908	thousand yen
Total assets	119,376,885	thousand yen
Current liabilities	32,638,873	thousand yen
Non-current liabilities	55,308,661	thousand yen
Total liabilities	87,947,534	thousand yen

(6) Amount distributed to intangible assets other than goodwill, breakdown by major type, and weighted average amortization periods for the entire amount and major types

Type	Amount	Weighted average amortization period
Contractual intangible assets	65,600,000 thousand yen	16 years
Trademarks	460,000 thousand yen	5 years
Total	66,060,000 thousand yen	15.8 years

(7) Overview of estimated effects on the consolidated income statement for this consolidated fiscal year if the business combination had been completed on the starting date of this consolidated fiscal year and method of estimation

Net sales	217,288,679 thousand yen
Operating income	4,217,510 thousand yen
Ordinary income	3,008,795 thousand yen
Net income before tax and other adjustments	2,783,783 thousand yen
Net income	3,792,251 thousand yen
Net income per share	160.25 yen

Method of estimating effects
Estimates of effects are based on differences between the net sales and income figures assuming that the business combination had been completed on the starting date of this consolidated fiscal year and those figures on the consolidated income statement of the acquiring company.

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

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.

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

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

The segment corresponding to operation of mobile carrier stores sells communications devices centered on 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.

As described under “Changes in accounting policies,” the methods used to calculate retirement benefit obligations and service costs have changed starting this consolidated fiscal year. The methods used to calculate retirement benefit obligations and service costs by business segment have changed in the same way.

Compared to the results obtained by previous calculation methods, this change has resulted in lower income in this fiscal year for digital home electronics retail stores (by 7,557 thousand yen) and for mobile carrier stores (by 271 thousand yen).

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

Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)

(Unit: thousands 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	192,171,468	26,226,093	218,397,562	4,784	218,402,347	-	218,402,347
Internal sales or transfers between segments	63,000	-	63,000	504	63,505	-63,505	-
Subtotal	192,234,469	26,226,093	218,460,562	5,289	218,465,852	-63,505	218,402,347
Segment income	5,737,520	2,022,641	7,760,161	-21,815	7,738,346	-105,427	7,632,918
Segment assets	70,716,492	11,494,663	82,211,156	5,768,435	87,979,591	6,670,785	94,650,376
Segment liabilities	43,077,342	5,547,221	48,624,564	41,506	48,666,071	14,453,877	63,119,948
Other accounts							
Depreciation	1,956,388	59,210	2,015,599	53,583	2,069,183	-	2,069,183
Amortization of goodwill	10,198	-	10,198	-	10,198	-	10,198
Interest income	-	52	52	-	52	23,604	23,656
Interest expense	-	-	-	-	-	129,031	129,031
Equity in earnings of affiliates	4,930	-	4,930	-	4,930	-	4,930
(Impairment loss)	420,744	-	420,744	-	420,744	-	420,744
Investment in equity-method affiliates	602,792	-	602,792	-	602,792	-	602,792
Unamortized balance of goodwill	5,472	2,710,917	2,716,389	-	2,716,389	-	2,716,389
Increase in tangible and intangible non-current assets	3,260,731	2,823,212	6,083,943	1,661,522	7,745,466	-	7,745,466

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.

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

(Unit: thousands 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	175,902,767	67,567,797	243,470,565	596,717	244,067,283	-	244,067,283
Internal sales or transfers between segments	124,137	-	124,137	297,358	421,496	-421,496	-
Subtotal	176,026,905	67,567,797	243,594,702	894,076	244,488,779	-421,496	244,067,283
Segment income	4,657,696	1,976,499	6,634,195	226,812	6,861,007	-124,545	6,736,461
Segment assets	64,820,444	158,536,793	223,357,238	7,800,917	231,158,155	4,946,651	236,104,806
Segment liabilities	37,891,937	150,954,946	188,846,883	149,292	188,996,175	12,750,986	201,747,162
Other accounts							
Depreciation	1,950,775	621,865	2,572,641	153,975	2,726,616	-	2,726,616
Amortization of goodwill	1,113	160,217	161,330	6,341	167,671	-	167,671
Interest income	51	132	184	29	213	21,785	21,998
Interest expense	-	63,425	63,425	-	63,425	146,330	209,756
Equity in earnings of affiliates	5,105	-	5,105	-	5,105	-	5,105
(Impairment loss)	676,314	5,010	681,324	-	681,324	-	681,324
Investment in equity-method affiliates	586,847	-	586,847	-	586,847	-	586,847
Unamortized balance of goodwill	4,359	20,269,963	20,274,322	82,436	20,356,759	-	20,356,759
Increase in tangible and intangible non-current assets	11,603,658	88,815,101	100,418,760	1,972,439	102,391,199	-	102,391,199

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.

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

Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)

Omitted here because the information is provided under segment information

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

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, 2013 - March 31, 2014)

Omitted here because the information is provided under segment information

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

Omitted here because the information is provided under segment information

[Gain on negative goodwill by reporting segment]

Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)

Not applicable

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

Not applicable

(Per-share information)

	Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)	This consolidated fiscal year (April 1, 2014 - March 31, 2015)
Net assets per share	1,326.70 yen	1,433.41 yen
Net earnings per share	213.52 yen	151.23 yen
Diluted earnings per share	212.07 yen	145.91 yen

Notes:

1. Calculations of net earnings per share and diluted earnings per share are based on the following information:

	Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)	This consolidated fiscal year (April 1, 2014 - March 31, 2015)
Net earnings per share		
Net income (thousands of yen)	4,394,729	3,578,675
Amount not reverting to common shareholders (thousands of yen)	-	-
Net income related to common stock (thousands of yen)	4,394,729	3,578,675
Average number of shares during the fiscal year (thousands of shares)	20,582	23,663
Diluted net earnings per share		
Adjustments of net income (thousands of yen)	-	-
Increase in common stock (thousands of shares)	141	863
(Amount of the above corresponding to stock acquisition rights [thousands of shares])	(141)	(863)
Summary of potential dilution not included in calculation of diluted net earnings per share due to lack of dilution effect	Stock acquisition rights no. 9 (2011 stock options) (4,090 stock acquisition rights) Stock acquisition rights no. 11 (2013 stock options) (6,649 stock acquisition rights)	-

2. In the previous consolidated fiscal year, shares of Company stock held in employee stock ownership plan (ESOP) trust accounts were included in the average number of shares during the fiscal year used as a basis for calculating per-share information.
3. In this consolidated fiscal year, shares of Company stock held in employee stock ownership plan (ESOP) trust accounts are included in treasury stock used as a basis for calculating per-share information (210 thousand shares this consolidated fiscal year).
4. As noted under "Notes on consolidated financial statements: (Changes in accounting policies)," the Company has applied the provisions specified in the accounting standard for retirement benefits, etc. and the transitional handling specified in Paragraph 37 of the Accounting Standard for Retirement Benefits.
   This results in a decrease of 4.27 yen in net assets per share and decreases of 0.21 yen each in net earnings per share and diluted net earnings per share in this consolidated fiscal year.

(Important subsequent information)

(Stock options)

Granting of stock options (stock acquisition rights)

At its meeting held on May 7, 2015, the Company Board of Directors passed a resolution calling for the presentation to the 53rd regular general meeting of shareholders, scheduled for June 18, 2015, 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 800,000 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 8,000.
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 determined as described below.
The figure shall be obtained by multiplying by 1.05 the average closing price of Company common stock in ordinary trading on the Tokyo Stock Exchange for all days (not including days when no trading takes place) of the month preceding the month of the date of allocation of stock acquisition rights (“allocation date” hereinafter), with the result rounded up to the nearest whole yen. However, if this price is less than the closing price on the allocation date (or the most recent closing price if no trading takes place on the allocation date), the exercise price shall be that closing price.
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 of retirement upon the expiration of the term of service, retirement at mandatory retirement age, or other 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.

Reference:
At its meeting on May 7, 2015, the Company Board of Directors resolved a 1:2 stock split with the effective date set for July 1, 2015. As a result, the number of shares granted will be adjusted to 200 shares and the maximum number of shares subject to stock acquisition rights to 1,600,000 shares.

Note: The details above are conditional upon the approval in the 53rd regular general meeting of shareholders scheduled for June 18, 2015 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 53rd regular general meeting of shareholders of the individual compensation for directors and executive officers.

(Stock split)

At its meeting on May 7, 2015, the Company Board of Directors resolved the issue of new shares through a stock split, as outlined below.

1. Purpose
   This stock split is intended to reduce the price per unit of investment and increase share liquidity, thereby making it easier for individual investors to invest in the Company and broadening its base of investors.
2. Ratio and timing of stock split
   The stock split will have a basis date of June 30, 2015, splitting shares of common stock held by shareholders listed on or recorded to the final list of shareholders on that date at a ratio of 1:2.
3. Increase in shares of stock as a result of this split
   ① Total shares issued and outstanding prior to stock split 24,182,408
   ② Increase in shares due to stock split 24,182,408
   ③ Total shares issued and outstanding after stock split 48,364,816
   ④ Total number of authorized shares after stock split 170,000,000
4. Provided below is per-share information for this consolidated fiscal year and the previous consolidated fiscal year in the hypothetical case that this stock split occurs at the start of the previous consolidated fiscal year.

	Previous consolidated fiscal year (April 1, 2013 - March 31, 2014)	This consolidated fiscal year (April 1, 2014 - March 31, 2015)
Net assets per share	663.35 yen	716.71 yen
Net earnings per share	106.76 yen	75.61 yen
Diluted net earnings per share	106.03 yen	72.95 yen

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
Masaya Ogiwara	Director	-
Shin Yoshidome	Outside Director	-
Kahoko Tsunezawa	Outside Director	-
Mitsuhiro Asou	Outside Director	-

• Planned retiring directors

Name	New title	Previous title
Koji Kamiya	Advisor	Director
Takashi Kimura	-	Outside Director
Takeshi Umetsu	-	Outside Director
Hideki Matsushima	-	Outside Director

③ Planned appointment/retirement date
Plans call for the above appointments and retirements to take effect on June 18, 2015 (after the regular general meeting of shareholders scheduled for that date).