Summary of Consolidated Financial Results for the Nine-month Period Ended December 31, 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

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Scheduled date of quarterly report filing: February 12, 2016

Scheduled start date of dividend payments: -

Supplemental materials on annual results: No

Presentation on annual results: No

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

1. Consolidated financial results for the nine-month period ended December 31, 2015 (April 1, 2015 – December 31, 2015)

(1) Consolidated results of operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine-month period ended December 31, 2015	332,243	109.6	9,848	179.0	10,252	120.6	7,361	190.3
Nine-month period ended December 31, 2014	158,511	2.8	3,529	-10.8	4,647	-10.4	2,535	-14.5

Note: Comprehensive income: Nine months ended December 31, 2015: 7,434 million yen (184.5%) Nine months ended December 31, 2014: 2,613 million yen (-13.8%)

Reference: EBITDA Nine months ended December 31, 2015: 17,186 million yen (176.5%) Nine months ended December 31, 2014: 6,214 million yen (-5.4%)

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

Net income before amortization of goodwill: Nine-month period ended December 31, 2015: 11,747 million yen (331.9%)
Nine-month period ended December 31, 2014: 2,719 million yen (-8.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine-month period ended December 31, 2015	154.33	145.34
Nine-month period ended December 31, 2014	53.61	52.99

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2015	231,084	40,999	17.7	848.25
As of March 31, 2015	236,104	34,357	14.3	716.71

Reference: Equity: As of December 31, 2015: 40,831 million yen As of March 31, 2015: 33,865 million yen

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

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2015	-	12.00	-	18.00	30.00
FY ending March 2016	-	10.00	-		
FY ending March 2016 (planned)				10.00	20.00

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

Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015. Amounts under "this End of 2Q," "Year-end," and "Total" dividend per share for the fiscal year ending March 2016 (planned) reflect the effects of this stock split.
Without the effects of this stock split, dividend per share for the end of this 2Q and planned dividend per share for the year-end of the fiscal year ending March 2016 each would be 20 yen (increase of 8 yen), and annual dividend per share would be 40 yen (increase of 10 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	451,000	84.8	13,300	105.5	13,800	104.9	10,600	196.2	222.23

Note: Revisions to the most recently announced consolidated earnings forecast: No

Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred at the beginning of this fiscal year to calculate net income per share under fiscal year ending March 2016.
Without the effects of this stock split, net income per share for the fiscal year ending March 2016 would be 444.46 yen if the trial calculation of the average number of shares during the period for 3Q is 23,848,987 shares.

Reference: EBITDA: As of March 2016 (planned) 23,200 million yen (143.6%)
Net income before amortization of goodwill: As of March 2016 (planned) 16,250 million yen (279.7%)

* Notes

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

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

Note: See p. 5 of attached document, “2. Matters Concerning Summary Information (Notes): (1) Changes in Significant Subsidiaries during the Period:” for details.

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

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

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

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

iii Changes in accounting estimates: No

iv Restatement of prior period financial statements: No

Note: See p. 5 of attached document, “2. Matters Concerning Summary Information (Notes): (3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements:” for details.

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

i Number of shares issued and outstanding at the end of the period (including treasury stock)	FY2015 3Q	48,542,016 shares	FY ended March 2015	48,364,816 shares
ii Number of shares of treasury stock at the end of the period	FY2015 3Q	405,739 shares	FY ended March 2015	1,112,918 shares
iii Average number of shares during the period	FY2015 3Q	47,697,974 shares	FY2014 3Q	47,300,847 shares

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

Note: The number of shares of treasury stock at the end of the period includes shares held in trust accounts (290,600 shares in nine-month period ended December 31, 2015 and 420,200 shares in FY ended March 31, 2015) for the employee stock ownership plan (ESOP). Shares of Company stock held in ESOP trust accounts are included in treasury stock subtracted from calculations of average number of shares during the period (359,539 shares in the nine-month period ended December 31, 2015, - shares in the nine-month period ended December 31, 2014).

* Information regarding the implementation of quarterly review procedures

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

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

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

* Revision of unit for the presentation of amounts

In the past years, the Company reported amounts in its quarterly consolidated financial statements in units of one thousand yen. Beginning from the first quarter of the current fiscal year, the Company has revised its reporting convention to units of one million yen. To facilitate comparison, the amounts for full-year and the third quarter of the prior fiscal year and nine months ended December 31, 2014 also have been restated in units of one million yen.

○ Contents of attached documents

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Operating Results

During the nine-month period ended December 31, 2015, Japan's economy recovered slightly due to factors such as the effects of various Japanese government policies under an environment with small rebounds in employment and environmental income. Personal consumption remained stable. On the other hand, concerns arose regarding the potential consequences on the domestic economy of a downturn overseas, such as in China.

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

The performance of the mobile phone market was below that of the year before, despite the release of new iPhones in late September.

In addition, changes to sales conditions such as a reexamination of rebates are underway due to requests to telecommunications carriers from Japan's Ministry of Internal Affairs and Communications in the middle of December to reduce the cost burden on consumers of using smartphones, and to formulate a fair sales policy for cellular phones.

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

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

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

In the operation of digital home electronics retail stores, among digital home electronics retail stores, including scrap and build, eight stores opened and two stores closed, bringing the total to 132 stores; in addition, 19 dedicated communications device stores brought the total to 151 stores.

In the operation of mobile carrier stores, there were 380 directly operated stores, following the opening of two stores, the transfer of 18 stores from FC to directly operated stores, and the transfer of 19 stores to the operation of digital home electronics retail stores. FC stores totaled 235 stores, following the transfer of 18 stores to directly operated stores, the opening of four stores, the closing of four stores, and the temporary closing of two stores.

In the light of these factors, the numbers of stores at the end of the third quarter of the current fiscal year are as shown below.

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	151 stores	-	151 stores
Digital home electronics retail stores	132 stores	-	132 stores
Dedicated communications device stores	19 stores	-	19 stores
Operation of mobile carrier stores	380 stores	235 stores	615 stores
Carrier stores	377 stores	235 stores	612 stores
Others	3 stores	-	3 stores
Total	531 stores	235 stores	766 stores

Note: Excludes one store directly operated by an overseas subsidiary

During the nine-month period ended December 31, 2015, we recorded net sales of 332,243 million yen (209.6% of the figure for the nine months ended December 31, 2014), operating income of 9,848 million yen (279.0% of the figure for the nine months ended December 31, 2014), ordinary income of 10,252 million yen (220.6% of the figure for the nine months ended December 31, 2014), and net income attributable to shareholders of the parent company of 7,361 million yen (290.3% of the figure for the nine months ended December 31, 2014).

Consolidated EBITDA (*), which the Group considers to be an important indicator of business performance, stood at 17,186 million yen (276.5% of the figure for the nine months ended December 31, 2014).

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

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

Sales of air conditioners and TVs, supported by 4K TVs, were satisfactory, and sales of refrigerators, kitchen appliances, washing machines and vacuum cleaners remained stable.

Gross profit on sales increased due to an acceleration of sales of high value-added products achieved by the Nojima Group’s consulting sales, which were coupled with customer demand for high-quality products and services.

As a result, net sales in this segment totaled 136,752 million yen (104.9% of the figure for the nine months ended December 31, 2014); segment income was 6,212 million yen (178.7% of the figure for the nine months ended December 31, 2014); and, segment net income before amortization of goodwill was 6,214 million yen (178.7% of the figure for the nine months ended December 31, 2014).

(Operation of mobile carrier stores)

Net sales, segment income, and segment net income before amortization of goodwill increased significantly compared to the nine-month period ended December 31, 2014 because ITX Corporation became a consolidated subsidiary on March 2, 2015.

Furthermore, Nojima Group has invested on education and training to develop human resources, and transferred ITX Corporation’s control management department to the same building that it uses in December 2015, in order to exchange information, aiming to further improve “quality” in the future.

As a result, net sales in this segment totaled 194,975 million yen (700.1% of the figure for the nine months ended December 31, 2014); segment income was 3,932 million yen (365.3% of the figure for the nine months ended December 31, 2014); and, segment net income before amortization of goodwill was 8,306 million yen (661.1% of the figure for the nine months ended December 31, 2014).

(2) Explanation of Financial Position

Assets and liabilities and net assets

(Assets)

Total assets as of the end of the third quarter of the current fiscal year were 231,084 million yen, down 5,020 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 3,255 million yen to 106,816 million yen in current assets and a decrease of 1,765 million yen to 124,267 million yen in non-current assets.

The primary underlying causes were decreases of 11,189 million yen and 1,287 million yen in accounts receivable-trade and cash and deposits respectively, despite an increase of 8,700 million yen in merchandise and products.

The main cause of the decrease in non-current assets was a decrease in contractual intangible assets of 3,212 million yen, despite an increase of 1,300 million yen in goodwill.

(Liabilities)

Total liabilities as of the end of the third quarter of the current fiscal year were 190,084 million yen, down 11,662 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease in non-current liabilities of 23,439 million yen to 96,722 million yen, although current liabilities increased 11,777 million yen to 93,362 million yen.

The main causes of the increase in current liabilities included increases of 9,820 million yen and 2,055 million yen in the current portion of long-term loans payable and accounts payable-trade, respectively.

The main causes of the decrease in non-current liabilities included a decrease of 22,873 million yen in long-term loans payable.

(Net assets)

Net assets as of the end of the third quarter of the current fiscal year totaled 40,999 million yen, up 6,642 million yen from the end of the previous fiscal year, due to factors including an increase of 6,450 million yen in retained earnings.

These factors resulted in an equity ratio of 17.7%, up by 3.3 points from the end of the previous fiscal year. .

Cash flow

Cash and cash equivalents (“funds” hereinafter) for the nine-month period ended December 31, 2015 totaled 9,123 million yen (the figure for the nine-month period ended December 31, 2014 was 10,731 million yen).

The status of each category of cash flow in this fiscal year and the main reasons are described below.

(Cash flow from operating activities)

Funds gained by operating activities totaled 15,180 million yen (190.3% of the figure for the nine months ended December 31, 2014).

This was due mainly to an increase of 8,698 million yen in inventories and income taxes paid in the amount of 4,027 million yen, in spite of a decrease of 11,189 million yen in accounts receivable-trade and 9,783 million yen in net income before taxes and other adjustments.

(Cash flow from investment activities)

Funds used for investment activities totaled 4,875 million yen (135.8% of the figure for the nine months ended December 31, 2014).

This was due mainly to expenditures of 1,751 million yen for the acquisition of tangible non-current assets in connection with new store openings and other activities, and expenditures of 2,725 million yen for the acquisition of stocks of subsidiaries.

(Cash flow from financing activities)

Funds used for financing activities totaled 11,593 million yen (1,587.3% of the figure for the nine months ended December 31, 2014).

This was due mainly to 13,053 million yen for repaying long-term loans payable, despite an increase of 1,998 million yen in short-term loans payable.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

During the second quarter of the consolidated accounting period, ITX Corporation (merged on July 1, 2015) [“ITX (before absorption-type merger)” hereinafter] was merged by ITN Corporation (changed company name to ITX Corporation on July 1, 2015) [“ITN (present ITX Corporation)” hereinafter] and removed from the scope of consolidation. ITN Corporation (present ITX Corporation) changed its company name to ITX Corporation.

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

Not applicable.

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

(Changes in accounting policies)

(Application of revised accounting standard for business combinations)

“Revised accounting standard for business combination” (ASBJ Statement No. 21, September 13, 2013 “business combination accounting standards” hereinafter),” Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013 “consolidated accounting standards” hereinafter), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013 “business divestitures accounting standards” hereinafter) are applied to Nojima Group from the first quarter of the current fiscal year. The group changed the accounting method to recognize the difference generated from changes of interests to subsidiaries that are kept under control as a capital surplus, and acquisition-related costs as costs on the fiscal year that the costs are generated. The group changed the accounting method to reflect a review of acquisition cost allocations, which are determined by the provisional accounting treatment to consolidated financial statements of the quarterly fiscal year with the date of corporate combination from the beginning of the first quarter of a fiscal year. Moreover, the presentation of net income was changed, and the presentation of minority interests was changed to non-controlling interests. Quarterly and yearly financial statements were recomposed to reflect the full-year and the third quarter of the previous fiscal year and nine months ended December 31, 2014.

Application of the revised accounting standard for business combinations, starting from the first quarter of the current fiscal year consolidated accounting period, follows the transitional handling stipulated in business combination accounting standards 58 – section 2(4), consolidated accounting standards 44 – section 5(4), and business divestitures accounting standards 57 – 4(4). There is no effect on the consolidated financial statements for the nine months ended December 31, 2015.

(4) Additional Information

(Restrictive financial covenants)

1. The following restrictive financial covenants apply under the term loan agreements and revolving credit facilities agreements entered into by the Company to raise working capital.
   i) The amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the higher of the following figures:
      A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year immediately preceding conclusion of the agreement
      B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
   ii) An ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

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

		Previous consolidated accounting period (March 31, 2015)	This third quarter consolidated accounting period (December 31, 2015)
Agreement amount		17,000 million yen	17,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	766	766
	Long-term loans payable	934	551

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 (before absorption-type merger).
   i) From the fiscal year ended March 2015, the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the higher of the following figures:
      A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year ended March 2014
      B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
   ii) From the fiscal year ended March 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 accounting period (March 31, 2015)	This third quarter consolidated accounting period (December 31, 2015)
Agreement amount		18,000 million yen	18,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	-	10,000
	Long-term loans payable	18,000	-

3. The following restrictive financial covenants apply under the loan agreement entered into by the consolidated subsidiary ITN (present ITX Corporation) as of December 24, 2014 to raise funds to acquire stock in ITX (before absorption-type merger) and working capital for ITN (present ITX Corporation).
   i) During the 12-month period of each fiscal year starting with the fiscal year ending March 2016 and the 12 months through the first half of each fiscal year starting with the first half ended September 2015, the borrower's gross leverage ratio (*1) on a consolidated basis may not exceed the figure specified by the financial institution two consecutive times.
      *1 Gross leverage ratio = interest-bearing debt/EBITDA(*2)
      *2 EBITDA = operating income + depreciation + amortization of goodwill + amortization of long-term prepaid expenses + acquisition cost
   ii) During the 12-month period of each fiscal year starting with the fiscal year ending March 2016 and the 12 months through the first half of each fiscal year starting with the first half ending September 2016, the debt service coverage ratio (*3) may not be less than 1.00 two consecutive times.
      *3 Debt service coverage ratio = free cash flow/(principal repayments + interest payments + commitment fees)
   iii) From the fiscal year ended March 2015, an operating loss may not be recorded two consecutive times on the consolidated income statement during the 12-month period of each fiscal year.
   iv) From the fiscal year ending March 2016, the amount of net assets indicated on the consolidated balance sheet on the closing date of each fiscal year may not be less than 70% of the amount of net assets indicated on the consolidated balance sheet on the closing date of the immediately preceding fiscal year.

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

		Previous consolidated accounting period (March 31, 2015)	This third quarter consolidated accounting period (December 31, 2015)
Agreement amount		73,000 million yen	73,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	3,500	3,500
	Long-term loans payable	61,500	59,314

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

1. Overview of trading
   The group introduced “the employee stock ownership plan (ESOP) trust” (“the System” hereinafter) in March 2015 to increase mid- to long-term corporate value. The System acquires the amount of shares at one time in advance, which takes three years for the “NEX employee stock ownership plan” (“Our shareholding association” hereinafter) to acquire, and sells them to our shareholding association to transfer treasury stock to it.
2. Treasury stock retained in trust
   Treasury stock retained in trust is allocated as net assets in accordance with trust book value, excluding incidental expenses. The book value and number of shares of applicable treasury stock were 499 million yen and 420,200 shares, respectively, for the previous fiscal year, and 346 million yen and 290,600 shares, respectively, for the third quarter of the current fiscal year.
   Note: The Company implemented a 1:2 stock split with the effective date set for July 1, 2015, thereby assuming the stock split occurred at the beginning of the previous fiscal year to calculate the applicable treasury stock retained in trust for the previous fiscal year and the third quarter of the current fiscal year.
3. Recorded book value of loans payable after applying total method
   A total of 500 million yen for the previous fiscal consolidated year, and 417 million yen for the third quarter of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	10,477	9,189
Notes and accounts receivable-trade	55,288	44,098
Merchandise and products	33,323	42,023
Deferred tax assets	4,146	3,757
Accounts receivable-other	5,434	5,976
Other	1,469	1,837
Allowance for doubtful accounts	-67	-66
Total current assets	110,071	106,816
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	11,890	11,378
Tools, fixtures, and facilities (net)	1,741	1,661
Land	8,182	8,375
Other (net)	965	1,066
Total tangible non-current assets	22,779	22,482
Intangible assets		
Goodwill	20,356	21,657
Software	909	626
Contractual intangible assets	67,831	64,618
Other	490	415
Total intangible assets	89,588	87,317
Investments and other assets		
Investment securities	1,920	1,866
Deferred tax assets	1,630	2,328
Lease and guarantee deposits	9,772	9,955
Other	384	356
Allowance for doubtful accounts	-43	-40
Total investments and other assets	13,665	14,467
Total non-current assets	126,032	124,267
Total assets	236,104	231,084

(Unit: million yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	51,931	53,987
Short-term loans payable	252	2,250
Current portion of long-term loans payable	7,511	17,331
Accounts payable-other	7,473	6,729
Accrued income taxes	2,645	2,468
Accrued consumption tax	2,760	694
Allowance for point card certificates	2,291	2,501
Allowance for bonuses	1,491	573
Other	5,227	6,827
Total current liabilities	81,585	93,362
Non-current liabilities		
Long-term loans payable	89,159	66,285
Allowance for guarantees for merchandise sold	3,200	3,424
Allowance for directors’ retirement benefits	152	153
Retirement benefit liabilities	4,370	4,659
Deferred tax liabilities	21,924	20,895
Other	1,355	1,302
Total non-current liabilities	120,162	96,722
Total liabilities	201,747	190,084
Net assets		
Shareholders’ equity		
Capital stock	5,669	5,701
Capital surplus	5,795	5,893
Retained earnings	23,061	29,511
Treasury stock	-690	-378
Total shareholders’ equity	33,835	40,728
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	247
Currency conversion adjustments	35	36
Accumulated adjustment to retirement benefits	-208	-180
Total accumulated other comprehensive income	29	103
Subscription rights to shares	154	167
Non-controlling interests	337	-
Total net assets	34,357	40,999
Total liabilities and net assets	236,104	231,084

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

Consolidated income statement

(For the nine-month period)

(Unit: million yen)

	Nine-month period ended December 31, 2014	Nine-month period ended December 31, 2015
Net sales	158,511	332,243
Cost of sales	125,580	262,789
Gross profit on sales	32,930	69,454
Sales, general, and administrative expenses	29,400	59,605
Operating income	3,529	9,848
Non-operating income		
Interest income	16	15
Purchase discounts	1,109	1,066
Other	143	341
Total non-operating income	1,269	1,422
Non-operating expenses		
Interest expenses	104	780
Other	46	238
Total non-operating expenses	151	1,018
Ordinary income	4,647	10,252
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	73	47
Gain on reversal of stock acquisition rights	40	5
Total extraordinary income	113	52
Extraordinary losses		
Impairment loss	465	521
Total extraordinary losses	465	521
Net income before taxes and other adjustments	4,295	9,783
Income taxes-current	1,724	3,730
Income taxes-deferred	35	-1,307
Total income taxes	1,760	2,422
Net income	2,535	7,361
Net income attributable to non-controlling interests	-	-
Net income attributable to shareholders of the parent company	2,535	7,361

(For the three-month period)

(Unit: million yen)

	Three-month period ended December 31, 2014	Three-month period ended December 31, 2015
Net sales	56,697	119,216
Cost of sales	44,888	95,372
Gross profit on sales	11,808	23,844
Sales, general, and administrative expenses	9,832	19,859
Operating income	1,975	3,984
Non-operating income		
Interest income	5	4
Purchase discounts	405	385
Other	24	111
Total non-operating income	434	502
Non-operating expenses		
Interest expenses	32	250
Other	15	94
Total non-operating expenses	48	345
Ordinary income	2,362	4,141
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	0	10
Gain on reversal of stock acquisition rights	1	0
Total extraordinary income	1	10
Extraordinary losses		
Impairment loss	465	233
Total extraordinary losses	465	233
Net income before taxes and other adjustments	1,898	3,918
Income taxes-current	973	1,418
Income taxes-deferred	-137	-323
Total income taxes	835	1,095
Net income	1,063	2,822
Net income attributable to non-controlling interests	-	-
Net income attributable to shareholders of the parent company	1,063	2,822

Consolidated statement of comprehensive income

(For the nine-month period)

(Unit: million yen)

	Nine-month period ended December 31, 2014	Nine-month period ended December 31, 2015
Net income	2,535	7,361
Other comprehensive income		
Valuation difference on available-for-sale securities	44	44
Currency conversion adjustments	33	1
Adjustments for retirement benefit obligations	-	27
Share in other comprehensive income of equity-method affiliates	0	0
Total other comprehensive income	77	73
Comprehensive income	2,613	7,434
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	2,613	7,434
Comprehensive income attributable to non-controlling interests	-	-

(For the three-month period)

(Unit: million yen)

	Three-month period ended December 31, 2014	Three-month period ended December 31, 2015
Net income	1,063	2,822
Other comprehensive income		
Valuation difference on available-for-sale securities	29	38
Currency conversion adjustments	21	1
Adjustments for retirement benefit obligations	-	8
Share in other comprehensive income of equity-method affiliates	0	0
Total other comprehensive income	50	49
Comprehensive income	1,113	2,871
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	1,113	2,871
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Cash Flow Statement

(Unit: million yen)

	Nine-month period ended December 31, 2014	Nine-month period ended December 31, 2015
Cash flow from operating activities		
Income before income taxes	4,295	9,783
Depreciation	1,644	5,272
Impairment loss	465	521
Increase (decrease) in net defined benefit liability	144	289
Increase (decrease) in allowance for point card certificates	-871	209
Increase (decrease) in allowance for guarantees for merchandise sold	241	224
Interest and dividend income	-35	-45
Interest expenses	104	780
Loss (gain) on sales of investment securities	-	-47
Loss (gain) on valuation of investment securities	-73	-47
Decrease (increase) in accounts receivable-trade	10,946	11,189
Decrease (increase) in inventories	-5,532	-8,698
Decrease (increase) in accounts receivable-other	185	-541
Increase (decrease) in notes and accounts payable-trade	3,463	2,055
Increase (decrease) in accrued consumption taxes	229	-2,066
Increase (decrease) in advances received	-3,698	-642
Other	-108	1,658
Subtotal	11,402	19,898
Interest and dividend income received	46	89
Interest expenses paid	-107	-780
Income taxes paid	-3,364	-4,027
Cash flow from operating activities	7,976	15,180
Cash flow from investment activities		
Purchase of tangible non-current assets	-3,269	-1,751
Purchase of intangible non-current assets	-41	-97
Sales of investment securities	-	376
Purchase of shares of subsidiaries	-	-2,725
Purchase of stock in subsidiaries resulting in change in scope of consolidation	-61	-
Purchase of shares of subsidiaries and associates	-	-242
Payments for lease and guarantee deposits	-446	-640
Proceeds from collection of lease and guarantee deposits	248	254
Other	-20	-48
Cash flow from investment activities	-3,589	-4,875
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	630	1,998
Proceeds from long-term loans payable	2,000	-
Repayment of long-term loans payable	-2,718	-13,053
Redemption of bonds	-125	-
Cash dividends paid	-561	-907
Other	44	369
Cash flow from financing activities	-730	-11,593
Effect of exchange rate changes on cash and cash equivalents	15	-0
Increase (decrease) in cash and cash equivalents	3,672	-1,289
Opening balance of cash and cash equivalents	7,059	10,413
Closing balance of cash and cash equivalents	10,731	9,123

(4) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

Nojima Group distributed total dividends of 429 million yen and 482 million yen from retained earnings based upon resolutions of the Board of Directors passed on May 7, 2015 and November 4, 2015, respectively.

As a result, retained earnings for the end of third quarter of the current fiscal year were 29,511 million yen.

(Segment information, etc.)

[Segment information]

I Nine-month period ended December 31, 2014 (April 1, 2014 – December 31, 2014)

1. Net sales and profit (loss) by reporting segment

(Unit: million yen)

	Reporting segment			Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Subtotal				
Net sales							
Net sales to external customers	130,263	27,849	158,112	398	158,511	-	158,511
Intercompany transactions between segments	83	-	83	198	281	-281	-
Subtotal	130,346	27,849	158,196	596	158,793	-281	158,511
Segment income	3,476	1,076	4,552	183	4,735	-88	4,647

Note: *1. The “Other” business segment consists of businesses not included in the two reporting segments above. These include the shopping mall business, the sports business, the training business, and the mega-solar business.
*2. Adjustments of segment income consist of companywide costs not distributed between reporting segments.
*3. Segment income is adjusted with ordinary income on the consolidated quarterly income statement.

II Nine-month period ended December 31, 2015 (April 1, 2015 – December 31, 2015)

1. Net sales and profit (loss) by reporting segment

(Unit: million yen)

	Reporting segment			Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Subtotal				
Net sales							
Net sales to external customers	136,655	194,973	331,629	614	332,243	-	332,243
Intercompany transactions between segments	97	1	98	225	324	-324	-
Subtotal	136,752	194,975	331,727	840	332,568	-324	332,243
Segment income	6,212	3,932	10,144	264	10,408	-155	10,252

Note: *1. The “Other” business segment consists of businesses not included in the two reporting segments above. These include the shopping mall business, the sports business, the training business, and the mega-solar business.
*2. Adjustments of segment income consist of companywide costs not distributed between reporting segments.
*3. Segment income is adjusted with ordinary income on the consolidated quarterly income statement.

2. Information about impairment loss of non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The Group groups assets using a store as the minimum unit that generates cash flow. The net book value of a group of assets which realized continual loss from operating assets are reduced to the collectible amounts as an impairment loss in extraordinary loss. The amount recorded in the reporting segment was 427 million yen for the operation of digital home electronics retail stores and 94 million yen for the operation of mobile carrier stores.

(Significant change in amount of goodwill)

Not applicable

3. Matters related to reporting segment information

The Group previously had the retail business as its only segment. With the addition of ITX (before absorption-type merger), it has revised its method of identifying segments based on the form of management organization and the nature of products and services offered by the Group. Starting from the previous fiscal year, the Group switched from the previous single segment to two reporting segments: operation of digital home electronics retail stores and operation of mobile carrier stores. Segment information for the nine months ended December 31, 2014 is based on the two reporting segments.