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

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Supplemental materials on annual results: Yes
Presentation on annual results: Yes

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

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

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ended September 30, 2016	204,140	-4.2	5,585	-4.8	5,897	-3.5	3,641	-19.8
Six-month period ended September 30, 2015	213,027	109.2	5,864	277.4	6,111	167.4	4,538	208.2

Note: Comprehensive income: Six months ended September 30, 2016: 3,590 million yen (-21.3 %) Six months ended September 2015: 4,563 million yen (204.2 %)

Reference: EBITDA Six months ended September 30, 2016: 10,323 million yen (-4.2 %) Six months ended September 2015: 10,771 million yen (225.8 %)

・ 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: Six-month period ended September 30, 2016: 6,557 million yen (-12.2 %)
Six-month period ended September 30, 2015: 7,466 million yen (369.2 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six-month period ended September 30, 2016	75.12	71.63
Six-month period ended September 30, 2015	95.44	89.70

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 September 30, 2016	212,178	50,235	23.6	1,022.85
As of March 31, 2016	233,434	46,844	20.0	965.97

Reference: Equity: As of September 30, 2016: 49,977 million yen As of March 31, 2016: 46,646 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 2016	-	10.00	-	12.00	22.00
FY ending March 2017	-	12.00			
FY ending March 2017 (planned)			-	12.00	24.00

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

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

(Percentages indicate changes from the previous year for full-year forecasts)

	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	458,500	0.8	16,000	9.6	16,500	10.8	10,200	-22.9	208.76

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

* Notes

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

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

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

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

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

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

iii Changes in accounting estimates: No

iv Restatement of prior-period financial statements: No

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

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

i Number of shares issued and outstanding at the end of the period (including treasury stock)	FY2016 2Q	49,115,816 shares	FY ended March 2016	48,646,816 shares
ii Number of shares of treasury stock at the end of the period	FY2016 2Q	255,427 shares	FY ended March 2016	356,341 shares
iii Average number of shares during the period	FY2016 2Q	48,479,324 shares	FY2015 2Q	47,551,651 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 number of shares issued and outstanding at the end of the period (including treasury stock), number of shares of treasury stock at the end of the period, and average number of shares during the period.

Note: The numbers of shares of treasury stock at the end of the period include shares held in trust accounts (140,100 shares in the six-month period ended September 30, 2016 and 241,100 shares in FY ended March 2016) for the employee stock ownership plan (ESOP). Shares of Company stock held in ESOP trust accounts are included in treasury stock subtracted from calculations of average number of shares during the period (190,339 shares in the six-month period ended September 30, 2016, 381,579 shares in the six-month period ended September 30, 2015).

* Information regarding the implementation of quarterly review procedures

This release is not subject to audit procedures as required by the Financial Instruments and Exchange Act of Japan. Audit procedures for quarterly financial statements as required by the Financial Instruments and Exchange Act will not have been completed as of the date 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. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Operating Results

Despite apparent weaknesses in certain areas, employment and income conditions continued to improve, and Japan’s economy maintained a course of moderate recovery during the six-month period ended September 30, 2016, due in part to the effects of various policies and other factors. Personal consumption remained largely unchanged as consumer confidence appeared to have reached a standstill.

On the other hand, concerns arose regarding the potential consequences of changes in financial and capital markets, led by economic slowdowns in China and other Asian emerging countries, as well as resource-producing countries, and the issue of the UK’s departure from the European Union.

The market for home electronics was weaker than the same period of last year, with sales of digital cameras, PCs, and similar products performing poorly, despite steady sales of air conditioners, washing machines, refrigerators, beauty appliances, and TVs. In particular, the market covering the Kanto region, where the Nojima group has mainly developed stores, was weaker than the market as a whole partly due to the bad weather.

The market for sales of mobile phones and other mobile devices overall was weaker than in the same period of last year, with changes in the sales strategies of mobile network operators in response to developments including the issuing of guidelines by the Ministry of Internal Affairs and Communications on excessive smartphone purchase discounts, and a decrease in number of units sold of mobile phones due to a longer replacement cycle in response to mobile phones with improved performance and quality, and the diffusion of inexpensive smartphones in response to an increase in mobile virtual network operators (MVNOs).

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

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

With 10 new store openings (including scrap-and-build efforts) and two store closures, the number of digital home electronics retail stores stood at 142. The number of the operation of digital home electronics retail stores stood at 160, when combining dedicated communications device stores.

In the operation of mobile carrier stores, following the opening of new stores, including scrap-and-build, the acquisition of 13 stores, and the closure of or suspension of operations at five stores, the number of stores, including both directly-operated carrier stores and franchises, stood at 628.

In the light of these factors, the number of stores as of September 30, 2016 was 788 (excludes one store directly operated by an overseas subsidiary).

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	160 stores	—	160 stores
Digital home electronics retail stores	142 stores	—	142 stores
Dedicated communications device stores	18 stores	—	18 stores
Operation of mobile carrier stores	394 stores	234 stores	628 stores
Carrier stores	387 stores	234 stores	621 stores
Others	7 stores	—	7 stores
Total	554 stores	234 stores	788 stores

Note: Excludes one store directly operated by an overseas subsidiary

During the first half of the current fiscal year, we recorded net sales of 204,140 million yen (95.8% of the figure for the first half of the previous fiscal year), operating income of 5,585 million yen (95.2% of the figure for the first half of the previous fiscal year), ordinary income of 5,897 million yen (96.5% of the figure for the first half of the previous fiscal year), and net income attributable to shareholders of the parent company of 3,641 million yen (80.2% of the figure for the first half of the previous fiscal year).

EBITDA (*), which the Group considers to be an important indicator of business performance, stood at 10,323 million yen (95.8% of the figure for the first half of the previous fiscal year).

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

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

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

Sales of TVs, supported by 4K TVs were satisfactory, while sales of air conditioners, washing machines, and beauty appliances were steady; on the other hand, digital cameras performed poorly.

As a result, net sales in this segment totaled 90,195 million yen (99.9% of the figure for the first half of the previous fiscal year); segment income was 4,538 million yen (122.3% of the figure for the first half of the previous fiscal year); and segment net income before amortization of goodwill was 4,539 million yen (122.3% of the figure for the first half of the previous fiscal year).

(Operation of mobile carrier stores)

In the operation of mobile carrier stores, despite enhanced education, training, and similar programs as investments in human resource development to move toward a quality orientation in anticipation of future needs, ITX Corporation achieved lower revenue than last year due to its failure to reduce total sales, general, and administrative expenses in reaction to a decrease in sales of mobile phones. On the other hand, sales of Nishinihon Mobile Co., Ltd. and Geobit Mobile Corporation were steady.

As a result, net sales in this segment totaled 113,556 million yen (92.8% of the figure for the first half of the previous fiscal year); segment income was 1,279 million yen (55.5% of the figure for the first half of the previous fiscal year); and segment net income before amortization of goodwill was 4,186 million yen (80.1% of the figure for the first half of the previous fiscal year).

(2) Explanation of Financial Position

Assets and liabilities and net assets

(Assets)

Total assets as of the six-month period ended September 30, 2016 were 212,178 million yen, down 21,256 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 19,721 million yen to 90,976 million yen in current assets and a decrease of 1,534 million yen to 121,201 million yen in non-current assets.

The primary factors underlying the decrease in current assets included decreases of 13,728 million yen and 4,154 million yen in accounts receivable-trade and cash and deposits, respectively.

The main causes of the decrease in non-current assets included decreases of 2,141 million yen and 727 million yen in contractual intangible assets and goodwill, respectively, despite the acquisition of tangible non-current assets in connection with new store openings.

(Liabilities)

Total liabilities as of the six-month period ended September 30, 2016 were 161,942 million yen, down 24,647 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 14,549 million yen to 71,031 million yen in current liabilities and a decrease of 10,098 million yen to 90,911 million yen in non-current liabilities.

The primary factors underlying the decrease in current liabilities included decreases of 8,835 million yen and 2,209 million yen in accounts payable-trade and accrued income taxes, respectively.

The main causes of the decrease in non-current liabilities included a decrease of 10,048 million yen in long-term loans payable.

(Net assets)

Net assets as of the six-month period ended September 30, 2016 totaled 50,235 million yen, up 3,391 million yen from the end of the previous fiscal year, due to factors including an increase of 3,059 million yen in retained earnings. These factors resulted in an equity ratio of 23.6%, up 3.6 points from the end of the previous fiscal year.

Cash flow

Cash and cash equivalents (“funds” hereinafter) for the six-month period ended September 30, 2016 totaled 8,511 million yen (the figure for the six-month period ended September 30, 2015 was 9,961 million yen).
The status of each category of cash flow and the main reasons are described below.

(Cash flow from operating activities)

Funds generated by operating activities totaled 9,814 million yen (74.6% of the figure for the six-month period ended September 30, 2015).

This was due mainly to a decrease of 13,728 million yen in accounts receivable-trade, along with 5,827 million yen in net income before taxes and other adjustments and 3,374 million yen in depreciation, despite a decrease of 8,835 million yen in notes and accounts payable-trade, along with 4,027 million yen in income taxes paid.

(Cash flow from investment activities)

Funds used for investment activities totaled 2,594 million yen (63.5% of the figure for the six-month period ended September 30, 2015).

The primary causes of this decrease included expenditures of 2,080 million yen for the acquisition of tangible non-current assets in connection with new store openings.

(Cash flow from financing activities)

Funds generated by financing activities totaled 11,464 million yen (120.5% of the figure for the six-month period ended September 30, 2015).

This was due mainly to the repayment of long-term loans payable of 11,848 million yen.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

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

Not applicable.

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

(Changes in accounting policies)

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

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

As a result, operating income, ordinary income and net income before taxes, and other adjustments increased 19 million yen, respectively, for the six-month period ended September 30, 2016.

(4) Additional Information

(Restrictive financial covenants)

1. The following restrictive financial covenants apply under the term loan agreements and revolving credit facilities agreements entered into by the Company to raise working capital.
   i) The amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the 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 agreements and remaining balances of debt are indicated below.

		Previous consolidated accounting period (March 31, 2016)	This second quarter consolidated accounting period (September 30, 2016)
Agreement amount		17,000 million yen	17,000 million yen
Remaining balance of debt	Short-term loans payable	-	1,000
	Current portion of long-term loans payable	766	466
	Long-term loans payable	168	85

2. The following restrictive financial covenants apply under the loan agreement entered into by the Company as of March 28, 2016 to refinance a previous loan agreement entered into by the Company as of December 24, 2014 to raise funds for acquiring stock in ITX (before the absorption-type merger).
   i) From the fiscal year ended March 2016, the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the 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 2015
      B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
   ii) From the fiscal year ended March 2016, an ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

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

		Previous consolidated accounting period (March 31, 2016)	This second quarter consolidated accounting period (September 30, 2016)
Agreement amount		10,000 million yen	10,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	2,000	2,000
	Long-term loans payable	8,000	5,000

3. The following restrictive financial covenants apply under the loan agreement, in which part of agreement was modified on September 30, 2016, concluded by the consolidated subsidiary ITX Corporation as of December 24, 2014 to raise funds to acquire stock in ITX Corporation (pre-merger) and working capital for ITX Corporation.
   i) In the 12-month period of each fiscal year starting with the fiscal year ended March 2016 and the 12 months through the first half of each fiscal year starting with the first half ended September 2015, the borrower's gross leverage ratio (*1) on a consolidated basis may not exceed the figure specified by the financial institution two consecutive times.
      *1 Gross leverage ratio = interest-bearing debt/EBITDA (*2)
      *2 EBITDA = operating income + depreciation + amortization of goodwill + amortization of long-term prepaid expenses + acquisition cost
   ii) In the 12-month period of each fiscal year starting with the fiscal year ended March 2016 and the 12 months through the first half of each fiscal year starting with the first half ended September 2016, the debt service coverage ratio (*3) may not be less than 1.00 two consecutive times.
      *3 Debt service coverage ratio = free cash flow/ (principal repayments + interest payments + commitment fees)
   iii) From the fiscal year ended March 2015, an operating loss may not be recorded two consecutive times on the consolidated income statement during the 12-month period of each fiscal year.
   iv) From the fiscal year ended March 2016, the amount of net assets indicated on the consolidated balance sheet on the closing date of each fiscal year may not be less than 70% of the amount of net assets indicated on the consolidated balance sheet on the closing date of the immediately preceding fiscal year.

The amounts of agreements and remaining balances of debt are shown below.

		Previous consolidated accounting period (March 31, 2016)	This second quarter consolidated accounting period (September 30, 2016)
Agreement amount		73,000 million yen	77,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	3,500	2,000
	Long-term loans payable	57,564	52,314

(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 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 287 million yen and 241,000 shares, respectively, for the previous fiscal year, and 166 million yen and 140,000 shares, respectively, for the second 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 second quarter of the current fiscal year.
3. Recorded book value of loans payable after applying total method
   A total of 334 million yen for the previous fiscal consolidated year and 251 million yen for the second quarter of the current fiscal year.

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

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	12,830	8,676
Notes and accounts receivable-trade	50,752	37,023
Merchandise and products	36,775	36,657
Deferred tax assets	4,018	3,059
Accounts receivable-other	4,928	4,155
Other	1,435	1,445
Allowance for doubtful accounts	-41	-41
Total current assets	110,697	90,976
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	11,099	11,752
Tools, fixtures, and facilities (net)	1,600	1,679
Land	8,375	8,467
Other (net)	1,103	1,515
Total tangible non-current assets	22,179	23,414
Intangible assets		
Goodwill	21,293	20,565
Software	566	480
Contractual intangible assets	63,547	61,405
Other	399	346
Total intangible assets	85,807	82,798
Investments and other assets		
Investment securities	1,739	1,659
Deferred tax assets	2,500	2,655
Lease and guarantee deposits	10,185	10,372
Other	364	343
Allowance for doubtful accounts	-40	-41
Total investments and other assets	14,749	14,989
Total non-current assets	122,736	121,201
Total assets	233,434	212,178

(Unit: million yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	50,237	41,402
Short-term loans payable	1,560	2,400
Current portion of long-term loans payable	9,696	7,896
Accounts payable-other	6,178	5,964
Accrued income taxes	4,225	2,016
Accrued consumption tax	1,731	724
Unearned revenue	4,057	4,349
Allowance for points	3,029	2,537
Allowance for bonuses	1,263	757
Other	3,601	2,982
Total current liabilities	85,580	71,031
Non-current liabilities		
Long-term loans payable	73,027	62,979
Allowance for guarantees for merchandise sold	3,442	3,467
Allowance for directors' retirement benefits	156	175
Retirement benefit liabilities	5,158	5,432
Deferred tax liabilities	17,956	17,581
Other	1,267	1,274
Total non-current liabilities	101,009	90,911
Total liabilities	186,590	161,942
Net assets		
Shareholders' equity		
Capital stock	5,720	5,821
Capital surplus	5,913	6,014
Retained earnings	35,376	38,435
Treasury stock	-319	-199
Total shareholders' equity	46,690	50,071
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	198	149
Currency conversion adjustments	1	-23
Accumulated adjustment to retirement benefits	-243	-221
Total accumulated other comprehensive income	-43	-94
Stock acquisition rights	197	258
Total net assets	46,844	50,235
Total liabilities and net assets	233,434	212,178

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

Consolidated income statement

(For the six-month period)

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2015 – September 30, 2015)	This consolidated fiscal year (April 1, 2016 - September 31, 2016)
Net sales	213,027	204,140
Cost of sales	167,416	157,536
Gross profit on sales	45,610	46,604
Sales, general, and administrative expenses		
Advertising expenses	4,575	4,656
Salaries, allowances, and bonuses	13,916	14,703
Provision for bonuses	748	749
Provision for directors' retirement benefits	7	20
Retirement benefit expenses	383	437
Rents	5,571	5,948
Depreciation	3,390	3,259
Amortization of goodwill	740	727
Other	10,412	10,516
Total sales, general, and administrative expenses	39,746	41,019
Operating income	5,864	5,585
Non-operating income		
Interest income	10	8
Purchase discounts	680	757
Other	229	183
Total non-operating income	920	949
Non-operating expenses		
Interest expenses	529	438
Commission fees	18	158
Other	125	40
Total non-operating expenses	673	637
Ordinary income	6,111	5,897
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	36	-
Gain on reversal of stock subscription rights	5	7
Total extraordinary income	42	7
Extraordinary losses		
Loss on valuation of investment securities	-	4
Impairment loss	288	73
Total extraordinary losses	288	77
Net income before taxes and other adjustments	5,865	5,827
Income taxes-current	2,311	1,743
Income taxes-deferred	-984	441
Total income taxes	1,327	2,185
Net income	4,538	3,641
Net income attributable to shareholders of the parent company	4,538	3,641

(For the three-month period)

(Unit: million yen)

	Previous consolidated fiscal year (July 1, 2015 - September 30, 2015)	This consolidated fiscal year (July 1, 2016 - September 31, 2016)
Net sales	114,159	107,928
Cost of sales	89,705	83,344
Gross profit on sales	24,453	24,583
Sales, general, and administrative expenses		
Advertising expenses	2,598	2,174
Salaries, allowances, and bonuses	7,039	7,438
Provision for bonuses	313	266
Provision for directors' retirement benefits	2	3
Retirement benefit expenses	209	209
Rents	2,811	2,973
Depreciation	1,753	1,640
Amortization of goodwill	363	363
Other	5,037	5,299
Total sales, general, and administrative expenses	20,128	20,368
Operating income	4,324	4,215
Non-operating income		
Interest income	5	4
Purchase discounts	348	366
Other	114	81
Total non-operating income	468	452
Non-operating expenses		
Interest expenses	268	214
Commission fees	6	145
Other	62	9
Total non-operating expenses	336	369
Ordinary income	4,456	4,297
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	-	15
Gain on reversal of stock subscription rights	5	7
Total extraordinary income	5	22
Extraordinary losses		
Loss on valuation of investment securities	11	-
Impairment loss	278	73
Total extraordinary losses	289	73
Net income before taxes and other adjustments	4,171	4,246
Income taxes-current	1,716	1,377
Income taxes-deferred	-692	136
Total income taxes	1,024	1,513
Net income	3,147	2,733
Net income attributable to shareholders of the parent company	3,147	2,733

Consolidated statement of comprehensive income

(For the six-month period)

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2015 – September 30, 2015)	This consolidated fiscal year (April 1, 2016 - September 31, 2016)
Net income	4,538	3,641
Other comprehensive income		
Valuation difference on available-for-sale securities	5	-48
Currency conversion adjustments	-0	-18
Adjustments for retirement benefit obligations	19	22
Share in other comprehensive income of equity-method affiliates	0	-6
Total other comprehensive income	24	-51
Comprehensive income	4,563	3,590
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	4,563	3,590
Comprehensive income attributable to non-controlling interests	-	-

(For the three-month period)

(Unit: million yen)

	Previous consolidated fiscal year (July 1, 2015 - September 30, 2015)	This consolidated fiscal year (July 1, 2016 - September 31, 2016)
Net income	3,147	2,733
Other comprehensive income		
Valuation difference on available-for-sale securities	-63	-86
Currency conversion adjustments	-3	-2
Adjustments for retirement benefit obligations	-5	11
Share in other comprehensive income of equity-method affiliates	-0	-6
Total other comprehensive income	-72	-83
Comprehensive income	3,075	2,649
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	3,075	2,649
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Cash Flow Statement

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2015 – September 30, 2015)	This consolidated fiscal year (April 1, 2016 - September 31, 2016)
Cash flow from operating activities		
Net income before taxes and other adjustments	5,865	5,827
Depreciation	3,556	3,374
Impairment loss	288	73
Amortization of goodwill	740	727
Increase (decrease) in net defined benefit liability	192	273
Increase (decrease) in allowance for points	78	-491
Increase (decrease) in allowance for guarantees for merchandise sold	229	25
Interest and dividend income	-31	-17
Interest expenses	529	438
Decrease (increase) in accounts receivable-trade	15,328	13,728
Decrease (increase) in inventories	-1,322	123
Decrease (increase) in accounts receivable-other	1,355	772
Increase (decrease) in notes and accounts payable-trade	-7,019	-8,835
Increase (decrease) in accrued consumption taxes	-2,129	-1,006
Increase (decrease) in advances received	-298	-552
Increase (decrease) in unearned revenue	791	291
Other	-1,933	-477
Subtotal	16,222	14,276
Interest and dividend income received	74	64
Interest expenses paid	-529	-499
Income taxes paid	-2,618	-4,027
Cash flow from operating activities	13,148	9,814
Cash flow from investment activities		
Purchase of tangible non-current assets	-1,037	-2,080
Purchase of intangible assets	-54	-49
Sales of investment securities	376	-
Purchase of shares of subsidiaries	-2,725	-
Purchase of shares of affiliates	-242	-
Payments for lease and guarantee deposits	-487	-434
Proceeds from collection of lease and guarantee deposits	126	125
Other	-44	-155
Cash flow from investment activities	-4,088	-2,594
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	2,868	840
Repayment of long-term loans payable	-12,203	-11,848
Cash dividends paid	-429	-582
Other	254	126
Cash flow from financing activities	-9,510	-11,464
Effect of exchange rate changes on cash and cash equivalents	-2	-9
Increase (decrease) in cash and cash equivalents	-452	-4,254
Starting balance of cash and cash equivalents	10,413	12,765
Ending balance of cash and cash equivalents	9,961	8,511

(4) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

The Nojima Group distributed total dividends of 582 million yen from retained earnings based upon a resolution of the Board of Directors on May 10, 2016. As a result, retained earnings for the six-month period ended September 30, 2016 were 38,435 million yen.

(Segment information, etc.)

[Segment information]

I The six-month period ended September 30, 2015 (April 1, 2015 – September 30, 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	90,185	122,411	212,597	430	213,027	-	213,027
Internal sales or transfers between segments	62	-	62	149	212	-212	-
Subtotal	90,248	122,411	212,660	579	213,239	-212	213,027
Segment income	3,710	2,306	6,017	205	6,223	-111	6,111

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 to 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 losses for 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 that recorded a continued loss from business activities are reduced to the collectible amount as an impairment loss in extraordinary loss. The amount recorded in the reporting segment was 247 million yen for the operation of digital home electronics retail stores and 40 million yen for the operation of mobile carrier stores.

(Significant change in amount of goodwill)

Not applicable

II The six-month period ended September 30, 2016 (April 1, 2016 – September 30, 2016)

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	90,135	113,553	203,688	452	204,140	-	204,140
Internal sales or transfers between segments	59	2	62	169	232	-232	-
Subtotal	90,195	113,556	203,751	621	204,372	-232	204,140
Segment income	4,538	1,279	5,817	154	5,971	-74	5,897

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 to 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 losses for non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The net book value of a group of assets that recorded a continued loss from business activities are reduced to the collectible amount as an impairment loss in extraordinary loss. The amount recorded in the reporting segment was 73 million yen for the operation of digital home electronics retail stores and 0 million yen for the operation of mobile carrier stores.

(Significant change in amount of goodwill)

Not applicable