

## Financial Results

For the Second Quarter of the Fiscal Year 2017 ending January 31, 2017

September 14, 2016

### Balance Sheets (Consolidated)

	Thousands of Yen	
	31 Jul., 2016	31 Jan., 2016
<b>Assets</b>		
<b>Current assets:</b>		
Cash & Cash equivalents	3,136,889	1,984,469
Accounts receivable	142,789	124,457
Deferred tax assets	43,739	54,116
Income taxes receivable	-	168,179
Consumption taxes receivable	-	176,640
Other	201,064	247,261
Allowance for doubtful accounts	-	(33,285)
<b>Total current assets</b>	<b>3,524,482</b>	<b>2,721,840</b>
<b>Noncurrent assets:</b>		
Tangible fixed assets		
Buildings (net)	23,422	24,734
Tools, furniture and fixture (net)	22,041	24,706
<b>Total tangible fixed assets</b>	<b>45,464</b>	<b>49,441</b>
Intangible fixed assets		
Goodwill	469,562	486,637
Other	29,632	13,449
<b>Total intangible assets</b>	<b>499,194</b>	<b>500,087</b>
Investments and other assets		
Stocks of subsidiaries and affiliates	28,294	-
Deferred tax assets	9,417	9,462
Other	35,098	34,084
<b>Total investments and other assets</b>	<b>72,810</b>	<b>43,546</b>
<b>Total noncurrent assets</b>	<b>617,469</b>	<b>593,075</b>
<b>Total assets</b>	<b>4,141,952</b>	<b>3,314,915</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	147,870	238,384
Deposits received	1,025,302	980,156
Provision for point card certificates	27,824	23,255
Income taxes payable	249,589	-
Other	148,143	24,818
<b>Total current liabilities</b>	<b>1,599,000</b>	<b>1,266,614</b>
<b>Total liabilities</b>	<b>1,599,000</b>	<b>1,266,614</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Capital stock	381,903	381,903
Capital surplus	391,474	391,474
Retained earnings	2,236,366	1,686,846
Treasury stock	(415,380)	(415,380)
<b>Total shareholders' equity</b>	<b>2,594,363</b>	<b>2,044,843</b>
<b>Accumulated other comprehensive income:</b>		
Deferred gains or losses on hedges	(44,733)	3,131
Foreign currency translation adjustment	(6,996)	-
<b>Total Accumulated other comprehensive income</b>	<b>(51,729)</b>	<b>3,131</b>
<b>Subscription rights to shares</b>	<b>318</b>	<b>326</b>
<b>Total net assets</b>	<b>2,542,952</b>	<b>2,048,301</b>
<b>Total liabilities and net assets</b>	<b>4,141,952</b>	<b>3,314,915</b>

**Statements of Income (Consolidated)**

	Thousands of Yen	
	Feb. - Jul., 2016	Feb. - Jul., 2015
<b>Revenue</b>	<b>1,909,899</b>	1,198,170
<b>Cost of revenue</b>	<b>300,537</b>	202,437
<b>Gross profit</b>	<b>1,609,361</b>	995,733
<b>Selling, general and administrative expenses</b>	<b>787,376</b>	1,037,414
<b>Operating profit</b>	<b>821,985</b>	(41,680)
<b>Non-operating revenues:</b>		
Interest income	474	1,001
Foreign exchange gains	753	240
Interest on refund	3,151	-
Other	24	258
<b>Total non-operating revenues</b>	<b>4,404</b>	1,499
<b>Non-operating expenses:</b>		
Equity in losses of affiliates	575	5,320
Miscellaneous loss	852	-
<b>Total non-operating expenses</b>	<b>1,427</b>	5,320
<b>Ordinary profit</b>	<b>824,961</b>	(45,502)
<b>Extraordinary income:</b>		
Gain on reversal of subscription rights to shares	8	-
Gain on change in equity	28,294	-
<b>Total extraordinary income</b>	<b>28,302</b>	-
<b>Extraordinary losses:</b>		
Provision of allowance for doubtful accounts	32,404	-
Impairment loss	-	2,258
Loss on change in equity	-	15,538
Other	-	86
<b>Total extraordinary losses</b>	<b>32,404</b>	17,883
<b>Net profit (loss) before taxes</b>	<b>820,860</b>	(63,385)
<b>Income tax, inhabitants tax and enterprise tax</b>	<b>240,890</b>	1,145
<b>Income tax adjustments</b>	<b>30,458</b>	(3,044)
<b>Total corporate taxes</b>	<b>271,349</b>	(1,899)
<b>Net profit (loss)</b>	<b>549,510</b>	(61,485)
<b>Profit (loss) attributable to non-controlling interests</b>	-	-
<b>Profit (loss) attributable to owners of parent</b>	<b>549,510</b>	(61,485)

**Statements of Comprehensive Income**

	Thousands of Yen	
	Feb. - Jul., 2016	Feb. - Jul., 2015
<b>Net profit (loss)</b>	<b>549,510</b>	(61,485)
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	-	2,375
Deferred gains or losses on hedges	(47,864)	8,069
Foreign currency translation adjustment	(6,996)	(11,870)
Other comprehensive income	(54,861)	(1,426)
<b>Comprehensive income</b>	<b>494,649</b>	(62,912)
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of the parent	494,649	(62,912)
Comprehensive income attributable to minority interests	-	-

## Statements of Cash Flows (Consolidated)

	Thousands of Yen	
	Feb.- Jul., 2016	Feb.- Jul., 2015
<b>Cash flows from operating activities:</b>		
Net profit before taxes	820,860	(63,385)
Depreciation and amortization	9,208	4,850
Amortization of goodwill	17,075	8,537
Impairment loss	-	2,258
Increase (decrease) in allowance for doubtful accounts	32,404	-
Increase (decrease) in provision for point card certificates	4,569	1,221
Interest and dividends income	(474)	(1,001)
Loss (gain) in foreign exchange	820	(361)
Gain on reversal of subscription rights to shares	(8)	-
Equity in loss (gain) of affiliates	575	5,320
Loss (gain) on change in equity	(28,294)	15,538
Decrease (increase) in notes and accounts receivable-trade	(18,402)	1,921
Increase (decrease) in accrued payments	(96,767)	262,743
Increase (decrease) in deposits received	(82,935)	(190,371)
Other	308,209	(211,709)
<b>Sub total</b>	<b>966,840</b>	<b>(164,437)</b>
Interest and dividends received	474	1,001
Income taxes paid	167,859	(302,766)
<b>Net cash provided by (used in) operating activities</b>	<b>1,135,174</b>	<b>(466,202)</b>
<b>Cash flows from investing activities:</b>		
Payments into time deposits	-	(600,000)
Proceeds from withdrawal of time deposits	300,000	600,000
Purchase of property, plant and equipment	(498)	(18,069)
Purchase of investment securities	-	(44,160)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(513,701)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	27,351	-
Purchase of stocks of subsidiaries and affiliates	(575)	-
Other	-	(6,335)
<b>Net cash provided by (used in) investing activities</b>	<b>326,278</b>	<b>(582,267)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of subscription rights to shares	-	75
Other	-	(43)
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>31</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(9,042)</b>	<b>361</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,452,420</b>	<b>(1,048,077)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,684,469</b>	<b>2,933,769</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,136,889</b>	<b>1,885,691</b>