AOKI Holdings

November 7, 2013

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2014 (Six Months Ended September 30, 2013)

[Japanese GAAP]

Company name: AOKI Holdings Inc. Listings: TSE First Section
Stock code: 8214 URL: http://www.aoki-hd.co.jp/
Representative: Akihiro Aoki, President
Contact: Haruo Tamura, Executive Vice President Tel: +81-45-941-1388
Scheduled date of filing of Quarterly Report: November 11, 2013
Scheduled date of payment of dividend: December 9, 2013
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 7, 2013 at 14:15 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2013 (April 1, 2013 – September 30, 2013)

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

	Sales		Operating profit		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2013	73,381	8.8	3,272	6.2	3,648	11.8	1,946	2.4
Six months ended Sep. 30, 2012	67,425	8.8	3,083	34.2	3,263	15.8	1,901	23.7

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2013: 2,040 (up 15.2%)
Six months ended Sep. 30, 2012: 1,770 (up 14.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2013	46.92	-
Six months ended Sep. 30, 2012	45.63	45.58

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2013	190,954	112,936	59.1
As of Mar. 31, 2013	193,664	111,484	57.5

Reference: Shareholders' equity (million yen) As of Sep. 30, 2013: 112,936 As of Mar. 31, 2013: 111,405

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/13	-	20.00	-	25.00	45.00
FY3/14	-	30.00			
FY3/14 (forecasts)			-	30.00	60.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Percentages represent year-on-year changes)

	Sales		Operating profit		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	177,450	10.5	19,300	13.0	19,800	12.6	10,850	10.4	261.28

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

(1) Changes in consolidated subsidiaries during the period: None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others:	None
2) Changes in accounting policies other than 1) above:	Yes
3) Changes in accounting-based estimates:	Yes
4) Restatements:	None

Note: Subject to "changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates" since the Company has revised its depreciation method from the first quarter. Please refer to "2. Matters Related to Summary Information (Notes)" on page 5 of the attachments for further information.

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at end of period

As of Sep. 30, 2013:	45,624,752 shares	As of Mar. 31, 2013:	45,624,752 shares

2) Number of shares of treasury stock at end of period

As of Sep. 30, 2013:	4,056,598 shares	As of Mar. 31, 2013:	4,347,870 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2013:	41,489,521 shares	Six months ended Sep. 30, 2012:	41,671,220 shares

Note 1: Information regarding the implementation of quarterly review procedures

The current quarterly summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, the review procedures for the quarterly consolidated financial statements have not been completed.

Note 2: Cautionary statement with respect to forecasts and other matters

Cautionary statement with respect to forecasts

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. These materials are not promises by the Company regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "(3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 of the attachments regarding preconditions or other related matters for the forecast shown above.

Disclosure of the financial results meeting materials

The Company plans to hold a financial results meeting for institutional investors and analysts on Friday, November 22, 2013. Materials to be distributed at this event will be available on the Company’s website immediately thereafter.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance 2
(1) Explanation of Results of Operations 2
(2) Explanation of Financial Position 3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements 4

2. Matters Related to Summary Information (Notes) 4
Changes in Accounting Policies and Accounting-based Estimates, and Restatements 4

3. Quarterly Consolidated Financial Statements 6
(1) Quarterly Consolidated Balance Sheets 6
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income 8
Quarterly Consolidated Statements of Income 8
Quarterly Consolidated Statements of Comprehensive Income 9
(3) Quarterly Consolidated Statements of Cash Flows 10
(4) Notes to Quarterly Consolidated Financial Statements 11
Going Concern Assumption 11
Significant Changes in Shareholders' Equity 11
Segment and Other Information 11

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, the Japanese economy remained on a modest recovery path thanks to the reversal of the Japanese yen's appreciation and higher share prices triggered by the government's economic policies and other factors. However, the outlook remained uncertain overall, despite a showing positive signs in personal consumption in some segments, because of delays in the recovery of incomes, rising raw materials prices, and concerns of a slowdown of the economy after the consumption tax rate is hiked.

In this environment, the AOKI Group implemented various measures in each business segment as discussed below and recorded higher sales and profits. Sales increased 8.8% year-on-year to 73,381 million yen, operating profit increased 6.2% to 3,272 million yen, ordinary income increased 11.8% to 3,648 million yen, and net income increased 2.4% to 1,946 million yen.

Operating results by segment are as follows.

Fashion Business

AOKI strengthened its lineup of functional Cool Biz suits including "Premium Wash Suits," "Heat Block Suits," and "Premium Light Suits," as well as other Cool Biz products for both men and women. Also, to meet diversifying business wear needs, AOKI offered "Ultra Cross Suits" which allow for unlimited mix-and-matching of jackets and slacks, and these proved to be very popular. Regarding AOKI stores, it aggressively opened 24 new stores, including two new stores in Kagoshima Prefecture, a prefecture where it previously had no stores. It closed four stores for relocation purposes. As a result, the AOKI store network consisted of 480 stores at the end of the second quarter, up from 460 at the end of the previous fiscal year.

ORIHICA continued to strengthen its proposals of mix-and-matching jackets and slacks, and focused on educating store staff to improve marketing. It opened 11 new stores in popular shopping centers, particularly in the Chukyo and Kansai areas, and closed one. As a result, the ORIHICA store network consisted of 116 stores at the end of the second quarter, up from 106 at the end of the previous fiscal year.

Overall sales in the Fashion Business rose 8.2% year-on-year to 43,508 million yen thanks to new store openings, strong sales of jackets, slacks, dress shirts and other Cool Biz products, and strong sales of ladies' products. However, operating profit declined 40.7% to 626 million yen due to an increase in expenses for new store openings and personnel and other leading expenses for future store openings.

Anniversaire and Bridal Business

ANNIVERSAIRE INC., which runs guesthouse-style wedding and reception facilities, renovated two facilities to meet diversifying wedding needs/trends and ultimately to revitalize sales at existing facilities. It also launched a new service offering original engagement and marriage rings. ANNIVERSAIRE OMOTESANDO's café was renovated for the first time and re-opened as ANNIVERSAIRE CAFÉ AND RESTAURANT.

Sales increased 2.9% year-on-year to 11,954 million yen due to increases in the number of couples married and average sales per couple, but operating profit decreased 27.9% to 892 million yen mainly due to preparation expenses for scheduled opening of ANNIVERSAIRE MINATO MIRAI YOKOHAMA in February 2014.

Karaoke Facility Operations Business

VALIC Co., Ltd., in charge of karaoke facility operations, aimed to improve the brand’s recognition and increase customer traffic by conducting summer promotion campaigns in collaboration with famous artists, popular characters, and television stations. VALIC also focused on revitalizing sales at existing facilities by refurbishing 16 facilities and strengthening summer menu proposals. Regarding the network of karaoke facilities, it opened nine new facilities including two in Fukuoka prefecture, which are the first facilities in the Kyushu region. As a result, the

network of karaoke facilities was 152 at the end of the second quarter, up from 143 at the end of the previous fiscal year.

Sales increased 9.5% year-on-year to 7,856 million yen, and operating profit rose 20.2% to 506 million yen thanks to benefits from the opening of new karaoke facilities and other factors.

Café Complex Operations Business

VALIC Co., Ltd., which is also in charge of café complex operations, focused on revitalizing sales at existing facilities by strengthening summer menu proposals and by refurbishing 18 café complexes to introduce online darts and other amusement content. VALIC also held Darts Grand Prix events and collaborated with various game companies to increase customer traffic. Regarding the network of café complexes, it opened nine new facilities including its Ikebukuro Higashiguchi-ekimae Store which was its first facility in metropolitan area near a train station and its first facility to offer an exclusive area for women. As a result, the network of café complexes was 220 at the end of the second quarter, up from 211 at the end of the previous fiscal year.

Sales at existing café complexes were firm due to an increase in customer traffic as people used the café complexes to escape the summer heat. This, together with benefits from the opening of new café complexes, drove a 19.4% year-on-year increase in sales to 10,057 million yen, and a sharp increase of 61.0% in operating profit to 1,077 million yen.

(2) Explanation of Financial Position

1) Balance sheet position

Assets

Total assets at the end of the second quarter under review decreased 2,709 million yen over the end of the previous fiscal year to 190,954 million yen.

Current assets decreased 8,204 million yen over the end of the previous fiscal year. Although inventories increased 2,754 million yen due to new store openings among other factors, cash in hand and in banks decreased 4,386 million yen mainly due to capital investments and the payment of income taxes, and accounts receivable-trade decreased 5,242 million yen due to seasonal reasons and other factors. Fixed assets increased 5,494 million yen over the end of the previous fiscal year as tangible fixed assets increased 4,227 million yen due to new store openings and other items.

Liabilities

Current liabilities decreased 4,181 million yen over the end of the previous fiscal year. Although short-term debt increased 4,000 million yen, accounts payable-trade decreased 2,607 million yen due to seasonal reasons and other factors, and accrued income taxes decreased 5,291 million yen due to the payment of income taxes. Long-term liabilities increased 19 million yen over the end of the previous fiscal year. It was mainly due to increases of 197 million yen in asset retirement obligations due to new store openings and other items, 121 million yen in accrued retirement benefits for employees, 177 million yen in other including lease obligations and other items, while there was a decrease of 479 million yen in amortization of negative goodwill.

Net assets

Net assets increased 1,451 million yen over the end of the previous fiscal year. There was an increase in retained earnings of 914 million yen from net income and dividends from surplus.

2) Cash flow position

Cash and cash equivalents at the end of the second quarter under review decreased 4,386 million yen over the end of the previous fiscal year to 18,009 million yen.

Cash flows from operating activities

Net cash used in operating activities was 1,848 million yen (compared with net cash used of 9 million yen one year earlier). The principal factor was income taxes paid of 7,286 million yen, while there were net income before income taxes of 3,265 million yen, and depreciation and amortization of 2,875 million yen.

Cash flows from investing activities

Net cash used in investing activities was 7,204 million yen (compared with net cash used of 7,224 million yen one year earlier). This was mainly due to the payments of 6,046 million yen for the acquisition of tangible fixed assets related to new store openings, and leasehold and guarantee deposits of 1,136 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 4,666 million yen (compared with net cash provided of 984 million yen one year earlier). The principal factors were a net increase of 4,000 million yen in short-term debt and long-term debt of 5,000 million yen, while there were scheduled repayment of long-term debt of 2,848 million yen, cash dividends paid of 1,030 million yen, and the repayments of lease obligations of 904 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Consolidated sales in the first half under review were generally in line with our plan and segment profit (operating profit) in each business segment trended slightly above our forecast. We have revised our store-opening plans based on the current performance trends and raised the full-year consolidated forecast for the fiscal year ending March 31, 2014 as described in the table below. We have changed the store-opening plans from 70 at the beginning of the fiscal year to 88 stores for the Fashion Business, from 15 to 18 facilities for the Karaoke Facility Operations Business, and from 25 to 23 facilities for the Café Complex Operations Business.

Consolidated forecasts for the fiscal year ending March 31, 2014 (April 1, 2013 – March 31, 2014)

	Sales	Operating profit	Ordinary income	Net income	Net income per share
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	(Yen)
Previous forecast (A) (announced on May 10, 2013)	175,800	18,600	19,100	10,300	248.04
Revised forecast (B)	177,450	19,300	19,800	10,850	261.28
Change (B - A)	1,650	700	700	550	
Percentage change (%)	0.9	3.8	3.7	5.3	
Previous fiscal year (ended Mar. 31, 2013)	160,589	17,078	17,590	9,832	236.51

Our business segment forecasts are as follows.

Forecast by business segment for the fiscal year ending March 31, 2014

	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Consolidated
Sales (Millions of yen)	114,600	26,200	16,750	19,850	177,450
YoY change (%)	110.3	107.6	110.1	116.0	110.5
Segment profit (Millions of yen)	13,200	2,650	1,590	1,560	19,300
YoY change (%)	110.3	90.8	106.5	153.7	113.0

Note: Segment profit is generally operating profit figures. Difference between total segment profits and consolidated operating profit implies other businesses and adjustments for consolidation purposes.

* Above forecasts are based on judgments made in accordance with information available to management at the time this release was prepared, and actual results may differ substantially from these forecasts for a number of reasons.

2. Matters Related to Summary Information (Notes)

Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates

The Company and its consolidated subsidiaries changed the depreciation method for tangible fixed assets (excluding lease assets), but not for buildings (excluding attached structures), acquired on or after April 1, 1998, from the declining-balance method to the straight-line method beginning from the first quarter of the current fiscal year.

The Company reviewed the future usage of tangible fixed assets in light of the increase in store openings by subsidiaries, the format of stores opened, and changes in the business environment surrounding the Group including regions where the Group operates stores. As it now expects investment benefits to materialize stably over the long term, the switch in the depreciation method to the straight-line method will evenly distribute the acquisition costs of tangible fixed assets over the usage period, thereby optimizing the calculation of profits in each fiscal year.

The effect of this change was to increase operating profit by 582 million yen, and increase ordinary income and net income before income taxes by 585 million yen each in the first half of the current fiscal year, compared with the previous method.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	Second quarter of FY3/14 (As of Sep. 30, 2013)
Assets		
Current assets		
Cash in hand and in banks	22,396	18,009
Accounts receivable-trade	8,235	2,993
Inventories	18,908	21,662
Other current assets	8,739	7,415
Allowance for doubtful accounts	(11)	(17)
Total current assets	58,267	50,063
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	44,087	46,919
Land	31,419	31,419
Other, net	15,584	16,979
Total tangible fixed assets	91,091	95,318
Intangible fixed assets	6,497	6,872
Investments and other assets		
Guarantee deposits	8,399	8,395
Leasehold deposit	18,327	18,999
Other investments and other assets	11,123	11,347
Allowance for doubtful accounts	(44)	(43)
Total investments and other assets	37,807	38,699
Total fixed assets	135,396	140,890
Total assets	193,664	190,954
Liabilities		
Current liabilities		
Accounts payable-trade	16,273	13,666
Short-term debt	3,000	7,000
Current portion of long-term debt	5,696	7,896
Accrued income taxes	6,403	1,112
Accrued bonuses for employees	1,936	1,586
Accrued bonuses for directors and statutory auditors	200	67
Other current liabilities	11,697	9,698
Total current liabilities	45,207	41,026
Long-term liabilities		
Long-term debt	25,361	25,313
Accrued retirement benefits for employees	849	971
Accrued retirement benefits for directors and statutory auditors	1,640	1,698
Accrued costs for customer point program	768	761
Asset retirement obligations	3,707	3,905
Negative goodwill	694	215
Other long-term liabilities	3,949	4,127
Total long-term liabilities	36,972	36,991
Total liabilities	82,179	78,017

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	Second quarter of FY3/14 (As of Sep. 30, 2013)
Net assets		
Shareholders' equity		
Common stock	23,282	23,282
Capital surplus	22,586	22,724
Retained earnings	70,624	71,538
Treasury stock	(5,767)	(5,382)
Total shareholders' equity	110,725	112,162
Accumulated other comprehensive income		
Unrealized gain on securities	680	773
Total accumulated other comprehensive income	680	773
Stock acquisition rights	79	-
Total net assets	111,484	112,936
Total liabilities and net assets	193,664	190,954

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(For the Six-month Period)

(Millions of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Sales	67,425	73,381
Cost of sales	36,588	39,507
Gross profit	30,836	33,874
Selling, general and administrative expenses	27,753	30,601
Operating profit	3,083	3,272
Non-operating profit		
Interest income	41	49
Dividend income	29	77
Rental income on real estate	398	338
Amortization of negative goodwill	486	486
Other	195	75
Total non-operating profit	1,150	1,026
Non-operating expenses		
Interest expenses	150	155
Expenses on sub-leased real estate	365	330
Other	453	163
Total non-operating expenses	970	650
Ordinary income	3,263	3,648
Extraordinary gains		
Gain on reversal of stock acquisition rights	185	5
Total extraordinary gains	185	5
Extraordinary losses		
Impairment loss	96	388
Other	1	-
Total extraordinary losses	97	388
Net income before income taxes	3,351	3,265
Current income taxes	1,122	1,095
Deferred income taxes	328	223
Total income taxes	1,450	1,318
Income before minority interests	1,901	1,946
Net income	1,901	1,946

Quarterly Consolidated Statements of Comprehensive Income

(For the Six-month Period)

(Millions of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Income before minority interests	1,901	1,946
Other comprehensive income		
Unrealized gain on securities	(130)	93
Total other comprehensive income	(130)	93
Comprehensive income	1,770	2,040
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,770	2,040
Comprehensive income attributable to minority interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Cash flows from operating activities		
Net income before income taxes	3,351	3,265
Depreciation and amortization	3,125	2,875
Impairment loss	96	388
Amortization of goodwill	272	6
Amortization of negative goodwill	(486)	(486)
Increase (decrease) in accrued retirement benefits for employees	65	121
Increase (decrease) in accrued retirement benefits for directors and statutory auditors	60	57
Increase (decrease) in accrued costs for customer point program	40	(7)
Interest and dividend income	(70)	(126)
Interest expenses	150	155
Decrease (increase) in accounts receivable-trade	4,221	5,242
Decrease (increase) in inventories	(1,878)	(2,754)
Increase (decrease) in accounts payable-trade	(2,803)	(2,607)
Other	(1,873)	(1,629)
Subtotal	4,272	4,502
Interest and dividend income received	46	103
Interests paid	(157)	(141)
Income taxes paid	(4,876)	(7,286)
Income taxes refund	705	974
Net cash used in operating activities	(9)	(1,848)
Cash flows from investing activities		
Payments for acquisition of tangible fixed assets	(6,006)	(6,046)
Payments for acquisition of intangible fixed assets	(525)	(761)
Payments for leasehold and guarantee deposits	(1,051)	(1,136)
Net decrease (increase) in trust beneficiary right	149	479
Other	209	261
Net cash used in investing activities	(7,224)	(7,204)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	6,000	4,000
Proceeds from long-term debt	-	5,000
Repayments of long-term debt	(3,412)	(2,848)
Repayments of lease obligations	(760)	(904)
Proceeds from disposal of treasury stock	4	453
Payments for purchase of treasury stock	(1)	(3)
Dividends paid	(833)	(1,030)
Other	(12)	-
Net cash provided by financing activities	984	4,666
Effect of exchange rate change on cash and cash equivalents	(0)	0
Increase (decrease) in cash and cash equivalents	(6,250)	(4,386)
Cash and cash equivalents at beginning of period	23,108	22,396
Cash and cash equivalents at end of period	16,858	18,009

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

No reportable information.

Significant Changes in Shareholders' Equity

First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)

No reportable information.

Segment and Other Information

First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)

1) Information related to sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statements of income (Note 2)
	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Total		
Sales							
External sales	40,226	11,604	7,170	8,424	67,425	-	67,425
Inter-segment sales and transfers	1	13	5	-	20	(20)	-
Total	40,227	11,618	7,175	8,424	67,445	(20)	67,425
Segment profit	1,058	1,237	421	668	3,385	(302)	3,083

Notes: 1. The -302 million yen adjustment to segment profit includes 1,657 million yen in elimination for inter-segment transactions, goodwill amortization of -266 million yen, and -1,693 million yen in company-wide costs that cannot be allocated to reportable segments. Company-wide costs mainly include administration expenses of the Company that cannot be attributed to any specific reportable segments.

2. Segment profit is adjusted to be consistent with operating profit on the quarterly consolidated statements of income.

2) Information related to impairment losses on fixed assets, or goodwill, etc. for each reportable segment

Material impairment losses related to fixed assets

In the Fashion Business segment, impairment losses were mainly recognized for stores set to be relocated for which there is little expectation of recovery; impairment losses of 93 million yen were booked in the first half of the current fiscal year.

First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)

1) Information related to sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income (Note 3)
	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Subtotal				
Sales									
External sales	43,504	11,940	7,853	10,057	73,356	25	73,381	-	73,381
Inter-segment sales and transfers	3	13	3	-	19	-	19	(19)	-
Total	43,508	11,954	7,856	10,057	73,376	25	73,401	(19)	73,381
Segment profit	626	892	506	1,077	3,102	(23)	3,078	193	3,272

Notes: 1. The "others" classification refers to businesses not included in reportable segments such as electricity sales and the fitness-related business.

2. The 193 million yen adjustment to segment profit includes 2,017 million yen in elimination for inter-segment transactions and -1,823 million yen in company-wide costs that cannot be allocated to reportable segments. Company-wide costs mainly include administration expenses of the Company that cannot be attributed to any specific reportable segments.

3. Segment profit is adjusted to be consistent with operating profit on the quarterly consolidated statements of income.

2) Information related to impairment losses on fixed assets, or goodwill, etc. for each reportable segment

Material impairment losses related to fixed assets

In the Fashion Business, the Karaoke Facility Operations Business and the Café Complex Operations Business, impairment losses were mainly recognized for idle assets whose recoverable value had fallen below book value, and operating stores and subleased stores had remained in the red; impairment losses of 258 million yen, 8 million yen and 122 million yen were booked respectively in the first half of the current fiscal year.

3) Revisions to reportable segments

As noted in the section on “2. Matters Related to Summary Information (Notes), Changes in Accounting Policies and Accounting-based Estimates, and Restatements,” the Company has changed the method of depreciation of tangible fixed assets from the declining-balance method to the straight-line method beginning from the first quarter of the current fiscal year.

The effect of this change was to increase segment profits for the Fashion Business, the ANNIVERSAIRE and Bridal Business, the Karaoke Facility Operations Business, and the Café Complex Operations Business by 305 million yen, 22 million yen, 74 million yen, and 119 million yen, respectively in the first half of the current fiscal year, compared with the previous method.

** This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*