The English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 3 of this report.

Consolidated Financial Report
For the Nine-month Period Ended September 30, 2014 (IFRS)

November 14, 2014

Company Name SKYLARK CO., LTD Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
Securities Code 3197 URL: http://www.skylark.co.jp
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Quarterly statement filing date (as planned) November 14, 2014
Dividend payable date (as planned) ―
Supplemental material of quarterly results Yes
Convening briefing of quarterly results Yes (for financial analysts and institutional investors)

(Millions of yen; amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Nine-month Period Ended September 30, 2014

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the Company		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Nine-month period ended September 30, 2014	255,289	2.0	16,295	(13.0)	12,644	29.2	7,019	20.3	7,008	20.3	7,061	18.5
Nine-month period ended September 30, 2013	250,289	―	18,720	―	9,786	―	5,836	―	5,827	―	5,956	―

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Nine-month period ended September 30, 2014	36.87	36.82
Nine-month period ended September 30, 2013	30.66	30.66

(Reference)

EBITDA	Nine-month period ended September 30, 2014	25,882 million yen	(-8.4%)	Nine-month period ended September 30, 2013	28,250 million yen
Adjusted EBITDA	Nine-month period ended September 30, 2014	32,309 million yen	(5.3%)	Nine-month period ended September 30, 2013	30,676 million yen
Adjusted net income	Nine-month period ended September 30, 2014	10,412 million yen	(20.4%)	Nine-month period ended September 30, 2013	8,651 million yen

(Note 1) The Company uses EBITDA, adjusted EBITDA and adjusted net income to evaluate the results of our operations. Refer to "* Notes for using forecasted information and other matters (3) ~ (5)" below for details.

(Note 2) The Company carried out a 100-for-1 share split of the common stock on August 4, 2014. Accordingly, the basic earnings per share and diluted earnings per share for the nine-month period ended September 30, 2013 and 2014 respectively are calculated assuming the share split came into effect at the beginning of the fiscal year ended December 31, 2013.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2014	298,741	86,615	86,550	29.0
As of December 31, 2013	306,892	73,983	73,932	24.1

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended December 31, 2013	—	—	—	0.00	14,620.75
Fiscal year ending December 31, 2014	—	0.00			
Fiscal year ending December 31, 2014 (Forecasted)			—	13.52	13.52

(Note 1) Revision of forecasts on the dividends: None

(Note 2) The Company carried out a 100-for-1 share split of the common stock on August 4, 2014. The effect of the share split has been taken into consideration in calculating dividends per share for the fiscal year ending December 31, 2014 (Forecasted). The dividends per share for the fiscal year ended December 31, 2013 are the actual amount paid based on the number of issued shares prior to the share split.

(Note 3) The total dividends for the fiscal year ended December 31, 2013 include a special dividend of 14,620.75 yen per share to distribute surplus funds with an extraordinary record date of June 25, 2013. The dividend was funded by capital surplus. For further details, refer to "Special dividend to distribute surplus funds" and "The breakdown of dividends paid out from capital surplus" below.

3. Forecasts on the Consolidated Financial Results for the Year Ending December 31, 2014 (January 1, 2014 - December 31, 2014)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income attributable to owners of the Company		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Fiscal year ending December 31, 2014	337,860	1.6	20,870	(7.5)	16,387	38.9	9,462	33.5	49.53

(Note 1) Revision of forecasts on the results of operations: None

(Note 2) Basic earnings per share for the fiscal year ending December 31, 2014 (forecasted) was calculated base on the average number of issued shares during the current period, including the number of shares issued through public offering (4,138,000 shares).

(Reference)

EBITDA	Fiscal year ending December 31, 2014 (Forecasted)	33,827 million yen	(-4.3%)
Adjusted EBITDA	Fiscal year ending December 31, 2014 (Forecasted)	41,295 million yen	(7.1%)
Adjusted net income	Fiscal year ending December 31, 2014 (Forecasted)	12,912 million yen	(27.7%)

*** Notes**

(1) Changes in status of significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in scope of consolidation): No

Number of subsidiaries newly consolidated: -

Number of subsidiaries excluded from consolidation: -

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRSs: Yes

(ii) Changes in accounting policies other than those in (i): No

(iii) Changes in accounting estimates: No

(3) Number of issued shares (common stock)

(i) Number of issued shares (including treasury stock)	As of September 30, 2014	190,070,700	As of December 31, 2013	190,070,700
(ii) Number of treasury stock	As of September 30, 2014	−	As of December 31, 2013	−
(iii) Number of average issued shares during the period	As of September 30, 2014	190,070,700	As of September 30, 2013	190,070,700

(Note) The Company carried out a 100-for-1 share split of the common stock on August 4, 2014. Accordingly, the numbers of shares are calculated assuming that the share split came into effect at the beginning of the fiscal year ended December 31, 2013.

* Implementation status of quarterly review procedures

This quarterly report is not subject to quarterly review procedures required by the Financial Instruments and Exchange Act. The quarterly review procedures for the condensed interim consolidated financial statements required by the Act have been completed at the date of this report.

* Notes for using forecasted information and other matters

(1) The Group has adopted International Financial Reporting Standards (IFRSs) since the fiscal year ended December 31, 2013.

(2) The forecasts above are based on information available at the date of this report and certain assumptions deemed to be reasonable. The Company does not provide any assurance as to achievement of these forecasts. In addition, the actual results may vary materially from the forecasts due to various uncertainties. Refer to page 4 of Appendix "1. Qualitative Information on the Consolidated Financial Results for the Nine-month Period Ended September 30, 2014 (3) Explanation of the Forward-looking Statements including the Forecasts on the Consolidated Results of Operations" for further details and disclaimer regarding the use of the forecasts and certain assumptions used in developing them.

(3) EBITDA, adjusted EBITDA and adjusted net income are calculated based on the following formulas:

EBITDA = Income before income taxes + Interest Expense + Loss on redemption of borrowings before the repayment date + Other expense (excluding loss on redemption of borrowings before the repayment date) – Interest income – Other income + Depreciation and amortization + Amortization of long-term prepaid expense + Amortization of long-term prepaid expense (deposit)

Adjusted EBITDA = EBITDA + Loss on disposal of fixed assets + Impairment loss of non-financial assets + Advisory fees in accordance with the BCPL management agreement (*1) + IPO-related expenses

Adjusted net income = Net income + Advisory fees in accordance with the BCPL management agreement (*1) + IPO-related expenses + Loss on redemption of borrowings before the repayment date + Tax effects of adjustments

(*1) The BCPL management agreement represents the management agreement between the Company and Bain Capital Partners LLC.

(4) EBITDA, adjusted EBITDA and adjusted net income are not measures prescribed in accordance with IFRS but are financial measures that the Group believes are useful for investors to assess the operating results of our business. These measures exclude the effect of items which we consider not to be indicative of the results of our normal operations or comparative to our competitors' operating results, such as non-cash or cost items not expected to recur following the listing, including the advisory fees in accordance with the BCPL management agreement and IPO-related expenses.

(5) Our definition of EBITDA, adjusted EBITDA and adjusted net income may not be comparable to similarly titled measures of other companies in our industry, which may define these or similarly titled measures differently, thereby diminishing their usefulness.

(For reference)

Special dividend to distribute surplus funds

The Company paid a special dividend of 14,620 yen per share with an extraordinary record date of June 25, 2013, in order to provide short-term returns to the shareholders.

The dividends paid for the fiscal year ended December 31, 2013, including the special dividend above, are as follows:

	Dividends per share					
	First quarter (March 31)	Extraordinary (June 25)	Second quarter (June 30)	Third quarter (September 30)	Fourth quarter (December 31)	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended December 31, 2013	—	14,620.75	—	—	0.00	14,620.75

The breakdown of dividends paid out from capital surplus

Out of the dividends paid for the fiscal year ended December 31, 2013, those paid out from capital surplus are as follows:

Effective date	Extraordinary (June 25)	Fiscal year ended December 31, 2013
Dividends per share (Yen)	14,620.75	14,620.75
Total dividends (Millions of yen)	27,790	27,790

(Note) Ratio of decrease in net assets: 0.294

(Appendix)

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1. Qualitative Information on the Consolidated Financial Results for the Nine-month Period Ended September 30, 2014

(1) Qualitative Information on the Consolidated Operating Results

During the nine-month period ended September 30, 2014, the Company has promoted to create restaurants rooted in local communities that enrich the life of each of our customers and provide comfort, with the purpose of fulfilling the Group's vision of "Creating wealth of life with value to society".

The Company sets two growth strategies; 1) achieving stable and sustainable growth in sales and 2) improving profit margins through operational improvement. The progress of those strategies during the nine-month period ended September 30, 2014 is described below.

1) Achieving stable and sustainable growth in sales

・The Company remodeled the interior and exterior of 197 restaurants, pursuing a modern design that promotes comfort and increases customer traffic.

・The Company converted the brands of 25 restaurants to a different concept in effort to manage its brand offering to respond to the customers' needs that are driven by changes in local demographics and market conditions.

・The Company aspires to provide products that meet customer satisfaction at competitive prices by offering brands that cater to different customer needs using the Company's vertically integrated platform (Note 1). In particular, the Company proactively incorporated seasonal and/or popular ingredients such as flat iron steak, new fresh avocados, and French foie gras into the menu for high price point customers while providing items at more attractive price for middle price point customers through various promotions such as cheese-in hamburg, one of best-selling menu at *Gusto* at 399 yen and kid's menu at 149 yen. In addition, a mobile application was released in order to promote close and personalized communications with customers of the Group's leading brand, *Gusto*.

・The Company achieved 9.4% of sales growth in delivery service compared to the same period in the previous year by flexibly responding to the evolving customer needs driven by social factors such as aging society and increasing women in workplace.

・The Company opened 31 new restaurants primarily close to train stations of urban areas (including 15 restaurants of *Gusto*, 2 restaurants of Jonathan's, 2 restaurants of *Bamiyan*, and 3 restaurants of *Yumean*).

As a result of pursuing improvement of customers' satisfaction through these measures, total sales for the nine-month period ended September 30, 2014 achieved 102.0% compared to the same period in the previous year although consumption tax rate was increased during the current period. In addition, sales from existing restaurants in domestic group companies, compared to the corresponding periods in the previous year, were 100.1% for the three-month period ended March 31, 2014, 103.8% for the three-month period ended June 30, 2014, and 100.3% for the three-month period ended September 30, 2014.

2) Improving profit margins through operational improvement

・Although the yen is weakening and the market price of ingredients, mainly meat, is increasing, the COGS rate is at the same level (30.0%) compared to the same period in the previous year through continual optimization of purchasing, processing, and distribution. In addition, the Company is engaged to integrate West Japan's merchandise centers (Note 2) in order to further streamline/optimize the supply chain. The Company plans to integrate all of its merchandise centers in Japan including East Japan by 2016.

・There were further efforts to promote the operation systems of restaurants and to improve the efficiency of restaurants' equipments such as adopting new cooking systems and using energy-saving equipment. Also, the Company strived to improve the level of services and improved the customer satisfaction level (Customer Voice Program) of the 5 major brands (Note 3) by 2.3 points in September 2014 compared with that in December 2013. Regarding recruitment of crews, the number of newly recruited crews increased by 11% at 5 major brands compared to the same period in the previous year as a result of more efficient recruiting activities through, e.g. the establishment of the Shinjuku recruiting center and centralizing the recruiting activities, and effectively increasing crews to enhance sales at peak times.

・The Company is continuously improving capital profitability and reducing interest costs significantly by modifying the borrowing agreement with the syndicate on June 2014. Consequently, the interest expense decreased by 1,692 million yen compared to the same period in the previous year.

Based on the above, the Company achieved revenue of 255,289 million yen (an increase of 5,000 million yen compared to the same period in the previous year), operating profit of 16,295 million yen (a decrease of 2,425 million yen compared to the same period in the previous year), income before income taxes of 12,644 million yen (an increase of 2,858 million yen compared to the same period in the previous year), and net income attributable to owners of the Company of 7,008 million yen (an increase of 1,181 million yen compared to the same period in the previous year).

For the nine-month period ended September 30, 2014, EBITDA was 25,882 million yen (a decrease of 2,368 million yen compared to the same period in the previous year), Adjusted EBITDA was 32,309 million yen (an increase of 1,633 million yen compared to the same period in the previous year) and Adjusted Net Income was 10,412 million yen (an increase of 1,761 million yen compared to the same period in the previous year). In addition, the number of restaurants was 3,006 at September 30, 2014 and July 1, 2014.

In addition, for the three-month period ended September 30, 2014, EBITDA was 8,301 million yen (a decrease of 2,682 million yen compared to the same period in the previous year), Adjusted EBITDA was 13,364 million yen (an increase of 1,110 million yen compared to the same period in the previous year) and Adjusted Net Income was 5,496 million yen (an increase of 1,257 million yen compared to the same period in the previous year).

(Note 1) A vertically integrated platform is the Company's supply chain structure that encompasses all phases starting with product development, procurement of ingredients, production, distribution, and finally the delivery of the food product.
(Note 2) The merchandising center is the Company's manufacturing/picking locations, and currently there are 9 merchandising centers and 1 manufacturing center.
(Note 3) The 5 major brands are *Gusto, Jonathan's, Bamiyan, Steak Gust*o, and *Yumean.*

(2) Qualitative Information on the Consolidated Financial Position

(i) Assets, Liabilities and Equity

Analysis of assets, liabilities, and equity as of September 30, 2014 is summarized as follows:

Current assets amounted to 26,341 million yen, which was a decrease of 9,406 million yen mainly due to decrease in inventories and other current assets compared to the end of the previous fiscal year. Non-current assets amounted to 272,400 million yen, which was an increase of 1,255 million yen mainly due to increase in property, plant and equipment compared to the end of the previous fiscal year.

Total assets amounted to 298,741 million yen, which was a decrease of 8,151 million yen compared to the end of the previous fiscal year.

Current liabilities amounted to 50,244 million yen, which was a decrease of 5,452 million yen mainly due to decrease in short-term borrowings and trade payables compared to the end of the previous fiscal year. Non-current liabilities amounted to 161,882 million yen, which was a decrease of 15,331 million yen due to decrease in long-term borrowings compared to the end of the previous fiscal year.

Total liabilities amounted to 212,126 million yen, which was a decrease of 20,783 million yen compared to the end of the previous fiscal year.

Equity amounted to 86,615 million yen, which was an increase of 12,632 million yen due mainly to increase in capital surplus of 5,571 million yen and retained earnings of 7,008 million yen.

(ii) Cash Flows

Cash and cash equivalents as of September 30, 2014 amounted to 13,337 million yen, which was a decrease of 546 million yen compared to the end of the previous fiscal year. Conditions and factors for each category of cash flow for the nine-month period ended September 30, 2014 were as follows.

Cash flows from operating activities:

Net cash provided by operating activities was 27,120 million yen (17,812 million yen net cash inflows for the same period in the previous year). This was primarily due to income before income taxes of 12,644 million yen, depreciation and amortization of 9,472 million yen, and other increases due to decrease in working capital, etc. of 5,393 million yen.

Cash flows from investing activities:

Net cash used in investing activities was 8,287 million yen (4,472 million yen net cash outflows for the same period in the previous year). This was primarily due to payments for acquisition of property, plant and equipment including investments in new, converted and remodeled restaurants of 8,394 million yen.

Cash flows from financing activities:

Net cash used in financing activities was 19,403 million yen (14,385 million yen net cash outflows for the same period in the previous year). This was primarily due to repayments of long-term borrowings of 14,700 million yen and lease obligations of 2,949 million yen.

(3) Explanation of the Forward-looking Statements including the Forecasts on the Consolidated Financial Results

Regarding the forecasts on the consolidated financial results of the current fiscal year, EBITDA, Adjusted EBITDA and Adjusted Net Income were included as financial measures that the Group considers useful for investors to evaluate the results of our operations.

The Company has not changed the forecasts on the consolidated financial results for the fiscal year ending December 31, 2014, which was announced on October 9, 2014.

The forecasts are based on information available at the date of this report, and the actual results may vary materially from the forecasts in the future due to various factors.

2. Notes on Summary Information (Notes)

(1) Changes in Status of Significant Subsidiaries

No items to report

(2) Changes in Accounting Policies and Accounting Estimates

(i) Significant Accounting Policies

The significant accounting policies adopted for the condensed interim consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2013, except for the following standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretation, which have been newly adopted.

The Group calculates income taxes for the nine-month period ended September 30, 2014 based on the estimated average annual effective tax rate.

The Group has adopted the following standards and IFRIC interpretation since the three-month period to March 31, 2014:

IFRSs	Title	Description of New Standards/Amendments/Transitional Provisions
IFRS 10	Consolidated Financial Statements	New definition and exception to consolidation of investment entity
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements on investment entity's interests in subsidiaries excluded from consolidation
IAS 27	Separate Financial Statements	Accounting treatment for investments in separate financial statements of investment entity
IAS 32	Financial Instruments: Presentation	Offsetting financial assets and financial liabilities
IAS 39	Financial Instruments: Recognition and Measurement	Amendment on novation of derivatives and hedge accounting
IFRIC 21	Levies	Accounting for liabilities related to levies

With the adoption of IFRIC 21, Levies above, the condensed interim consolidated financial statements for the nine-month period ended September 30, 2013 are presented with retrospective adjustments, which reflect the revised accounting policy.

Consequently, "Cost of sales" has increased by 32 million yen, "Selling, general and administrative expenses" has increased by 177 million yen, and "Income taxes" has decreased by 83 million yen in the condensed consolidated statements of income for the nine-month period ended September 30, 2013. As a result, "Net income" has decreased by 126 million yen for the nine-month period ended September 30, 2013.

"Cost of sales" has increased by 30 million yen, "Selling, general and administrative expenses" has increased by 186 million yen, and "Income taxes" has decreased by 84 million yen in the condensed consolidated statements of income for the nine-month period ended September 30, 2014. As a result, "Net income" has decreased by 132 million yen for the nine-month period ended September 30, 2014.

"Other current assets" has decreased by 216 million yen in the condensed interim consolidated statements of financial position as of September 30, 2014.

Due to the change in this accounting policy, basic and diluted interim earnings per share have decreased by 0.67 yen and 0.69 yen for the nine-month periods ended September 30, 2013 and September 30, 2014, respectively.

There is no impact from the application of revised accounting policies to the consolidated financial statements for the fiscal year ended December 31, 2013.

With the adoption of the standards above except for IFRIC 21 "Levies", there is no material impact on the condensed interim consolidated financial statements.

(ii) Significant Accounting Judgments and Estimates

In the preparation of the condensed interim consolidated financial statements, management makes judgments and uses assumptions. Judgments and assumptions on the future events and the uncertainty of estimation affect the carrying amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the end of the reporting period and the amounts of revenue and expenses reported. The estimates and underlying assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognized in the period of the change or the period of the change and future periods.

Judgments made by management in the application of accounting policies that have a significant effect on the amounts recognized in the condensed interim consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2013.

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

As of December 31, 2013 and September 30, 2014 (Unaudited)

(Millions of yen)

	As of December 31, 2013	**As of September 30, 2014**
Assets		
Current assets		
Cash and cash equivalents	¥ 13,883	**¥ 13,337**
Trade and other receivables	6,617	**5,450**
Other financial assets	110	**90**
Inventories	5,634	**3,799**
Other current assets	9,503	**3,665**
Total current assets	35,747	**26,341**
Non-current assets		
Property, plant and equipment	86,520	**88,556**
Goodwill	146,320	**146,320**
Other intangible assets	2,402	**2,005**
Other financial assets	24,726	**24,228**
Deferred tax assets	10,710	**10,743**
Other non-current assets	467	**548**
Total non-current assets	271,145	**272,400**
Total assets	¥ 306,892	**¥ 298,741**

Condensed Interim Consolidated Statements of Financial Position
As of December 31, 2013 and September 30, 2014 (Unaudited)

(Millions of yen)

	As of December 31, 2013	**As of September 30, 2014**
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings	¥ 14,645	**¥ 9,446**
Trade and other payables	24,469	**20,192**
Other financial liabilities	5,332	**8,508**
Income tax payable	1,992	**1,463**
Provisions	73	**22**
Other current liabilities	9,185	**10,613**
Total current liabilities	55,696	**50,244**
Non-current liabilities		
Long-term borrowings	150,111	**139,615**
Other financial liabilities	14,949	**9,909**
Provisions	11,867	**12,035**
Other non-current liabilities	286	**323**
Total non-current liabilities	177,213	**161,882**
Total liabilities	232,909	**212,126**
Equity		
Share capital	100	**100**
Capital surplus	59,838	**65,409**
Other components of equity	301	**340**
Retained earnings	13,693	**20,701**
Equity attributable to owners of the Company	73,932	**86,550**
Non-controlling interests	51	**65**
Total equity	73,983	**86,615**
Total liabilities and equity	¥ 306,892	**¥ 298,741**

(2) Condensed Interim Consolidated Statements of Income

For the nine-month periods ended September 30, 2013 and 2014 (Unaudited)

(Millions of yen)

	For the nine-month period ended September 30, 2013	**For the nine-month period ended September 30, 2014**
Revenue	¥ 250,289	**¥ 255,289**
Cost of sales	(75,022)	**(76,625)**
Gross profit	175,267	**178,664**
Other operating income	312	**463**
Selling, general and administrative expenses	(154,467)	**(156,656)**
Other operating expenses	(2,392)	**(6,176)**
Operating profit	18,720	**16,295**
Interest income	64	**32**
Other income	826	**402**
Interest expense	(5,724)	**(4,032)**
Other expenses	(4,100)	**(53)**
Income before income taxes	9,786	**12,644**
Income taxes	(3,950)	**(5,625)**
Net income	¥ 5,836	**¥ 7,019**
Net income attributable to:		
Owners of the Company	¥ 5,827	**¥ 7,008**
Non-controlling interests	9	**11**
Net income	¥ 5,836	**¥ 7,019**
Interim earnings per share		
Basic (Yen)	¥ 30.66	**¥ 36.87**
Diluted (Yen)	30.66	**36.82**

(3) Condensed Interim Consolidated Statements of Comprehensive Income

For the nine-month periods ended September 30, 2013 and 2014 (Unaudited)

(Millions of yen)

	For the nine-month period ended September 30, 2013	**For the nine-month period ended September 30, 2014**
Net income	¥ 5,836	**¥ 7,019**
Other comprehensive income		
Items that may be reclassified to profit or loss	120	**42**
Exchange differences on translation of foreign operations	120	**42**
Total items that may be reclassified to profit or loss	120	**42**
Other comprehensive income, net of tax	¥ 5,956	**¥ 7,061**
Total comprehensive income		
Comprehensive income attributable to:	¥ 5,943	**¥ 7,047**
Owners of the Company	13	**14**
Non-controlling interests	¥ 5,956	**¥ 7,061**
Total comprehensive income		

(4) Condensed Interim Consolidated Statements of Changes in Equity

For the nine-month period ended September 30, 2013 (Unaudited)

(Millions of yen)

	Share capital	Capital surplus	Other components of equity	
			Exchange differences on translation of foreign operations	Total
As of January 1, 2013	¥ 47,518	¥ 39,433	¥ 116	¥ 116
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	116	116
Total comprehensive income	—	—	116	116
Transfer of share capital to capital surplus	(47,418)	47,418	—	—
Dividends	—	(27,790)	—	—
Equity-settled share-based payments	—	56	—	—
Contribution of management services rendered by owners	—	525	—	—
Other increases	—	126	—	—
Total contributions by and distributions to owners of the Company	(47,418)	20,335	—	—
Total transactions with owners of the Company, etc.	(47,418)	20,335	—	—
As of September 30, 2013	¥ 100	¥ 59,768	¥ 232	¥ 232

	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
As of January 1, 2013	¥ 6,606	¥ 93,673	¥ 34	¥ 93,707
Net income	5,827	5,827	9	5,836
Other comprehensive income, net of tax	—	116	4	120
Total comprehensive income	5,827	5,943	13	5,956
Transfer of share capital to capital surplus	—	—	—	—
Dividends	—	(27,790)	—	(27,790)
Equity-settled share-based payments	—	56	—	56
Contribution of management services rendered by owners	—	525	—	525
Other increases	—	126		126
Total contributions by and distributions to owners of the Company	—	(27,083)	—	(27,083)
Total transactions with owners of the Company, etc.	—	(27,083)	—	(27,083)
As of September 30, 2013	¥ 12,433	¥ 72,533	¥ 47	¥ 72,580

Condensed Interim Consolidated Statements of Changes in Equity
For the nine-month period ended September 30, 2014 (Unaudited)

(Millions of yen)

	Share capital	Capital surplus	Other components of equity	
			Exchange differences on translation of foreign operations	Total
As of January 1, 2014	**¥ 100**	**¥ 59,838**	**¥ 301**	**¥ 301**
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	**39**	**39**
Total comprehensive income	—	—	**39**	**39**
Equity-settled share-based payments	—	**46**	—	—
Contribution of management services rendered by owners	—	**5,525**	—	—
Total contributions by and distributions to owners of the Company	—	**5,571**	—	—
Total transactions with owners of the Company, etc.	—	**5,571**	—	—
As of September 30, 2014	**¥ 100**	**¥ 65,409**	**¥ 340**	**¥ 340**

	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
As of January 1, 2014	**¥ 13,693**	**¥ 73,932**	**¥ 51**	**¥ 73,983**
Net income	**7,008**	**7,008**	**11**	**7,019**
Other comprehensive income, net of tax	—	**39**	**3**	**42**
Total comprehensive income	**7,008**	**7,047**	**14**	**7,061**
Equity-settled share-based payments	—	**46**	—	**46**
Contribution of management services rendered by owners	—	**5,525**	—	**5,525**
Total contributions by and distributions to owners of the Company	—	**5,571**	—	**5,571**
Total transactions with owners of the Company, etc.	—	**5,571**	—	**5,571**
As of September 30, 2014	**¥ 20,701**	**¥ 86,550**	**¥ 65**	**¥ 86,615**

(5) Condensed Interim Consolidated Statements of Cash Flows

For the nine-month periods ended September 30, 2013 and 2014 (Unaudited)

(Millions of yen)

	For the nine-month period ended September 30, 2013	**For the nine-month period ended September 30, 2014**
Cash flows from operating activities		
Income before income taxes	¥ 9,786	**¥ 12,644**
Adjustments for:		
Depreciation and amortization	9,425	**9,472**
Loss on impairment of non-financial assets	1,286	**308**
Loss on sale and disposal of fixed assets	653	**560**
Interest income	(64)	**(32)**
Other income	(826)	**(402)**
Interest expense	5,724	**4,032**
Other expenses	4,100	**53**
	30,084	**26,635**
Changes in working capital:		
Decrease in trade and other receivables	1,118	**1,173**
Decrease in inventories	460	**1,835**
Decrease in trade and other payables	(1,814)	**(4,281)**
Other	547	**6,666**
Cash generated from operations	30,395	**32,028**
Interest and dividends received	27	**5**
Interest paid	(6,309)	**(4,320)**
Income taxes refunded (paid)	(6,301)	**(593)**
Net cash from operating activities	17,812	**27,120**
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,000	**—**
Acquisition of property, plant and equipment	(6,535)	**(8,394)**
Proceeds from sale of property, plant and equipment	392	**3**
Acquisition of intangible assets	(231)	**(224)**
Proceeds from collection of loans	30	**23**
Payment of lease deposits and guarantee deposits	(291)	**(506)**
Proceeds from collection of lease deposits and guarantee deposits	1,145	**968**
Other	18	**(157)**
Net cash used in investing activities	(4,472)	**(8,287)**
Cash flows from financing activities		
Proceeds from long-term borrowings	166,685	**—**
Repayments of long-term borrowings	(141,972)	**(14,700)**
Repayments of lease obligations	(2,789)	**(2,949)**
Dividends paid	(27,790)	**—**
Payment for redemption of cumulative redeemable preferred shares	(8,519)	**—**
Payments of commissions related to borrowings	—	**(1,754)**
Net cash used in financing activities	(14,385)	**(19,403)**
Effect of exchange rate on the balance of cash and cash equivalents held in foreign currency	44	**24**
Net decrease in cash and cash equivalents	(1,001)	**(546)**
Cash and cash equivalents at the beginning of the period	11,783	**13,883**
Cash and cash equivalents at the end of the period	¥ 10,782	**¥ 13,337**

(6) Notes on the Going Concern Assumption

No items to report

(7) Notes to Condensed Interim Consolidated Financial Statements

(i) Segment Information

The reportable segments of the Group are determined based on the operating segments that are components of the Group for which discrete financial information is available and whose operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess its performance. Operating segments are components of business activities from which the Group may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments.

The restaurant business is the only reportable segment. Accordingly, the Group has not disclosed reportable segment information.

(ii) Interim Earnings per Share

	For the nine-month period ended September 30, 2013	**For the nine-month period ended September 30, 2014**
Net income attributable to common stockholders of the Company (Millions of yen)	¥ 5,827	**¥ 7,008**
Net income not attributable to common stockholders of the Company (Millions of yen)	—	**—**
Net income attributable to common stockholders used for calculation of basic interim earnings per share (Millions of yen)	5,827	**7,008**
Adjustment (Millions of yen)	—	**—**
Net income attributable to common stockholders used for calculation of diluted interim earnings per share (Millions of yen)	¥ 5,827	**¥ 7,008**
Weighted-average number of shares during the period (Shares)	190,070,700	**190,070,700**
Increase in number of common stock used for calculation of diluted interim earnings per share (Shares)		
Increased number of common stock by stock options	—	221,829
Weighted-average number of common stock used for calculation of diluted interim earnings per share (Shares)	190,070,700	**190,292,529**
Basic interim earnings per share (Yen)	¥ 30.66	**¥ 36.87**
Diluted interim earnings per share (Yen)	30.66	**36.82**

(Note) The Company carried out a 100-for-1 share split of the common stock on August 4, 2014. Accordingly, basic and diluted interim earnings per share for the nine-month periods ended September 30, 2013 and 2014, respectively, are calculated assuming that the share split came into effect at the beginning of the fiscal year ended December 31, 2013.

(iii) Significant Subsequent Events

Issuance of common stock through a public offering

The shares of the Company were admitted to the First Section of the Tokyo Stock Exchange on October 9, 2014, following the approval of Tokyo Stock Exchange for the listing of its shares. Prior to the listing, the issuance of new shares through a public offering as set forth below was resolved at the meeting of the board of directors held on August 28 and September 19, 2014, and the payment was settled on October 8, 2014.

As a result, share capital and the total number of issued common stock are 2,479 million yen and 194,208,700 shares, respectively.

(1)	Method of offering:	Public offering (the book building method)
(2)	Number and type of shares newly issued:	4,138,000 shares of common stock
(3)	Offer price:	1,200 yen per share
	This is the amount at which each share was offered to the public.	
(4)	Subscription price:	1,149.6 yen per share
	This is the amount the Company received per newly issued share from the underwriter.	
	The difference between the offer price and subscription price is the commission to the underwriter.	
(5)	Amount to be paid in:	1,020 yen per share
	This is the amount to be paid in, as required in the Companies Act and agreed upon in the board meeting held on September 19, 2014.	
(6)	Amount accounted for as share capital:	574.8 yen per share
(7)	Total amount to be paid in:	4,221 million yen
(8)	Total amount accounted for as share capital:	2,379 million yen
(9)	Total subscription price:	4,757 million yen
(10)	Payment date:	October 8, 2014
(11)	Use of proceeds:	

The proceeds received of 4,645 million yen, which are the total subscription price less the issuance costs, are expected to be used entirely by the end of December 2015 primarily for restaurant facilities for the purpose of accelerating the implementation of the Company's growth strategies and better adapting and responding to future market environment and customer needs.

Specifically, 596 million yen is scheduled to be spent on the opening of new restaurants of various brands, primarily *Gusto* (15 restaurants including *Gusto, Oyama Station*), and 2,485 million yen on conversion of exterior and interior of the restaurants (remodelling) (193 restaurants including *Gusto, Kamoi*) for the purpose of increasing the sales volume of the existing restaurants for the year ending December 31, 2014. Remaining 1,564 million yen will be spent on partial funding for the opening of additional restaurants (42 restaurants) for the year ending December 31, 2015.

The Company intends to invest surplus cash in low risk financial or similar instruments until such cash is spent.