Summary of Non-consolidated Financial Results for the Six Months Ended September 30, 2015 [Japanese GAAP]

October 28, 2015

Company name: CONEXIO Corporation
Stock exchange listing: Tokyo Stock Exchange
Stock code: 9422
URL: http://www.conexio.co.jp/index.html
Representative: (Title) President (Name) Hiroo Inoue
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Scheduled date for filing of quarterly report: November 12, 2015
Scheduled date of commencement of dividend payment: December 4, 2015
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of briefing session on quarterly financial results: Scheduled

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

1. Financial Results for the Six Months Ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Non-consolidated Operating Results (Cumulative) (% indicates rate of change from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
2Q FY2015	128,636	(0.9)	4,033	0.9	4,075	0.1	2,523	3.8
2Q FY2014	129,827	(0.4)	3,998	88.4	4,070	86.2	2,431	123.9

	Net income per share	Diluted net income per share
	yen	yen
2Q FY2015	56.41	—
2Q FY2014	54.36	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2Q FY2015	86,700	27,231	31.4
FY2014	102,404	25,731	25.1

(Reference) Equity: 2Q FY2015: 27,231 million yen FY2014: 25,731 million yen

2. Dividends

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	yen	yen	yen	yen	yen
FY2014	—	18.00	—	22.00	40.00
FY2015	—	22.50			
FY2015(Forecast)			—	22.50	45.00

(Note) Revision of recently-announced dividend forecast: None

3. Financial Forecast for Fiscal Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(% indicates rate of change from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	285,000	0.7	8,150	(5.1)	8,250	(5.0)	5,030	0.3	112.43

(Note) Revision of recently-announced financial forecast: None

Notes

(1) Application of special accounting method for preparing quarterly non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and restatements

(i) Changes in accounting policies due to revision of accounting standards, etc.: None

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(3) Number of shares issued (common stock)

(i) Number of shares issued as of the end of period (including treasury stock)

(ii) Number of shares of treasury stock as of the end of period

(iii) Average number of shares during the period (cumulative)

2Q FY2015	55,923,000 shares	FY2014	55,923,000 shares
2Q FY2015	11,185,016 shares	FY2014	11,184,932 shares
2Q FY2015	44,738,006 shares	2Q FY2014	44,738,123 shares

*** Indication of implementation status of quarterly review procedures**

- These quarterly non-consolidated financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosing this report, quarterly review procedures are being conducted with respect to the quarterly non-consolidated financial statements.

*** Explanation of appropriate use of financial forecasts and other special notes**

- Financial forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the time of preparing this report. The Company does not guarantee that any forecasts would be met. Actual results may vary significantly from the forecasts due to a wide range of factors.

1. Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31,2015	As of September 30,2015
Assets		
Current assets		
Cash and deposits	3,849	3,373
Accounts receivable - trade	48,573	36,950
Merchandise and finished goods	8,301	9,543
Accounts receivable - other	15,301	10,740
Deposits paid	148	153
Other	3,883	4,053
Allowance for doubtful accounts	(16)	(10)
Total current assets	80,041	64,805
Non-current assets		
Property, plant and equipment	3,995	3,847
Intangible assets		
Goodwill	1,923	1,867
The right of carrier shop management	11,800	11,463
Other	566	522
Total intangible assets	14,290	13,853
Investments and other assets	4,077	4,193
Total non-current assets	22,362	21,895
Total assets	102,404	86,700
Liabilities		
Current liabilities		
Accounts payable - trade	26,244	23,228
Accrued agency commission	7,826	6,414
Short-term loans payable	5,000	4,000
Current portion of long-term loans payable	3,000	—
Accounts payable - other	15,014	9,998
Income taxes payable	2,255	1,229
Provision for bonuses	5,162	3,916
Provision for directors' bonuses	52	10
Other	5,783	3,631
Total current liabilities	70,339	52,428
Non-current liabilities		
Provision for retirement benefits	3,735	3,995
Asset retirement obligations	402	426
Other	2,194	2,618
Total non-current liabilities	6,332	7,040
Total liabilities	76,672	59,468

(Million yen)

	As of March 31,2015	As of September 30,2015
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus	9,779	9,779
Retained earnings	22,214	23,754
Treasury shares	(9,193)	(9,194)
Total shareholders' equity	25,579	27,118
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	152	113
Total valuation and translation adjustments	152	113
Total net assets	25,731	27,231
Total liabilities and net assets	102,404	86,700

(2) Quarterly Non-Consolidated Statements of Income

Second quarter cumulative period

(Million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	129,827	128,636
Cost of sales	107,495	106,770
Gross profit	22,331	21,866
Selling, general and administrative expenses	18,333	17,832
Operating income	3,998	4,033
Non-operating income		
Interest income	0	0
Dividend income	1	1
Support money of store move etc income	31	40
Reversal of allowance for doubtful accounts	22	7
Other	41	20
Total non-operating income	97	70
Non-operating expenses		
Interest expenses	21	13
Loss on sales and retirement of non-current assets	0	4
Rent expenses on real estates	2	6
Other	1	4
Total non-operating expenses	25	29
Ordinary income	4,070	4,075
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	—	11
Total extraordinary income	0	11
Extraordinary losses		
Loss on sales and retirement of non-current assets	10	3
Impairment loss	48	102
Loss on closing of stores	15	20
Head office transfer cost	42	—
Other	6	—
Total extraordinary losses	123	126
Income before income taxes	3,947	3,960
Income taxes - current	1,142	1,076
Income taxes - deferred	372	360
Total income taxes	1,515	1,436
Profit	2,431	2,523

(3) Quarterly Non-Consolidated Cash Flows

(Million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes	3,947	3,960
Depreciation	1,015	995
Amortization of goodwill	55	56
Impairment loss	48	102
Increase (decrease) in allowance for doubtful accounts	(22)	(8)
Increase (decrease) in provision for bonuses	386	(1,246)
Increase (decrease) in provision for directors' bonuses	0	(41)
Increase (decrease) in provision for retirement benefits	223	259
Interest and dividend income	(2)	(2)
Interest expenses	21	13
Loss (gain) on sales of investment securities	-	(11)
Decrease (increase) in notes and accounts receivable - trade	12,867	11,646
Decrease (increase) in accounts receivable - other	2,941	4,560
Decrease (increase) in inventories	1,399	(1,269)
Increase (decrease) in notes and accounts payable - trade	(8,835)	(4,427)
Increase (decrease) in accounts payable - other	(2,917)	(4,828)
Increase (decrease) in accrued consumption taxes	584	(1,258)
Other, net	(238)	(846)
Subtotal	11,476	7,654
Interest and dividend income received	2	2
Interest expenses paid	(22)	(14)
Income taxes (paid) refund	(2,687)	(2,155)
Other, net	(269)	34
Net cash provided by (used in) operating activities	8,498	5,519
Cash flows from investing activities		
Purchase of property, plant and equipment	(635)	(560)
Purchase of intangible assets	(108)	(143)
Proceeds from sales of investment securities	-	24
Purchase of investment securities	(25)	(0)
Proceeds from liquidation of subsidiaries and associates	-	24
Payments for lease and guarantee deposits	(114)	(341)
Proceeds from collection of lease and guarantee deposits	516	48
Purchase of long-term prepaid expenses	(158)	(32)
Payments for transfer of business	(55)	-
Other, net	2	(25)
Net cash provided by (used in) investing activities	(579)	(1,006)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,700)	(1,000)
Repayments of long-term loans payable	-	(3,000)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(704)	(983)
Net cash provided by (used in) financing activities	(6,404)	(4,984)

(Million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net increase (decrease) in cash and cash equivalents	1,514	(470)
Cash and cash equivalents at beginning of period	4,151	3,997
Cash and cash equivalents at end of period	5,666	3,527

2. Supplementary Information

Status of Sales

(Unit: million yen, %)

		Six months ended September 30, 2014	Six months ended September 30, 2015	Rate of change
Consumer Business	Net sales	121,032	120,584	(0.4)
	Operating income	4,774	4,685	(1.9)
Corporate Business	Net sales	8,795	8,051	(8.5)
	Operating income	1,079	945	(12.5)
Adjustments	Company-wide expenses	1,856	1,597	(14.0)
Amount recorded in quarterly non-consolidated statement of income	Net sales	129,827	128,636	(0.9)
	Operating income	3,998	4,033	0.9