This filing was originally prepared and published by the company in Japanese as it contained timely disclosure information to be submitted to the Tokyo Stock Exchange (1st section). The English translation is for your reference only. To the extent there is any discrepancy between this English translation and the original Japanese filing, the Japanese filing will prevail. The following financial information was prepared in accordance with generally accepted accounting principles in Japan (JGAAP).

Financial Results (Consolidated) for Q1-Q2(Cumulative) of FY2016

July 27, 2016

Corporate Name: ValueCommerce Co., Ltd. Listed: TSE 1st section
Ticker Symbol: 2491 URL: http://www.valuecommerce.com/ir/
Representative: Representative Director, President and CEO (Name) Jin Kagawa
Contact person: Director of the Board, CFO (Name) Masatomo Endo
TEL: 81 3 4590 3600

Scheduled date of commencement of dividend payment: August 31, 2016
Scheduled date of filing the securities report: August 9, 2016
Results supplementary materials to be created: Yes
Scheduled date of an explanatory presentation to investors: July 28, 2016

(Amounts less than one million yen rounded down)

1. Consolidated Operating Results for the Second Quarter of FY2016 (Jan. 1 to June. 30, 2016)

(1) Consolidated Operating Results (Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Q1-Q2(cumulative) FY2016	9,164	13.3	440	△42.8	494	△43.5	152	△73.2
Q1-Q2(cumulative) FY2015	8,087	29.1	769	△7.2	874	△3.0	568	11.1

(Note) Comprehensive income: Second quarter ended June 30, 2016: 223 million yen, △62.3%
Second quarter ended June 30, 2015: 593 million yen, 14.6%

	Basic EPS (Earnings per share)	Diluted EPS (Diluted Earnings per share)
	Yen	Yen
Q1-Q2(cumulative) FY2016	4.59	4.59
Q1-Q2(cumulative) FY2015	17.11	17.07

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Book-value per share
	Million Yen	Million Yen	%	Yen
As of June 30, 2016	10,206	6,268	60.9	187.20
As of December 31, 2015	10,125	6,244	61.2	186.47

(Reference) Owners' equity: As of June 30, 2016 : 6,220 million yen
As of December 31, 2015 : 6,196 million yen

2. Dividends

	Dividend per share				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	—	4.00	—	6.00	10.00
FY2016	—	2.00			
FY2016 (Forecast)			—	6.00	8.00

(Note) Revisions to dividends forecast published most recently: No

3. Consolidated Operating Forecast for the Fiscal Year Ended Dec. 31, 2016 (Jan. 1 to Dec. 31, 2016)

(Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic EPS (Earnings per share)
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2016	19,000	14.1	1,260	△17.0	1,260	△23.9	820	△20.6	24.68

(Note) Revisions to operating forecast published most recently: No

※ Notes

(1) Significant changes in scope of consolidation during this year: No

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies and accounting estimates, retrospective restatement

1. Changes in accounting policies due to amendment of accounting standards, etc. : Yes
2. Changes in accounting policies other than 1. : No
3. Changes in accounting estimates : No
4. Retrospective restatement : No

(Note) Please refer to "3. Changes in accounting principles, accounting estimates and restatement" in "2. Summary Information (Note)" of the Accompanying Materials.

(4) Number of shares issued (Common stock)

1. Common stock (including treasury stock)
   34,471,000 shares (as of June. 30, 2016)
   34,471,000 shares (as of Dec. 31, 2015)
2. Treasury stock
   1,242,200 shares (as of June. 30, 2016)
   1,242,400 shares (as of Dec. 31, 2015)
3. Average number of shares issued (cumulative period)
   33,228,770 shares (average during Jan. 1 to June. 30, 2016)
   33,215,978 shares (average during Jan. 1 to June. 30, 2015)

* Quarterly review

This outline of quarterly consolidated financial statements is not subject to the quarterly review procedures under the Financial Instruments and Exchange Act. The review procedures for the quarterly consolidated financial statements are being applied at the time of disclosure of this outline.

* Note on proper use of the financial forecasts and other special notes

(Note on future descriptions)

This filing contains future description such as financial outlook. They are based on information currently available to the company and on certain assumptions we deem reasonable. They are not intended to constitute the company's guarantee that the outlook and description will be realized. The actual results may differ materially from those described in this filing due to various factors. For the assumptions for the financial forecasts and notes on use of the financial forecasts, please refer to "(3) Information about Consolidated Financial Forecasts" in "1. Qualitative Information Concerning Consolidated Business Results" on page 2 of the Accompanying Materials.

(Method to reach supplementary materials and contents of explanatory presentation)

The company schedules to hold an explanatory presentation to investors on July 28, 2016. The supplementary materials on financial results will be posted on the company's website soon after the presentation meeting.

1. Qualitative Information Concerning Consolidated Business Results

(1) Information about Operational Results

During the second quarter of the consolidated fiscal year under review, in terms of consumer spending consumer confidence leveled off, the employment situation improved, and corporate earnings came to a standstill, while remaining high. Regarding the economic outlook, expected improvement in employment and income conditions point to a modest recovery, while the slowdown of economic growth in China and other emerging Asian markets as well as instability in financial markets give rise to concern about a potential downturn.

The Internet advertising market in which the Group is involved has attracted a great deal of interest, with the expansion of business in applications and social media that make use of smartphones, advertising technology that utilizes vast amounts of information on the Internet (ad technology), O2O that provides services to attract customers by connecting the Internet with bricks-and-mortar retailers (online-to-offline), and marketing automation services to build and sustain relationships with customers.

In these circumstances, the Group focused on the Ad Network Service advertising distribution business for smartphones and the marketing automation service R∞ (R Eight), as well as promoting its existing businesses, the Affiliate Marketing Service and the Storematch Service.

Revenues stood at JPY 9,164,426 thousand (up 13.3% Y/Y). Operating income was JPY 440,238 thousand (down 42.8 % Y/Y). This reflected steady performance of the existing businesses, as well as the aggressive measures taken in the Ad Network Service to expand the media network, and the recording of amortization of goodwill related to the business acquisition in the previous term, and the recording of amortization of goodwill related to the acquisition of shares of DIGIMIHO Co., Ltd. in the previous term and the expenses of the relevant subsidiary.

Ordinary income was JPY 494,153 thousand (down 43.5 % Y/Y) due to recognizing equity in the earnings of an affiliate of JPY 32,621 thousand and insurance income of JPY 45,705 thousand under non-operating income and Operating losses on investment in partnership of JPY 23,573 thousand under non-operating losses.

Net income attributable to owners of the parent was JPY 152,378 thousand (down 73.2 % Y/Y) due to the recording of loss on valuation of investment securities of JPY 149,739 thousand, fixed asset impairment losses of JPY 18,787 thousand, and expense on head office relocation of JPY 16,143 thousand under extraordinary losses, and income taxes of JPY 157,104 thousand.

Segment performance was as follows:

In order to properly evaluate performance by reporting segment from the first quarter of the consolidated fiscal year under review, the standards for allocation of mainly general and administrative expenses were revised, and the method for calculating income or losses of the reporting segment was changed.

Segment performance for the preceding second quarter has been prepared based on the new calculation method.

Results by segment are as follows.

a. Affiliate Marketing Service

During the second quarter of the consolidated fiscal year under review, services mainly in the travel, job, and beauty sectors remained brisk, although certain advertisers in the financial sector stepped up their stance of pursuing operational efficiency. As a result, this segment attained revenue of JPY 7,810,155 thousand (up 6.2 % Y/Y) and segment operating income of JPY 1,201,576 thousand (up 0.0 % Y/Y).

b. Storematch Services

During the second quarter of the consolidated fiscal year under review, services for stores run within Yahoo! Shopping remained steady performance. As a result, this segment attained revenue of JPY 736,760 thousand (up 11.4 % Y/Y) and segment operating income of JPY 99,216 thousand (up 76.3 % Y/Y).

c. Ad Network Services

During the second quarter of the consolidated fiscal year under review, the Company unified the two platforms AdLantis, which it had acquired in the preceding fiscal year, and ADPRESSO, which it developed in house, in February 2016, in an effort to strengthen its distribution capability. It also took aggressive measures to expand the media network, a recipient of ad distribution. As a result, this segment attained revenue of JPY 300,688 thousand (including inter-segment revenue of JPY 687 thousand) (segment revenue of JPY 49,916 thousand for the same period in the preceding fiscal year) and segment operating loss of JPY 274,722 thousand (segment operating loss of JPY 157,685 thousand for the same period in the preceding fiscal year).

d. Other

The reporting segment comprises new businesses, including the R∞ (R Eight) marketing automation services, the O2O Service and the Media Service.

During the second quarter of the consolidated fiscal year under review, the Company recorded an amortization of goodwill related to the inclusion of DIGIMIHO Co., Ltd. which provides the R∞, marketing automation services, in its consolidated subsidiaries. Mainly as a result of the above, this segment attained revenue of JPY 341,116 thousand (including inter-segment revenue of JPY 23,606 thousand) (segment revenue of JPY 38,171 thousand for the same period in the preceding fiscal year including inter-segment revenue of JPY 13,565 thousand) and segment operating loss of JPY 409,007 thousand (segment operating loss of JPY 171,442 thousand for the same period in the preceding fiscal year).

(2) Information about Financial Position

1. The status of assets, liabilities and net assets

(Assets)

At the end of the second quarter of the consolidated fiscal year under review, total assets stood at JPY 10,206,780 thousand, increased by JPY 81,354 thousand from the end of the preceding consolidated fiscal year.

Current assets stood at JPY 7,277,483 thousand, decreased by JPY 165,854 thousand from the end of the preceding consolidated fiscal year, mainly due to decrease in cash and deposits of JPY 236,250 thousand.

Noncurrent assets stood at JPY 2,929,296 thousand, increased by JPY 247,209 thousand from the end of the preceding consolidated fiscal year, mainly due to a decrease in goodwill of JPY 249,024 thousand and an increase in software of JPY 171,477 thousand, software in progress of JPY 84,877 thousand and security deposits of JPY 242,566 thousand.

(Liabilities)

At the end of the second quarter of the consolidated fiscal year under review, total liabilities stood at JPY 3,938,602 thousand, increased by JPY 57,932 thousand from the end of the preceding consolidated fiscal year.

Current liabilities stood at JPY 3,802,215 thousand, increased by JPY 6,367 thousand from the end of the preceding consolidated fiscal year, mainly due to a decrease in income taxes payable of JPY 198,236 thousand and an increase in accounts payable- trade of JPY 114,054 thousand and accounts payable- other of JPY 107,034 thousand.

Noncurrent liabilities stood at JPY 136,387 thousand, increased by JPY 51,564 thousand from the end of the preceding consolidated fiscal year, mainly due to an increase in differed tax liabilities of JPY 55,003 thousand.

(Net assets)

At the end of the second quarter of the consolidated fiscal year under review, net assets stood at JPY 6,268,177 thousand, increased by JPY 23,422 thousand from the end of the preceding consolidated fiscal year, mainly due to an increase in retained earnings of JPY 152,378 thousand resulting from net income attributable to owners of the parent and valuation difference on available-for-sale securities of JPY 71,781 thousand despite a decrease in retained earnings of JPY 199,371 thousand resulting from cash dividend payment.

2. Cash Flows

At the end of the second quarter of the consolidated fiscal year under review, the balance of cash and cash equivalents stood at JPY 3,962,551 thousand, decreased by JPY 236,250 thousand from the end of the preceding consolidated fiscal year.

The cash flows during the second quarter of the consolidated fiscal year under review and their causes are as follows.

(Operating Cash Flows)

Net cash generated by operating activities amounted to JPY 480,309 thousand (compared to net cash of JPY 337,762 thousand generated in the preceding second quarter), mainly due to income before income taxes of JPY 309,483 thousand. Negative factors include income taxes paid of JPY 367,280 thousand, an increase in account receivable-trade of JPY 74,849 thousand and an earnings of affiliate of JPY 32,621 thousand. Positive factors include losses on investments of securities of JPY 149,739 thousand, depreciation of JPY 126,523 thousand, an increase in account payable- trade of JPY 114,054 thousand, an increase in accounts payable-other of JPY 103,153 thousand and amortization of goodwill of JPY 86,666 thousand.

(Investing Cash Flows)

Net cash used for investing activities amounted to JPY 498,310 thousand (compared to net cash of JPY 268,968 thousand used in the preceding second quarter), mainly due to payment for security deposits of JPY 242,686 thousand and purchase in intangibles assets of JPY 203,816 thousand.

(Financing Cash Flows)

Net cash used for financing activities amounted to JPY 213,906 thousand (compared to net cash of JPY 195,454 thousand used in the preceding second quarter), mainly due to cash dividend paid of JPY 198,446 thousand and repayment of long-term loans payable of JPY 14,700 thousand.

(3) Information about Consolidated Financial Forecasts

The consolidated financial forecast has not changed from the Consolidated Financial Forecasts for FY 2016 announced in the Financial Results (Consolidated) for Fiscal Year 2015 on January 29, 2016.

2. Summary Information (Note)

(1) Significant changes in scope of consolidation during this year

Not applicable

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in accounting principles, accounting estimates and restatement

Changes in accounting principles

(Application of the Accounting Standard for Business Combinations, etc.)

From the first quarter of the consolidated fiscal year under review, the Company is applying the Accounting Standard for Business Combinations (ASBJ Statement No. 21; September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7; September 13, 2013). With the application of these accounting standards, the Company has changed the presentation of net income and changed the presentation of "Minority interests" to "Non-controlling interests." To reflect these changes, changes have been made in the consolidated financial statements for the preceding second quarter of the consolidated fiscal year and for the preceding consolidated fiscal year.

(Application of practical handling in respect of changes to depreciation methods relating to tax reform act of 2016)

Following the revision of the Corporation Tax Act, the "practical solution in respect of changes to depreciation methods relating to tax reform act of 2016" (Practical Issues Task Force No. 32, June 17, 2016) was applied to the second quarter of the consolidated fiscal year under review, and the depreciation method relating to buildings and accompanying facilities, and structures, acquired after April 1, 2016 was changed from declining balance depreciation to straight-line depreciation.

This has no impact on operating income, ordinary income, and income before income taxes during the second quarter of the consolidated fiscal year under review.

3. Earnings Results for the Second Quarter

(1) Consolidated Balance Sheet

(Thousand yen)

	As of December 31, 2015	As of June 30, 2016
(Assets)		
Current assets		
Cash and deposits	4,198,801	3,962,551
Notes and accounts receivable- trade	2,452,495	2,527,358
Deferred tax assets	29,510	20,471
Accounts receivable- other	706,639	698,676
Other current assets	57,284	69,569
Allowance for doubtful accounts	△1,392	△1,143
Current assets in total	7,443,338	7,277,483
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities, net	581	－
Tools, instruments and fixtures, net	49,881	66,244
Leased assets, net	1,866	1,104
Other property, plant and equipment	804	－
Property, plant and equipment in total	53,132	67,349
Intangible assets		
Software	464,417	635,894
Software in progress	1,112	85,990
Goodwill	983,282	734,257
Other intangible assets	44,400	98,978
Intangible assets in total	1,493,212	1,555,121
Investments and other assets		
Investment securities	1,093,208	1,060,925
Security deposits	1,511	244,078
Deferred tax assets	34,561	－
Other investments	6,690	2,039
Allowance for doubtful accounts	△230	△217
Investments and other assets in total	1,135,741	1,306,826
Noncurrent assets in total	2,682,087	2,929,296
Total assets	10,125,425	10,206,780

(Thousand yen)

	As of December 31, 2015	As of June 30, 2016
(Liabilities)		
Current liabilities		
Accounts payable- trade	2,075,456	2,189,511
Accounts payable- other	1,159,636	1,266,670
Income taxes payable	373,758	175,522
Other current liabilities	186,995	170,510
Current liabilities in total	3,795,847	3,802,215
Noncurrent liabilities		
Guarantee deposits received	82,713	80,127
Differed tax liabilities	—	55,003
Other noncurrent liabilities	2,109	1,256
Noncurrent liabilities in total	84,823	136,387
Liabilities in total	3,880,670	3,938,602
(Net assets)		
Shareholders' equity		
Capital stock	1,728,266	1,728,266
Capital surplus	1,088,466	1,088,558
Retained earnings	3,583,308	3,536,315
Treasury stock	△199,691	△199,659
Shareholders' equity in total	6,200,350	6,153,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△3,740	68,041
Foreign currency translation adjustment	△447	△1,057
Accumulated other comprehensive income in total	△4,188	66,983
Subscription rights to shares	48,593	47,712
Net assets in total	6,244,755	6,268,177
Liabilities and net assets	10,125,425	10,206,780

(2) Consolidated Statement of Income and Comprehensive Income

(Thousand yen)

	Second Quarter ended June 30, 2015 (Jan. 1 to June. 30, 2015)	Second Quarter ended June 30, 2016 (Jan. 1 to June. 30, 2016)
Revenue	8,087,768	9,164,426
Cost of revenue	6,042,334	7,238,011
Gross profit	2,045,434	1,926,414
Selling, general and administrative expenses	1,276,428	1,486,175
Operating income	769,005	440,238
Non-operating income		
Equity in earnings of an affiliate	70,685	32,621
Operating gains on investment in partnership	30,898	—
Insurance income	—	45,705
Others	4,994	7,656
Non-operating income in total	106,578	85,983
Non-operating expenses		
Operating losses on investment in partnership	—	23,573
Foreign exchange losses	37	7,047
Others	552	1,446
Non-operating expenses in total	589	32,068
Ordinary income	874,994	494,153
Extraordinary losses		
Expenses on head office relocation	—	16,143
Impairment losses	9,119	18,787
Losses on valuation of investments securities	—	149,739
Extraordinary losses in total	9,119	184,670
Income before income taxes	865,874	309,483
Income taxes- current	314,016	163,952
Income taxes- deferred	△16,305	△6,847
Income tax in total	297,710	157,104
Net income	568,164	152,378
(Break Down)		
Net income attributable to owners of the parent	568,164	152,378
Net income attributable to non-controlling interests	—	—
Other comprehensive income		
Valuation difference on available-for-sale securities	25,210	71,781
Foreign currency translation adjustment	△9	△609
Other comprehensive income in total	25,201	71,171
Comprehensive income	593,365	223,550
(Break Down)		
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	593,365	223,550
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Cash Flow

(Thousand Yen)

	Second Quarter ended June 30, 2015 (Jan. 1 to June. 30, 2015)	Second Quarter ended June 30, 2016 (Jan. 1 to June. 30, 2016)
Operating cash flows		
Income before income taxes	865,874	309,483
Depreciation and Amortization	74,019	126,523
Amortization of goodwill	15,246	86,666
Stock based compensation expense	7,589	—
Increase (decrease) in allowance for doubtful accounts	△343	△262
Interest income	△432	△416
Interest expenses	69	57
Foreign exchange losses (gains)	8	7,054
Equity in losses (earnings) of an affiliate	△70,685	△32,621
Operating losses (gains) on investment in partnership	△30,898	23,573
Loss (gain) on valuation of investment securities	—	149,739
Impairment losses	9,119	18,787
Expenses on head office relocation	—	16,143
Decrease (increase) in note and accounts receivable- trade	△341,469	△74,849
Increase (decrease) in accounts payable- trade	126,308	114,054
Decrease (increase) in accounts receivable- other	△67,993	7,962
Increase (decrease) in accounts payable- other	45,306	103,153
Increase (decrease) in deposits received	△11,158	△4,983
Increase (decrease) in guaranteed deposit received	△12,850	△2,586
Others, net	△46,057	△24
Subtotal	561,653	847,455
Interest and dividends income received	28,484	10,999
Interest expense paid	△69	△57
Head office relocation expense paid	△29,808	△10,807
Income taxes paid	△222,498	△367,280
Operating cash flows	337,762	480,309
Investing cash flows		
Purchase in property, plant and equipment	△12,613	△33,206
Purchase in intangible assets	△52,994	△203,816
Payment for investment securities	—	△34,544
Proceeds from redemption of investment securities	—	15,824
Proceeds from distribution of investment in partnership	52,984	—
Proceeds from collection in security deposits	93,774	119
Payment for security deposits	△119	△242,686
Payment for business acquisition	△350,000	—
Investing cash flows	△268,968	△498,310
Financing cash flows		
Proceeds from disposal of treasury stock	2,963	92
Repayment of long-term loans payable	—	△14,700
Cash dividend paid	△197,600	△198,446
Others	△817	△852
Financing cash flows	△195,454	△213,906
Effect of exchange rate change on cash and cash equivalents	△17	△4,343
Net increase (decrease) in cash and cash equivalents	△126,678	△236,250
Beginning balance of cash and cash equivalents	4,742,365	4,198,801
Ending balance of cash and cash equivalents	4,615,686	3,962,551

(4)Notes to Quarterly Consolidated Financial Statement

(Notes on the Going Concern Premise)

Not applicable.

(Note if There Is a Considerable Change to Shareholders' Equity)

Not applicable.

(Segment Information)

Segment Information

1. For the second quarter of the Fiscal 2015 (Jan. 1 to June. 30, 2015)

1. Information on the amount of sales, profit/loss by reporting segment

(Thousand yen)

	Reporting segment					Adjustment (Note 1.2)	Amount on consolidated financial statements (Note 3)
	Affiliate Marketing Service	Storematch Service	Ad Network Service	Other	Total		
Revenue							
Revenue to clients	7,351,835	661,410	49,916	24,605	8,087,768	—	8,087,768
Inter-segment revenue	—	—	—	13,565	13,565	△13,565	—
Total revenue	7,351,835	661,410	49,916	38,171	8,101,333	△13,565	8,087,768
Segment operating income/loss	1,200,988	56,282	△157,685	△171,442	928,143	△159,138	769,005

(Note) 1. The deduction of JPY 13,565 thousand listed as an adjustment to inter-segment revenue is offsets among segment.

2. The deduction of JPY 159,138 thousand listed as an adjustment to segment operating income is corporate expenses not allocated to any reporting segment.

3. Segment operating income/loss is adjusted to operating income in the consolidated financial statement.

2. Information on impairment loss of noncurrent assets, goodwill, etc. by reportable segment

(Material impairment loss of noncurrent assets)

Not applicable.

(Material change in goodwill)

In Ad Network Service, goodwill is included as the Company acquired "AdLantis", ad network business of Glossom, Inc. Increased amount of goodwill is JPY 289,677 thousand for the second quarter of the consolidated fiscal year.

(Material gain on negative goodwill)

Not applicable.

2. For the second quarter of the Fiscal 2016 (Jan. 1 to June. 30, 2016)

1. Information on the amount of sales, profit/loss by reporting segment

(Thousand yen)

	Reporting segment					Adjustment (Note 1.2)	Amount on consolidated financial statements (Note 3)
	Affiliate Marketing Service	Storematch Service	Ad Network Service	Other	Total		
Revenue							
Revenue to clients	7,810,155	736,760	300,001	317,509	9,164,426	—	9,164,426
Inter-segment revenue	—	—	687	23,606	24,294	△24,294	—
Total revenue	7,810,155	736,760	300,688	341,116	9,188,720	△24,294	9,164,426
Segment operating income/loss	1,201,576	99,216	△274,722	△409,007	617,062	△176,823	440,238

(Note) 1. The deduction of JPY 24,294 thousand listed as an adjustment to inter-segment revenue is offsets among segment.

2. The deduction of JPY 176,823 thousand listed as an adjustment to segment operating income is corporate expenses not allocated to any reporting segment.

3. Segment operating income/loss is adjusted to operating income in the consolidated financial statement.

2. Information on impairment loss of noncurrent assets, goodwill, etc. by reportable segment

(Material impairment loss of noncurrent assets)

Not applicable.

(Material change in goodwill)

Not applicable.

(Material gain on negative goodwill)

In accordance with the acquisition of the shares of DIGIMIHO Co., Ltd. in the previous consolidated fiscal year in the segment, "Other Business", we recorded JPY 724,097 thousand of goodwill by tentative calculation however it was fluctuated to JPY 561,738 thousand since we had completed the allocation of the acquisition cost during the second quarter of consolidated fiscal year.

3. Changes related to reporting segments

To assess results in each reporting segment more appropriately, the Company has reviewed its allocation rules mainly for general and administrative expenses, among other rules, and has changed its method for calculating profit and loss in each reporting segment. The changes are applied from the second quarter of the consolidated fiscal year under review.

The segment information for the preceding second quarter is prepared under the revised calculation method.