Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 [Japanese GAAP]

May 2, 2016

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
Contact: (Title) General Manager, Corporate Planning (Name) Noriaki Kanno Phone: +81-3-5331-3702
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Schedule of briefing session on annual results: Scheduled

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

1. Financial Results for the Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Non-consolidated Operating Results (Cumulative) (% are shown as year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2016	281,307	(0.6)	9,203	7.1	9,294	7.0	6,149	22.6
March 31, 2015	282,961	(3.2)	8,592	23.3	8,682	23.1	5,013	25.3

	Earnings per share	Diluted earnings per share	ROE	ROA	Operating income to net sales ratio
Fiscal year ended	yen	yen	%	%	%
March 31, 2016	137.45	—	22.1	9.3	3 3
March 31, 2015	112.07	—	21.3	8.7	3.0

(Reference) Equity in earnings of affiliates: March 31, 2016: －million yen March 31, 2015: － million yen

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31, 2016	96,912	29,850	30.8	667.23
March 31, 2015	102,404	25,731	25.1	575.17

(Reference) Equity: March 31, 2016: 29,850 million yen March 31, 2015: 25,731 million yen

(3)Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended	million yen	million yen	million yen	million yen
March 31, 2016	8,392	(1,811)	(7,490)	3,088
March 31, 2015	7,266	(1,911)	(5,509)	3,997

2. Dividends

	Annual dividends					Total amount of dividends	Payout ratio	Dividend on equity
	1Q end	2Q end	3Q end	Year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31,2015	—	18.00	—	22.00	40.00	1,789	35.7	7.6
Year ended March 31,2016	—	22.50	—	25.50	48.00	2,147	34.9	7.7
Year ending March 31,2017(Forecast)	—	26.00	—	26.00	52.00		40.8	

3. Financial Forecast for Fiscal Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(% are shown as year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	270,000	(4.0)	9,210	0.1	9,300	0.1	5,700	(7.3)	127.41

Note: Consolidated forecasts for the First-half year have not been disclosed.

Notes

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

(i)	Changes in accounting policies due to revision of accounting standards, etc.:	Yes
(ii)	Changes in accounting policies other than (i) above:	None
(iii)	Changes in accounting estimates:	None
(iv)	Restatements:	None

(2) Number of shares issued (common stock)

(i) Number of shares issued as of the end of period (including treasury stock)	FY2015	55,923,000 shares	FY2014	55,923,000 shares
(ii) Number of shares of treasury stock as of the end of period	FY2015	11,185,062 shares	FY2014	11,184,932 shares
(iii) Average number of shares during the period (cumulative)	FY2015	44,737,991 shares	FY2014	44,738,097 shares

*** Indication of implementation status of securities review procedures**

- This summary financial report is exempt from the audit procedure based on the Financial Instruments and Exchange Act and as of the date of disclosure of this summary financial report, the financial statements audit procedure based on the Financial Instruments and Exchange Act has not been completed.

*** 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.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

①Operating results for the fiscal year ended March 31, 2016

During the fiscal year ended March 31, 2016, the Japanese economy was on a moderate recovery trend and saw improvements in corporate earnings as well as the employment and household income environment. On the other hand, as personal consumption continued to fail to show strength with consumer confidence remaining at a standstill, the economic outlook remained uncertain.

In the mobile phone market in which the Company conducts business activities, sales of optical-fiber broadband services as well as various contents such as videos, music and magazines were actively promoted by telecom carriers amid the trend for an extended replacement cycle.

In such a business climate, although the Company grew new sales of tablet devices and other products, overall sales of handsets decreased to 2,880,000 (down 3.2% year-on-year) due to weak replacement demand. With regard to profit, the Company, while being affected by the decrease in commissions received from telecom carriers, continued to focus on sales of smartphone accessories and contents to improve profit per customer in addition to making ongoing cost-reduction efforts.

As a result, the Company's financial results for the fiscal year ended March 31, 2016 were 281,307 million yen in net sales (down 0.6% year-on-year), 9,203 million yen in operating income (up 7.1%), and 9,294 million yen in ordinary income (up 7.0%). In addition, profit increased to 6,149 million yen (up 22.6% year-on-year) reflecting such factors as the recognition of extraordinary income on the transfer of the housing solution business providing broadband service to condominiums and tax credits granted under the taxation rules for salary growth.

The financial results of each business segment were as follows.

(Consumer Business)

The carrier-certified shops reinforced sales of tablet devices as a second handset and optical-fiber broadband services while also making efforts to make the shops more customer-friendly. As a result, the Company secured the same levels of unit sales in the carrier-certified shops as in the previous fiscal year. On the other hand, the sales environment at major electronics retailers remained harsh and overall unit sales in the consumer business declined. Although commission received from telecom carriers decreased, the Company improved customer satisfaction by reconsidering the customer service method, for example, shortening the waiting time of customers in a queue while also focusing its efforts on the sales of smartphone accessories and various contents. Meanwhile, sales of the portal site "nexi," the Company's proprietary service, continued to be solid.

As a result, net sales decreased 0.1% year-on-year to 263,834 million yen and operating income increased 4.6% to 10,598 million yen.

(Corporate Business)

The number of large transactions declined from the previous fiscal year and the sales of handsets remained weak. Despite such a harsh climate, the Company steadily won contracts for such businesses as setting up smartphones on behalf of corporate customers and business process outsourcing services of smartphones and other devices (e.g. help desk). The Company strengthened sales of solution services by starting to offer "E-PORTER+," a service in which corporate customers can centrally manage its mobile handset assets and charges, in addition to offering the sales force automation system "Salesforce" and MDM (Mobile Device Management), an administrative system dealing with deploying, securing, monitoring, integrating and managing mobile devices. Meanwhile, sales of prepaid cards that can be used for purchasing game and music contents and other items continued to be strong.

As a result, net sales decreased 7.9% year-on-year to 17,472 million yen and operating income decreased 3.1% to 2,154 million yen.

②Outlook for the next term

Although the Japanese economy is on a moderate recovery trend and saw improvements in corporate earnings as well as the employment and household income environment, the future outlook of the Japanese economy is expected to remain unforeseeable due to, among others, consumer confidence remaining at a standstill.

In the mobile phone market, telecom carriers are promoting efforts to capture customers by, for example, strengthening loyalty services for telecom carriers while starting to offer non-telecom services such as electricity and insurance. On the other hand, telecom carriers expect to face difficulty in increasing unit sales of handsets because effective selling price of handsets is expected to increase due to, among others, the new guidelines issued by the Ministry of Internal Affairs and Communications to rectify excessive discounts on smartphone purchases.

Under such an environment, the Company will strive to minimize the decrease in unit sales as a company and a shop that is trusted and chosen by customers by improving customer satisfaction thorough proposal-based customer services that are customized based on the lifestyle of each customer and experience-based customer services through telephone classes. The Company will also continue to promote optical-fiber broadband services and strengthen the offering of smartphone accessories and contents, thereby improving profit per customer. In addition, the Company will actively invest in growth markets such as prepaid card, MVNOs, and IoT to establish them as new sources of revenue. Meanwhile, the Company will take measures to improve working conditions of the sales staff at shops and to improve the retention rate of employees aiming to strengthen performance of shops.

Our full-year earnings forecasts for the fiscal year ending March 2017 are as follows: Unit sales will be 2,750,000 units (down 4.7% year-on-year), net sales 270,000 million yen (down 4.0%), operating income 9,210 million yen (up 0.1%), ordinary income 9,300 million yen (up 0.1%), and net income 5,700 million (down 7.3%). The full-year earnings forecasts above have been prepared in consideration of possible events that are conceivable as of the date of this report. If any event occurs that will have significant impact on the forecasts, it will be promptly disclosed.

(2) Analysis of Financial Position

① Status of assets, liabilities and net assets

(Current assets)

Current assets decreased by 5,022 million yen from the end of the previous fiscal year to 75,018 million yen. This was mainly due to the decrease in amounts receivable-trade by 2,552 million yen, the decrease in cash and deposits by 890 million yen, the decrease in deferred tax assets by 828 million yen, the decrease in accounts receivable-other by 492 million yen, and the decrease in merchandise and finished goods by 316 million yen.

(Noncurrent assets)

Noncurrent assets decreased by 468 million yen from the end of the previous fiscal year to 21,894 million yen. This was mainly due to the decrease in the right of career shop management by 698 million yen, the decrease in goodwill by 93 million yen, the increase in lease and guarantee deposits by 200 million yen, and the increase in property, plant and equipment by 191 million yen.

As a result, total assets decreased by 5,491 million yen from the end of the previous fiscal year to 96,912 million yen.

(Current liabilities)

Current liabilities decreased by 10,349 million yen from the end of the previous fiscal year to 59,990 million yen. This was mainly due to the decrease in current portion of long-term loans payable by 3,000 million yen, the decrease in short-term loans payable by 2,500 million yen, the decrease in income taxes payable by 1,734 million yen, the decrease in accounts payable-other by 1,612 million yen, the decrease in provision for bonuses by 1,525 million yen, the decrease in accounts payable-trade by

1,436 million yen, the decrease in accrued consumption taxes by 1,112 million yen, and the increase in accrued agency commission by 2,752 million yen.

(Noncurrent liabilities)

Noncurrent liabilities increased by 739 million yen from the end of the previous fiscal year to 7,072 million yen. This was mainly due to the increase in provision for retirement benefits by 373 million yen and the increase in deferred tax liabilities by 332 million yen.

As a consequence, total liabilities decreased by 9,610 million yen from the end of the previous fiscal year to 67,062 million yen.

(Net assets)

Net assets increased by 4,118 million yen from the end of the previous fiscal year to 29,850 million yen. This was mainly due to the increase as a result of the recognition of profit of 6,149 million yen and the decrease as a result of dividend payments of 1,990 million yen.

As a result, the Company's equity ratio was 30.8%.

②Status of cash flows

Cash and cash equivalents (hereinafter "cash") at the end of the fiscal year under review decreased by 908 million yen from the end of the previous fiscal year to 3,088 million yen.

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net inflow of 8,392 million yen (up 1,125 million yen year-on-year). This was attributable mainly to the net effect of the total cash inflow due to the recognition of profit before income taxes of 9,390 million yen, the decrease in notes and accounts receivable-trade by 2,615 million yen, depreciation of 1,992 million yen, the increase in notes and accounts payable-trade by 1,316 million yen, etc., and the total cash outflow due to Income taxes paid of 3,836 million yen, the decrease in provision for bonuses by 1,525 million yen, the decrease in accounts payable-other by 1,451 million yen, the decrease in accrued consumption taxes by 1,112 million yen, etc., where the former was greater than the latter.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net outflow of 1,811 million yen (down 100 million yen year-on-year). This was attributable mainly to the net effect of the total cash outflow due to the purchase of property, plant and equipment (1,459 million yen), the payments for lease and guarantee deposits (444 million yen), the purchase of intangible assets (211 million yen), etc., and the total cash inflow due to proceeds from transfer of business of 396 million yen, etc., where the former was greater than the latter.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a net outflow of 7,490 million yen (up 1,980 million yen year-on-year). This was mainly attributable to the repayments of long-term loans payable (3,000 million yen), net decrease in short-term loans payable (2,500 million yen), and the payment of dividend (1,990 million yen).

(Reference) Changes in cash flow related indicators

	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Equity ratio (%)	40.2	32.4	21.8	25.1	30.8
Market-value equity ratio (%)	47.9	51.4	37.2	47.3	52.5
Cash flow to interest-bearing debt ratio (%)	—	—	1.0	1.1	0.3
Interest coverage ratio (times)	—	—	241.6	170.9	263.5

(Note) 1. Equity ratio: Equity / total assets
2. Market value equity ratio: market capitalization / total assets
*Market capitalization is calculated by multiplying the stock's closing price at the term end by the number of outstanding shares at term end.
3. Ratio of interest-bearing liabilities to cash flow: Interest bearing liabilities/cash flows from operating activities
4. Interest coverage ratio: Cash flows from operating activities/interest payments
*The Company had no interest-bearing debt in the year ended March 31, 2012, and the operating cash flow in the year ended March 31, 2013 was negative. Accordingly, the cash flow to interest-bearing debt ratio and the interest coverage ratio are not stated.

(3) Basic Policy on Profit Allocation, and Dividend Payment for the Current and Next Terms

The Company recognizes the return of profit to shareholders as one of the key issues of management and it is our basic profit appropriation policy to endeavor to improve financial results so that we can pay stable dividends at a payout ratio of 40% consistently over period.

Based on this policy, after considering various factors including the financial results for the fiscal year under review and the stability of dividends, the Company plans to increase the dividend by 8 yen per share to 48 yen per share (interim at 22.5 yen, year-end at 25.5 yen) for the fiscal year under review.

For the next fiscal year, the Company plans to increase the dividend by 4 yen per share to 52 yen per share (interim at 26 yen, year-end at 26 yen).

Internal reserves will be used to enhance carrier-certified shops and other business development to ensure the expansion and the growth of the business.

(4) Business Risks

Risks that may impact the operating results and the financial condition of the Company are stated below. Items that do not fall under the category of business risks are also included from the viewpoint of proactive disclosure if an item is deemed significant in terms of investment decision-making by investors. The Company recognizes the potential for these risks, and then endeavors to avoid their occurrence, as well as to localize and minimize the impact, should the risks materialize. The decision to invest in the Company, however, must ultimately lie with the measured judgment and self-responsibility of the investor. Items concerning the future in the text below have been recognized by the Company as of the filing date.

< Social, economic and regulatory risks>

① Personal information leakage, etc.

The Company deals with personal information disclosed by subscribers to telecom carriers when contracts are concluded, etc. The

Company continues with its efforts to maintain a watertight management system by complying with the strict rules and manuals of the telecom carriers, by endeavoring to train employees and manage business partners, and by obtaining ISO27001 (see note 2) certification for the scope of work that accumulates personal information (see note 1), among other efforts. However, in the unlikely event that a leak occurs, the Group may be held responsible by its business partners, the Group's reputation may suffer, and the financial results of the Group may be significantly impacted.

(Note) 1. Certified scope of work:

- Acting as an intermediary for concluding mobile phone contracts in Call Center, Distribution Center
- Network solution service, Mobile solution service
- Acting as an intermediary for concluding mobile phone contracts, providing after-sales services to subscribers, and selling mobile phone handsets for corporate customers in the Head Office, branch offices and business centers

2. International Standards for information security management systems

② Laws and regulations

The agency business for the telecom carriers, etc. is subject to various laws and regulations including the Telecommunications Business Act, the Antimonopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade), the Act against Unjustifiable Premiums and Misleading Representations , the Act on the Protection of Personal Information, the Act on Identification, etc. by Mobile Voice Communications Carriers of their Subscribers, etc. and for Prevention of Improper Use of Mobile Voice Communications Services, the Act on Establishment of Enhanced Environment for Youth's Safe and Secure Internet Use, the Guidelines on the Protection of Personal Information in the Telecommunications Business, and the Code of Ethics in Sales Activities of Agents prescribed by the Telecommunications Carriers Association. The Company makes efforts to strengthen the internal management system including the employee education to comply with these laws and regulations. However, if there is a violation of these laws and regulations, the Company may be subject to claims for compensation for damages, cancellation of agency contracts, suspension of operation, etc. This may significantly impact the financial results of the Company.

③ Effect of changes in the rules proposed by the Ministry of Internal Affairs and Communications

On March, 2016, the Ministry of Internal Affairs and Communications developed a guildeline to rectify excessive discounts on smartphone purchases and amended "Guidelines for Consumer Protection Rules for the Telecommunications Business Act." In spite of proper responses the Company makes to these guidelines, any future amendment of laws and regulations relating these developments may affect the strategies of telecom carriers as well as the entire mobile phone market and may also affect the business and financial results of the Company.

<Risks concerning business strategy>

④ Concentration on mobile phone agency business

The sales of the Company are largely from the mobile phone agency business. Steady demand is expected in the mobile phone market, particularly from replacement needs. However, if mobile phone services and products themselves lose their appeal or substitute services/products are commercialized, their sales may significantly contract and this may impact the financial results of the Company.

⑤ Business expansion through business acquisitions, etc.

The Company may, among other things, expand its business or distribution network through business transfer or merger involving other companies in the industry in the future. Goodwill emerging as a result of such merger may impact the financial position and the financial results of the Company. Depending on the market conditions or economic environment, there is no guarantee that such merger, etc. will produce results that had been initially expected and this may impact the financial results of the Company.

Similarly, goodwill, etc. resulting from the merger with Panasonic Telecom Co., Ltd. on October 1, 2012 may also impact the financial results of the Company.

< Risks relating to the market and competition >

⑥ Impact of telecom carriers' business policies

The Company obtains commissions from telecom carriers for selling mobile phone handsets, concluding mobile phone contracts, and after-sales service. The commission system is different for each telecom carrier, and the type, unit price, subject period, subject clients and content of the service for commission payment, the ratio against the communications fees paid, etc., may be reviewed accordingly depending on each telecom carrier's performance and sales policy. Furthermore, it is required in the agency contract with the telecom carrier that if a user who has entered into a contract via the Company cancels the contract within a certain period, the Company must return part of the commission which was paid to the Company from the telecom carrier at the time of the contract. Agency contracts with telecom carriers that underline these transactions are usually renewed automatically every year, although the contract can be dissolved either by the telecom carrier or the Company by advance notice. Such business policies and changes in the contracts may significantly impact the financial results of the Company.

⑦ Constraints in store development

The Company has carrier-certified shops across the country based on the service agreement which is attached to the agency agreement with the telecom carrier (the Company owns or rents 268 stores in addition to 153 stores of which operation the Company contracts out to secondary agencies; the number of stores is as of March 31, 2016), and the Company intends to continue its aggressive opening of new stores and its review of locations from the viewpoint of profitability. However, the entity operating a carrier-certified shop is selected by the telecom carrier, and there are many carrier-certified stores that already exist in the market, with limited room for new stores, and thus things may not go according to plan. In cases where operation is contracted out to a secondary agency, the management policy of the secondary agency may affect the service quality of the Company's network of stores, as a result of which the financial results of the Company may be affected.

⑧ Concentration of sales and purchases on NTT DOCOMO, INC.

The main business of the Company is the agency business for NTT DOCOMO, INC. NTT DOCOMO, INC. is the leading company in the industry with about a 45% share of mobile phone subscribers as of the end of December 2015 (source: Telecommunications Carriers Association). The Company has shared marketing strategies with NTT DOCOMO INC. from the earliest days of the mobile phone market, and has invested management resources in expanding docomo Shops and developing strong sales channels such as major electronics retailers, which together contribute considerably to the Company's high profitability. However, if a situation occurs where the Company's customer base contracts drastically due, for example, to competition among telecom carriers, this may impact the financial results of the Company.

[Commission income]

	Year ended March 31, 2015		Year ended March 31, 2016	
	Net sales (million yen)	Component ratio (%)	Net sales (million yen)	Component ratio (%)
Commission income (NTT DOCOMO, INC.)	59,365	77.7	56,060	76.2
Total commission income	76,390	100.0	73,534	100.0

[Cost of purchased goods]

	Year ended March 31, 2015		Year ended March 31, 2016	
	Purchase of goods (million yen)	Component ratio (%)	Purchase of goods (million yen)	Component ratio (%)
Cost of purchased goods (NTT DOCOMO, INC.)	186,321	89.8	186,067	90.2
Total cost of purchased goods	207,544	100.0	206,275	100.0

<Risks relating to human resources>

⑨ Securing necessary personnel

The Company regards securing competent sales staff to improve customer satisfaction as an ongoing task, and competition to secure sales staff may occur with other companies in the industry in pursuit of developing sales channels.

Recently, besides that the functions of smartphone and tablet devices are increasingly sophisticated, telecom carriers started not only to focus on loyalty service also to offer services other than telecommunication such as electric power service and insurance service. Under these conditions, high performance of sales staff is required. As a result, it is increasingly important to secure skilled sales staff and raise their retention rate. To address this issue, the Company revises employment contracts, for example, to increase the ratio of permanent employees among shop staff, provides ample training, and conducts employee satisfaction surveys on a regular basis. In the light of the fact that the ratio of female employees is high, the Company promotes the opportunities for female employees to work actively by providing the environment with consideration for female employees and the support system for those before and after maternity leave.

Furthermore, the Company promotes flexible work style with an aim to motive its employees with each personality and value to work more actively. In this way, the Company supports the Work-Life Balance of its employees as well as endeavors to realize diversity. However, if the Company is unable to secure employee including sales staff as planned, this may destabilize the financial results of the Company.

<Risks relating to the parent company>

⑩ Relationship with the parent company

As of the filing date, ITOCHU Corporation is the parent company and owns 60.35% of voting rights of the Company. However, the business and human relationships, etc. are limited. As a result, if the capital relationship with the parent company were to change, the impact on the business would be minor.

2. Management Policy

(1) Basic Company Management Policy

Under the philosophy statement “the Company is to connect people and values,” the Company desires to achieve sustainable growth of enterprise value by contributing to the realization of a secure and comfortable society and deepening the bond of trust with all stakeholders.

(2) Mid to Long-term Management Strategy and Management Issues Requiring Action

< Mid to Long-term Management Strategy >

The medium-term target of the Company is to achieve operating income of 10 billion yen in the fiscal year ending March 2018. To achieve this target, we will take the following measures:

① To respond proactively to the rapidly changing business environment as a leading company and to strengthen our presence in the mobile phone market.

② To carry out investments designed to further expand the scale of business while maintaining expenses at appropriate levels and securing profit in existing businesses and to accelerate business development in new business areas drawing on the strengths of the Company to create new growth drivers.

<Management issues requiring action>

Based on the medium-term target mentioned above, the Company will focus on the following activities that are identified as management challenges.

① Seeking profit by responding to changes in the environment
The Company aims to become a company that is trusted and chosen by customers by responding to changes in the business environment ahead of others and renewing our commitment to improving customer satisfaction. The Company will also continue to streamline the management structure and reduce inefficiency. In addition, the Company will strategically promote the expansion of the scale of business.

② Aggressive investment in smart life/smart business
In the consumer business, the Company will help customers to realize a “smart” lifestyle. In the corporate business, the Company will support “smart business” development and expansion of customers. To realize these goals, the Company will carry out investments in related businesses in which we can take advantage of existing knowledge and assets and establish them as new sources of revenue.

③ Securing talents and strengthening control
The Company will actively provide information to improve our brand image. At the same time, the Company will improve the skills of all our employees by creating a consistent education system by “CONEXIO College.” Through these activities, the Company aims to be recognized as a company for which everybody wants to work. The Company will also improve the capability to address compliance issues and strengthen ongoing education and the checking and controlling functions.

3. Non-consolidated Financial Statements

(1)Non-consolidated Balance Sheets

(Million yen)

	Previous fiscal year (March 31, 2015)	Current fiscal year (March 31, 2016)
Assets		
Current assets		
Cash and deposits	3,849	2,958
Accounts receivable - trade	48,573	46,020
Merchandise and finished goods	8,301	7,985
Raw materials and supplies	86	96
Prepaid expenses	649	712
Deferred tax assets	3,147	2,319
Accounts receivable - other	15,301	14,809
Deposits paid	148	130
Allowance for doubtful accounts	(16)	(13)
Total current assets	80,041	75,018
Non-current assets		
Property, plant and equipment		
Buildings	3,932	4,285
Accumulated depreciation	(1,788)	(2,017)
Buildings, net	2,143	2,267
Structures	192	247
Accumulated depreciation	(87)	(89)
Structures, net	104	158
Machinery and equipment	9	9
Accumulated depreciation	(1)	(1)
Machinery and equipment, net	8	7
Tools, furniture and fixtures	3,701	3,944
Accumulated depreciation	(2,028)	(2,286)
Tools, furniture and fixtures, net	1,673	1,658
Land	64	64
Construction in progress	—	29
Total property, plant and equipment	3,995	4,186
Intangible assets		
Goodwill	1,923	1,830
Software	475	491
Software in progress	76	—
The right of carrier shop management	11,800	11,102
Other	14	12
Total intangible assets	14,290	13,436
Investments and other assets		
Investment securities	333	258
Shares of subsidiaries and associates	50	30
Long-term prepaid expenses	214	289
Lease and guarantee deposits	3,410	3,611
Other	154	163
Allowance for doubtful accounts	(86)	(82)
Total investments and other assets	4,077	4,270
Total non-current assets	22,362	21,894
Total assets	102,404	96,912

(Million yen)

	Previous fiscal year (March 31, 2015)	Current fiscal year (March 31, 2016)
Liabilities		
Current liabilities		
Accounts payable - trade	26,244	24,808
Accrued agency commission	7,826	10,579
Short-term loans payable	5,000	2,500
Current portion of long-term loans payable	3,000	—
Accounts payable - other	15,014	13,402
Accrued expenses	2,837	2,707
Income taxes payable	2,255	521
Accrued consumption taxes	1,619	507
Advances received	14	77
Deposits received	1,292	1,192
Provision for bonuses	5,162	3,637
Provision for directors' bonuses	52	34
Other	19	21
Total current liabilities	70,339	59,990
Non-current liabilities		
Provision for retirement benefits	3,735	4,109
Deferred tax liabilities	1,747	2,080
Asset retirement obligations	402	425
Other	446	457
Total non-current liabilities	6,332	7,072
Total liabilities	76,672	67,062
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus		
Legal capital surplus	3,180	3,180
Other capital surplus	6,598	6,598
Total capital surpluses	9,779	9,779
Retained earnings		
Legal retained earnings	5	5
Other retained earnings		
General reserve	2,469	2,469
Retained earnings brought forward	19,739	23,898
Total retained earnings	22,214	26,373
Treasury shares	(9,193)	(9,194)
Total shareholders' equity	25,579	29,737
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	29,850
Total liabilities and net assets	102,404	96,912

(2) Non-consolidated Statements of Income

(Million yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Net sales		
Net sales of goods	206,570	207,773
Commission income	76,390	73,534
Total net sales	282,961	281,307
Cost of sales		
Beginning goods	8,488	8,301
Cost of purchased goods	207,544	206,275
Total	216,032	214,576
Ending goods	8,363	8,048
Valuation loss on goods	61	63
Cost of goods sold	207,730	206,591
Agent fee	28,252	28,501
Total cost of sales	235,982	235,093
Gross profit	46,978	46,214
Selling, general and administrative expenses		
Directors' compensations	164	157
Salaries and allowances	9,698	10,237
Bonuses	1,151	1,248
Provision for bonuses	5,162	3,637
Provision for directors' bonuses	52	34
Retirement benefit expenses	575	644
Legal welfare expenses	3,531	3,356
Temporary staffing expense	1,937	1,523
Packing and delivery expenses	291	282
Promotion expenses	1,907	2,307
Communication expenses	622	583
Rents	4,031	4,040
Repair and maintenance	924	874
Business consignment expenses	1,086	1,205
Rent expenses	145	143
Depreciation	2,000	1,992
Amortization of goodwill	111	113
Other	4,993	4,628
Total selling, general and administrative expenses	38,386	37,011
Operating income	8,592	9,203

(Million yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Non-operating income		
Interest income	0	0
Interest on securities	0	—
Dividend income	3	3
Support money of store move etc income	86	102
Other	83	67
Total non-operating income	173	173
Non-operating expenses		
Interest expenses	41	30
Loss on sales and retirement of non-current assets	16	28
Rent expenses on real estates	5	11
Provision of allowance for doubtful accounts	15	—
Other	5	11
Total non-operating expenses	82	82
Ordinary income	8,682	9,294
Extraordinary income		
Gain on sales of non-current assets	1	1
Gain on sales of investment securities	—	11
Gain on transfer of business	—	297
Total extraordinary income	1	309
Extraordinary losses		
Head office transfer cost	42	—
Loss on closing of stores	44	34
Loss on sales and retirement of non-current assets	18	13
Impairment loss	326	165
Other	7	—
Total extraordinary losses	439	213
Profit before income taxes	8,244	9,390
Income taxes - current	3,569	2,048
Income taxes - deferred	(338)	1,193
Total income taxes	3,230	3,241
Profit	5,013	6,149

(3)Statement of Changes in Net Assets

Previous fiscal year (From April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	2,778	3,180	6,598	9,779	5	2,469	15,549	18,024
Cumulative effects of changes in accounting policies							685	685
Restated balance	2,778	3,180	6,598	9,779	5	2,469	16,235	18,710
Changes of items during period								
Dividends of surplus							(1,509)	(1,509)
Net income							5,013	5,013
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	3,503	3,503
Balance at end of current period	2,778	3,180	6,598	9,779	5	2,469	19,739	22,214

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(9,193)	21,389	54	54	21,443
Cumulative effects of changes in accounting policies		685			685
Restated balance	(9,193)	22,075	54	54	22,129
Changes of items during period					
Dividends of surplus		(1,509)			(1,509)
Net income		5,013			5,013
Purchase of treasury shares	(0)	(0)			(0)
Net changes of items other than shareholders' equity			98	98	98
Total changes of items during period	(0)	3,503	98	98	3,602
Balance at end of current period	(9,193)	25,579	152	152	25,731

Current fiscal year (From April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	2,778	3,180	6,598	9,779	5	2,469	19,739	22,214
Cumulative effects of changes in accounting policies								
Restated balance	2,778	3,180	6,598	9,779	5	2,469	19,739	22,214
Changes of items during period								
Dividends of surplus							(1,990)	(1,990)
Net income							6,149	6,149
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	4,158	4,158
Balance at end of current period	2,778	3,180	6,598	9,779	5	2,469	23,898	26,373

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(9,193)	25,579	152	152	25,731
Cumulative effects of changes in accounting policies					
Restated balance	(9,193)	25,579	152	152	25,731
Changes of items during period					
Dividends of surplus		(1,990)			(1,990)
Net income		6,149			6,149
Purchase of treasury shares	(0)	(0)			(0)
Net changes of items other than shareholders' equity			(39)	(39)	(39)
Total changes of items during period	(0)	4,158	(39)	(39)	4,118
Balance at end of current period	(9,194)	29,737	113	113	29,850

(4) Non-consolidated Cash Flows

(Million yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	8,244	9,390
Depreciation	2,000	1,992
Amortization of goodwill	111	113
Impairment loss	326	165
Increase (decrease) in allowance for doubtful accounts	10	(7)
Increase (decrease) in provision for bonuses	2,256	(1,525)
Increase (decrease) in provision for directors' bonuses	32	(18)
Increase (decrease) in provision for retirement benefits	433	373
Interest and dividend income	(3)	(3)
Interest expenses	41	30
Loss (gain) on sales of investment securities	-	(11)
Gain on business transfer	-	(297)
Decrease (increase) in notes and accounts receivable - trade	(2,575)	2,615
Decrease (increase) in accounts receivable - other	(1,838)	495
Decrease (increase) in inventories	231	307
Increase (decrease) in notes and accounts payable - trade	(1,202)	1,316
Increase (decrease) in accounts payable - other	1,253	(1,451)
Increase (decrease) in accrued consumption taxes	1,213	(1,112)
Other, net	863	(217)
Subtotal	11,399	12,158
Interest and dividend income received	3	3
Interest expenses paid	(42)	(31)
Income taxes (paid) refund	(4,087)	(3,836)
Other, net	(5)	98
Net cash provided by (used in) operating activities	7,266	8,392
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,450)	(1,459)
Purchase of intangible assets	(239)	(211)
Purchase of investment securities	(28)	(1)
Proceeds from sales of investment securities	-	24
Proceeds from liquidation of subsidiaries and associates	-	24
Payments for lease and guarantee deposits	(228)	(444)
Proceeds from collection of lease and guarantee deposits	555	117
Purchase of long-term prepaid expenses	(184)	(199)
Proceeds from transfer of business	-	396
Payments for transfer of business	(126)	(8)
Other, net	(209)	(49)
Net cash provided by (used in) investing activities	(1,911)	(1,811)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,000)	(2,500)
Repayments of long-term loans payable	-	(3,000)
Cash dividends paid	(1,509)	(1,990)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(5,509)	(7,490)
Net increase (decrease) in cash and cash equivalents	(154)	(908)
Cash and cash equivalents at beginning of period	4,151	3,997
Cash and cash equivalents at end of period	3,997	3,088

4. Other

(1) Sales Information

When shown in each segment sales during the financial year are as follows.

(Million yen, %)

		Previous fiscal year (March 31, 2015)	Current fiscal year (March 31, 2016)	Rate of change
Consumer Business	Net sales	263,994	263,834	(0.1)
	Operating income	10,131	10,598	4.6
Corporate Business	Net sales	18,967	17,472	(7.9)
	Operating income	2,223	2,154	(3.1)
Adjustments	Company-wide expenses	3,762	3,550	(5.6)
Amount recorded in quarterly non-consolidated statement of income	Net sales	282,961	281,307	(0.6)
	Operating income	8,592	9,203	7.1

(2) Transfer of Officers

Please refer to the “Notice of Changes regarding Officers,” which was announced on May 2, 2016.