

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

November 7, 2014

Company name: MOSHIMOSHI HOTLINE, INC.
 Stock exchange listing: Tokyo
 Stock code: 4708 URL <http://www.moshimoshi.co.jp/>
 Representative: President JUN NAKAGOME
 Inquiries: General Manager MASAHIKO TADA TEL 03-5351-7200
 Scheduled date to file Quarterly Securities Report: November 10, 2014
 Scheduled date to commence dividend payments: December 1, 2014
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2014	36,453	(14.2)	1,532	(63.5)	1,614	(62.0)	1,030	(60.3)
Six months ended September 30, 2013	42,466	(21.7)	4,203	(54.0)	4,252	(53.7)	2,594	(51.7)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2014	14.96		-	
Six months ended September 30, 2013	37.64		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of September 30, 2014	51,641		42,257		81.7		612.23	
As of March 31, 2014	50,510		42,043		83.1		608.77	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2014	-	14.00	-	15.00	29.00
Year ending March 31, 2015	-	14.00	-	-	-
Year ending March 31, 2015 (Forecast)	-	-	-	15.00	29.00

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	75,000	(5.3)	3,860	(29.2)	3,920	(30.1)	2,500	(27.6)	36.27

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2014
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2014	69,503,040 shares	As of March 31, 2014	69,503,040 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2014	582,036 shares	As of March 31, 2014	582,036 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2014	68,921,004 shares	Six months ended September 30, 2013	68,921,004 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	10,861,064	11,415,700
Notes and accounts receivable - trade	9,218,998	8,699,915
Work in process	1,228,094	1,653,279
Supplies	16,562	11,906
Deposits paid	16,000,000	18,000,000
Other	2,544,711	1,451,252
Allowance for doubtful accounts	(11,307)	(9,681)
Total current assets	39,858,124	41,222,373
Non-current assets		
Property, plant and equipment	2,018,289	1,807,328
Intangible assets		
Goodwill	91,857	67,848
Other	701,014	667,074
Total intangible assets	792,872	734,923
Investments and other assets	7,840,826	7,876,890
Total non-current assets	10,651,987	10,419,142
Total assets	50,510,112	51,641,515
Liabilities		
Current liabilities		
Accounts payable - trade	1,513,662	1,311,694
Accounts payable - other	4,858,384	4,249,855
Income taxes payable	123,209	778,972
Provision for bonuses	488,953	546,817
Provision for directors' bonuses	34,000	10,000
Asset retirement obligations	19,132	22,687
Other	561,357	1,601,682
Total current liabilities	7,598,700	8,521,709
Non-current liabilities		
Provision for directors' retirement benefits	26,720	20,290
Net defined benefit liability	219,172	227,877
Asset retirement obligations	622,462	614,603
Total non-current liabilities	868,355	862,771
Total liabilities	8,467,055	9,384,481

(Thousands of yen)

	As of March 31, 2014	As of September 30, 2014
Net assets		
Shareholders' equity		
Capital stock	998,256	998,256
Capital surplus	1,202,750	1,202,750
Retained earnings	40,397,812	40,548,836
Treasury shares	(592,315)	(592,315)
Total shareholders' equity	42,006,503	42,157,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10,595)	73,303
Foreign currency translation adjustment	(54)	(1,148)
Remeasurements of defined benefit plans	(39,018)	(33,966)
Total accumulated other comprehensive income	(49,667)	38,188
Minority interests	86,221	61,317
Total net assets	42,043,057	42,257,034
Total liabilities and net assets	50,510,112	51,641,515

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	42,466,053	36,453,502
Cost of sales	34,496,898	31,381,656
Gross profit	7,969,155	5,071,846
Selling, general and administrative expenses	3,766,091	3,539,358
Operating income	4,203,063	1,532,487
Non-operating income		
Interest on refund	2,415	24,933
Dividend income	12,897	18,741
Interest income	15,514	12,777
Other	28,525	28,889
Total non-operating income	59,353	85,341
Non-operating expenses		
Share of loss of entities accounted for using equity method	5,501	–
Foreign exchange losses	2,097	3,099
Other	2,197	81
Total non-operating expenses	9,796	3,181
Ordinary income	4,252,620	1,614,647
Extraordinary income		
Surrender value of insurance	14,366	6,690
Other	1,823	–
Total extraordinary income	16,189	6,690
Income before income taxes and minority interests	4,268,810	1,621,338
Income taxes - current	1,273,649	830,439
Income taxes - deferred	442,489	(215,182)
Total income taxes	1,716,138	615,257
Income before minority interests	2,552,672	1,006,080
Minority interests in loss	(41,799)	(24,903)
Net income	2,594,472	1,030,984

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	2,552,672	1,006,080
Other comprehensive income		
Valuation difference on available-for-sale securities	48,798	83,899
Remeasurements of defined benefit plans, net of tax	–	5,051
Share of other comprehensive income of entities accounted for using equity method	1,951	(1,094)
Total other comprehensive income	50,750	87,856
Comprehensive income	2,603,422	1,093,937
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,645,222	1,118,840
Comprehensive income attributable to minority interests	(41,799)	(24,903)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	4,268,810	1,621,338
Depreciation	512,504	398,148
Amortization of goodwill	53,011	24,008
Increase (decrease) in provision	(267,098)	25,598
Interest and dividend income	(28,412)	(31,518)
Decrease (increase) in notes and accounts receivable - trade	720,041	582,358
Decrease (increase) in inventories	45,546	(420,529)
Increase (decrease) in notes and accounts payable - trade	(412,916)	(201,967)
Increase (decrease) in accounts payable - other	(578,848)	(481,518)
Other, net	196,141	786,932
Subtotal	4,508,780	2,302,851
Interest and dividend income received	31,855	34,510
Interest expenses paid	(566)	–
Income taxes (paid) refund	(4,088,528)	1,328,342
Net cash provided by (used in) operating activities	451,540	3,665,705
Cash flows from investing activities		
Purchase of property, plant and equipment	(294,300)	(155,406)
Payments into time deposits	(1,000,000)	(500,000)
Proceeds from withdrawal of time deposits	200,000	500,000
Net decrease (increase) in deposits paid	–	(3,700,000)
Other, net	14,441	(21,319)
Net cash provided by (used in) investing activities	(1,079,858)	(3,876,725)
Cash flows from financing activities		
Cash dividends paid	(2,065,871)	(1,034,343)
Other, net	(15,782)	–
Net cash provided by (used in) financing activities	(2,081,654)	(1,034,343)
Net increase (decrease) in cash and cash equivalents	(2,709,972)	(1,245,363)
Cash and cash equivalents at beginning of period	22,711,320	15,361,064
Cash and cash equivalents at end of period	20,001,348	14,115,700