

Translation

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

August 1, 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: August 11, 2014
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2014 (from April 1, 2014 to June 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	%
Three months ended June 30, 2014	18,036	(22.0)	648	(80.1)	687	(79.2)	434	(78.4)
Three months ended June 30, 2013	23,136	(15.9)	3,268	(34.9)	3,300	(34.7)	2,011	(34.8)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended June 30, 2014	6.30		–	
Three months ended June 30, 2013	29.19		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of June 30, 2014	50,672		41,640		82.0		603.10	
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	–	–	–	–	–
Year ending March 31, 2015 (Forecast)	–	14.00	–	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
Six months ending September 30, 2014	36,800	(13.3)	1,070	(74.5)	1,100	(74.1)	655	(74.8)	9.50
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 three months ended June 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 June 30, 2014	69,503,040 shares	As of March 31, 2014	69,503,040 shares
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Number of treasury shares at the end of the period

As of June 30, 2014	582,036 shares	As of March 31, 2014	582,036 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2014	68,921,004 shares	Three months ended June 30, 2013	68,921,004 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	10,861,064	11,575,262
Notes and accounts receivable - trade	9,218,998	8,690,719
Work in process	1,228,094	1,364,313
Supplies	16,562	6,782
Deposits paid	16,000,000	16,000,000
Other	2,544,711	2,392,059
Allowance for doubtful accounts	(11,307)	(11,593)
Total current assets	39,858,124	40,017,542
Non-current assets		
Property, plant and equipment	2,018,289	1,912,906
Intangible assets		
Goodwill	91,857	79,853
Other	701,014	703,815
Total intangible assets	792,872	783,668
Investments and other assets	7,840,826	7,958,020
Total non-current assets	10,651,987	10,654,595
Total assets	50,510,112	50,672,138
Liabilities		
Current liabilities		
Accounts payable - trade	1,513,662	1,418,541
Accounts payable - other	4,858,384	4,433,401
Income taxes payable	123,209	21,801
Provision for bonuses	488,953	693,859
Provision for directors' bonuses	34,000	3,275
Asset retirement obligations	19,132	15,227
Other	561,357	1,587,735
Total current liabilities	7,598,700	8,173,842
Non-current liabilities		
Provision for directors' retirement benefits	26,720	20,290
Net defined benefit liability	219,172	225,002
Asset retirement obligations	622,462	612,443
Total non-current liabilities	868,355	857,736
Total liabilities	8,467,055	9,031,578

(Thousands of yen)

	As of March 31, 2014	As of June 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	39,952,110
Treasury shares	(592,315)	(592,315)
Total shareholders' equity	42,006,503	41,560,801
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10,595)	42,208
Foreign currency translation adjustment	(54)	(493)
Remeasurements of defined benefit plans	(39,018)	(36,430)
Total accumulated other comprehensive income	(49,667)	5,283
Minority interests	86,221	74,474
Total net assets	42,043,057	41,640,559
Total liabilities and net assets	50,510,112	50,672,138

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	23,136,195	18,036,085
Cost of sales	17,907,034	15,599,775
Gross profit	5,229,161	2,436,309
Selling, general and administrative expenses	1,960,467	1,787,440
Operating income	3,268,693	648,868
Non-operating income		
Dividend income	12,655	18,473
Other	24,803	21,253
Total non-operating income	37,459	39,726
Non-operating expenses		
Share of loss of entities accounted for using equity method	3,649	172
Foreign exchange losses	1,097	670
Other	497	10
Total non-operating expenses	5,243	854
Ordinary income	3,300,908	687,741
Extraordinary income		
Gain on sales of non-current assets	1,823	-
Surrender value of insurance	-	6,690
Total extraordinary income	1,823	6,690
Income before income taxes and minority interests	3,302,732	694,431
Income taxes - current	1,130,742	384,022
Income taxes - deferred	184,460	(112,101)
Total income taxes	1,315,203	271,920
Income before minority interests	1,987,529	422,510
Minority interests in loss	(24,427)	(11,747)
Net income	2,011,956	434,257

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	1,987,529	422,510
Other comprehensive income		
Valuation difference on available-for-sale securities	31,158	52,803
Remeasurements of defined benefit plans, net of tax	-	2,587
Share of other comprehensive income of entities accounted for using equity method	1,726	(439)
Total other comprehensive income	32,884	54,951
Comprehensive income	2,020,413	477,462
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,044,841	489,209
Comprehensive income attributable to minority interests	(24,427)	(11,747)