

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2014
(Based on Japanese GAAP)**

May 9, 2014

Company name: MOSHIMOSHI HOTLINE, INC.
 Stock exchange listing: Tokyo
 Stock code: 4708 URL <http://www.moshimoshi.co.jp/>
 Representative: President HIDEAKI TAKENO
 Inquiries: General Manager MASAHIKO TADA TEL 03-5351-7200
 Scheduled date of ordinary general meeting of shareholders: June 26, 2014
 Scheduled date to file Securities Report: June 27, 2014
 Scheduled date to commence dividend payments: June 27, 2014
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(1) Consolidated financial results

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	%
Year ended March 31, 2014	79,209	(21.2)	5,448	(58.9)	5,605	(58.1)	3,452	(56.1)
Year ended March 31, 2013	100,484	2.5	13,245	46.7	13,387	45.3	7,865	54.6

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2014	50.09	–	8.3	10.5	6.9
Year ended March 31, 2013	114.12	–	20.0	24.9	13.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2014	50,510	42,043	83.1	608.77
As of March 31, 2013	55,956	41,571	74.1	601.66

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2014	(1,605)	(2,678)	(3,065)	15,361
Year ended March 31, 2013	11,885	(2,696)	(3,519)	22,711

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2013	–	28.00	–	30.00	58.00	3,997	50.8	10.2
Year ended March 31, 2014	–	14.00	–	15.00	29.00	1,998	57.9	4.8
Year ending March 31, 2015 (Forecast)	–	14.00	–	15.00	29.00		79.9	

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 year ended March 31, 2014

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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 after error corrections: No

(3) Number of issued shares (common shares)

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

As of March 31, 2014	⋮	69,503,040 shares	As of March 31, 2013	⋮	69,503,040 shares
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Number of treasury shares at the end of the period

As of March 31, 2014	⋮	582,036 shares	As of March 31, 2013	⋮	582,036 shares
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Average number of shares during the period

Year ended March 31, 2014	⋮	68,921,004 shares	Year ended March 31, 2013	⋮	68,921,004 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	18,611,320	10,861,064
Notes and accounts receivable - trade	9,059,185	9,218,998
Work in process	1,458,145	1,228,094
Supplies	14,466	16,562
Income taxes receivable	-	1,574,613
Deferred tax assets	936,871	281,578
Deposits paid	14,000,000	16,000,000
Other	1,197,590	688,519
Allowance for doubtful accounts	(11,946)	(11,307)
Total current assets	45,265,632	39,858,124
Non-current assets		
Property, plant and equipment		
Buildings	2,990,390	2,491,535
Accumulated depreciation	(1,684,104)	(1,320,637)
Buildings, net	1,306,285	1,170,898
Tools, furniture and fixtures	3,316,261	3,283,358
Accumulated depreciation	(2,470,092)	(2,463,221)
Tools, furniture and fixtures, net	846,168	820,136
Land	27,254	27,254
Leased assets	141,704	-
Accumulated depreciation	(111,662)	-
Leased assets, net	30,042	-
Total property, plant and equipment	2,209,751	2,018,289
Intangible assets		
Goodwill	210,667	91,857
Software	383,519	651,307
Other	49,075	49,706
Total intangible assets	643,261	792,872
Investments and other assets		
Investment securities	1,046,003	1,694,176
Deferred tax assets	313,950	247,440
Lease and guarantee deposits	3,450,766	2,446,210
Long-term time deposits	1,900,000	2,400,000
Other	1,128,952	1,054,081
Allowance for doubtful accounts	(1,820)	(1,082)
Total investments and other assets	7,837,851	7,840,826
Total non-current assets	10,690,864	10,651,987
Total assets	55,956,497	50,510,112

(Thousands of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	1,737,091	1,513,662
Accounts payable - other	5,294,191	4,858,384
Lease obligations	34,136	-
Income taxes payable	3,837,012	123,209
Provision for bonuses	801,599	488,953
Provision for directors' bonuses	63,000	34,000
Asset retirement obligations	332,012	19,132
Other	1,440,663	561,357
Total current liabilities	13,539,706	7,598,700
Non-current liabilities		
Provision for retirement benefits	220,937	-
Provision for directors' retirement benefits	42,157	26,720
Net defined benefit liability	-	219,172
Asset retirement obligations	582,527	622,462
Total non-current liabilities	845,621	868,355
Total liabilities	14,385,327	8,467,055
Net assets		
Shareholders' equity		
Capital stock	998,256	998,256
Capital surplus	1,202,750	1,202,750
Retained earnings	39,977,823	40,397,812
Treasury shares	(592,315)	(592,315)
Total shareholders' equity	41,586,514	42,006,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(115,932)	(10,595)
Foreign currency translation adjustment	(3,831)	(54)
Remeasurements of defined benefit plans	-	(39,018)
Total accumulated other comprehensive income	(119,764)	(49,667)
Minority interests	104,419	86,221
Total net assets	41,571,169	42,043,057
Total liabilities and net assets	55,956,497	50,510,112

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	100,484,630	79,209,402
Cost of sales	79,482,565	66,507,470
Gross profit	21,002,065	12,701,932
Selling, general and administrative expenses	7,756,573	7,253,463
Operating income	13,245,491	5,448,469
Non-operating income		
Subsidy income	41,872	53,987
Interest income	39,370	31,077
Dividend income	22,910	23,776
Commission fee	34,242	22,633
Other	19,447	41,871
Total non-operating income	157,842	173,346
Non-operating expenses		
Share of loss of entities accounted for using equity method	10,004	8,581
Foreign exchange losses	2,836	4,974
Other	2,810	2,730
Total non-operating expenses	15,651	16,286
Ordinary income	13,387,682	5,605,529
Extraordinary income		
Surrender value of insurance	1,467	33,783
Gain on change in equity	39,214	-
Other	39	1,945
Total extraordinary income	40,721	35,729
Extraordinary losses		
Impairment loss	54,188	52,874
Contract cancellation and penalty fees	13,218	-
Loss on valuation of golf club membership	-	7,586
Other	6,975	-
Total extraordinary losses	74,382	60,460
Income before income taxes and minority interests	13,354,022	5,580,798
Income taxes - current	5,563,400	1,494,163
Income taxes - deferred	(60,347)	685,077
Total income taxes	5,503,052	2,179,241
Income before minority interests	7,850,969	3,401,557
Minority interests in loss	(14,169)	(50,955)
Net income	7,865,138	3,452,512

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Income before minority interests	7,850,969	3,401,557
Other comprehensive income		
Valuation difference on available-for-sale securities	32,462	105,337
Share of other comprehensive income of entities accounted for using equity method	3,239	3,777
Total other comprehensive income	35,701	109,114
Comprehensive income	7,886,670	3,510,671
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,900,840	3,561,627
Comprehensive income attributable to minority interests	(14,169)	(50,955)

Consolidated statements of changes in net assets

Fiscal year ended March 31, 2013

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	998,256	1,202,750	35,696,577	(592,315)	37,305,268
Changes of items during period					
Dividends of surplus			(3,583,892)		(3,583,892)
Net income			7,865,138		7,865,138
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	4,281,246	-	4,281,246
Balance at end of current period	998,256	1,202,750	39,977,823	(592,315)	41,586,514

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(148,394)	(7,070)	-	(155,465)	-	37,149,802
Changes of items during period						
Dividends of surplus						(3,583,892)
Net income						7,865,138
Net changes of items other than shareholders' equity	32,462	3,239		35,701	104,419	140,120
Total changes of items during period	32,462	3,239	-	35,701	104,419	4,421,367
Balance at end of current period	(115,932)	(3,831)	-	(119,764)	104,419	41,571,169

Fiscal year ended March 31, 2014

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	998,256	1,202,750	39,977,823	(592,315)	41,586,514
Changes of items during period					
Dividends of surplus			(3,032,524)		(3,032,524)
Net income			3,452,512		3,452,512
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	419,988	-	419,988
Balance at end of current period	998,256	1,202,750	40,397,812	(592,315)	42,006,503

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(115,932)	(3,831)	-	(119,764)	104,419	41,571,169
Changes of items during period						
Dividends of surplus						(3,032,524)
Net income						3,452,512
Net changes of items other than shareholders' equity	105,337	3,777	(39,018)	70,096	(18,197)	51,898
Total changes of items during period	105,337	3,777	(39,018)	70,096	(18,197)	471,887
Balance at end of current period	(10,595)	(54)	(39,018)	(49,667)	86,221	42,043,057

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	13,354,022	5,580,798
Depreciation	1,231,244	984,660
Impairment loss	54,188	52,874
Amortization of goodwill	77,223	98,693
Increase (decrease) in provision	(95,930)	(358,460)
Interest and dividend income	(62,280)	(54,853)
Interest expenses	2,809	809
Loss (gain) on change in equity	(39,214)	-
Share of (profit) loss of entities accounted for using equity method	10,004	8,581
Decrease (increase) in notes and accounts receivable - trade	1,781,911	(238,100)
Decrease (increase) in inventories	1,364,822	227,954
Increase (decrease) in notes and accounts payable - trade	(1,112,525)	(223,429)
Increase (decrease) in accounts payable - other	(611,166)	(419,251)
Other, net	78,365	(692,257)
Subtotal	16,033,475	4,968,018
Interest and dividend income received	51,635	58,535
Interest expenses paid	(2,809)	(809)
Income taxes paid	(4,196,939)	(6,631,124)
Net cash provided by (used in) operating activities	11,885,362	(1,605,379)
Cash flows from investing activities		
Purchase of property, plant and equipment	(823,883)	(631,018)
Purchase of intangible assets	(188,315)	(443,235)
Purchase of investment securities	(117,396)	(500,000)
Payments for asset retirement obligations	(226,388)	(363,221)
Payments for lease and guarantee deposits	(476,067)	(201,809)
Proceeds from collection of lease and guarantee deposits	763,365	1,443,334
Payments into time deposits	(1,800,000)	(1,000,000)
Proceeds from withdrawal of time deposits	3,500,000	900,000
Net decrease (increase) in deposits paid	(3,000,000)	(2,000,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(118,976)	-
Other, net	(208,449)	116,987
Net cash provided by (used in) investing activities	(2,696,112)	(2,678,963)
Cash flows from financing activities		
Cash dividends paid	(3,581,575)	(3,031,777)
Other, net	61,714	(34,136)
Net cash provided by (used in) financing activities	(3,519,861)	(3,065,913)
Net increase (decrease) in cash and cash equivalents	5,669,388	(7,350,256)
Cash and cash equivalents at beginning of period	17,041,932	22,711,320
Cash and cash equivalents at end of period	22,711,320	15,361,064