

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS  
FOR THE 2nd QUARTER OF THE FISCAL YEAR ENDING MARCH 2017**

This is an English translation of summarized consolidated financial results prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

November 11, 2016

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)

(URL <http://www.faith.co.jp/>)

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Date of Submission of Securities Report: November 14, 2016

Starting Date of the Dividend Payment: December 9, 2016

Preparation of Supplementary Materials for Quarterly Financial Results: Applicable

Information Meeting for Quarterly Financial Results to be Held: Applicable (for Institutional Investors and Analysts)

Amounts are rounded down to the nearest JPY 1 million.

**1. Results for the 2nd Quarter of the Fiscal Year Ending March 2017**

(From April 1, 2016 to September 30, 2016)

**(1) Consolidated Operating Results**

(Percentages indicate changes compared with the same quarter of the previous fiscal year.)

Q2 of the year ending	Net Sales		Operating Income		Ordinary Income		Net Income	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
March 2017	10,339	6.5	1,129	96.2	1,083	86.7	434	38.5
March 2016	9,709	6.9	575	—	580	—	313	—

(Note) Comprehensive income: 2nd quarter of the fiscal year ending March 2017: ¥902 million (137.9%); 2nd quarter of fiscal year ending March 2016: ¥379 million (—%)

	Net Income per Share	Diluted Net Income per Share
Q2 of the year ending	<i>Yen</i>	<i>Yen</i>
March 2017	43.98	—
March 2016	30.23	—

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets Per Share
	<i>Millions of yen</i>	<i>Millions of yen</i>	%	<i>Yen</i>
Q2 of the year ending				
March 2017	25,060	17,655	63.5	1,613.35
Year ending March 2016	24,712	16,829	62.9	1,576.18

(Reference) Equity capital: 2nd quarter of fiscal year ending March 2017: ¥15,922 million; fiscal year ending March 2016: ¥15,556 million

**2. Dividends**

(Record dates)	Dividends per Share				
	1 <sup>st</sup> Quarter	Interim	3 <sup>rd</sup> Quarter	Year-end	Total
Year ending March 2016	<i>yen</i>	<i>yen</i>	<i>yen</i>	<i>yen</i>	<i>yen</i>
Year ending March 2017	—	5.00	—	5.00	10.00
Year ending March 2017 (Forecast)	—	5.00	—	5.00	10.00

(Note) Forecasts for dividends have not been modified since the time of the most recently announced business forecast.

### 3. Forecast for the Consolidated Results for the Year Ending March 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate changes compared with the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to the Shareholders of the Parent Company		Net Income per Share
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Yen</i>
Full year	20,000	(0.8)	1,570	2.3	1,470	(3.9)	600	(7.1)	60.79

(Note) Forecasts for dividends have not been modified since the time of the most recently announced business forecast.

#### \* Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): None

Newly added subsidiaries: 0 companies (subsidiary's name: )

Removed subsidiaries: 0 companies (subsidiary's name: )

(2) Adoption of simplified accounting practices or specific procedures in preparation of the quarterly consolidated financial reports: Applicable

\* For details, please refer to "2. Summary Information, (2) Adoption of Simplified Accounting Methods in the Preparation of Quarterly Financial Statements" on page 5 of the accompanying material.

(3) Changes in accounting policy, changes in accounting estimates, and restatements

(i) Changes accompanying revisions of accounting standards, etc.: Applicable

(ii) Changes other than the above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

\* For details, please refer to "2. Summary Information, (3) Changes in Accounting Principles, Procedures, and Disclosure Methods" on page 5 of the accompanying material.

(4) Outstanding shares (common shares)

(i) Outstanding shares at the end of the fiscal years (including treasury shares):

The 2nd quarter of the fiscal year ending March 2017: 11,960,000 shares

The fiscal year ending March 2016: 11,960,000 shares

(ii) Treasury shares at the end of the fiscal years:

The 2nd quarter of the fiscal year ending March 2017: 2,090,700 shares

The fiscal year ending March 2016: 2,090,390 shares

(iii) Average number of shares at the interim accounting period

The 2nd quarter of the fiscal year ending March 2017: 9,869,423 shares

The 2nd quarter of the fiscal year ending March 2016: 10,363,240 shares

#### \* Indication of auditing procedures implementation status

This financial results report is exempt from quarterly review procedures under Japan's Financial Instruments and Exchange Law. As of the time of disclosure of this report, the auditing procedure based on the Financial Instruments and Exchange Law has not been completed.

#### \* Statement regarding the proper use of financial forecasts and other special remarks

(Notice regarding statements concerning the future)

Statements concerning the future, such as performance forecasts, etc., described in the present material are based on information currently available to the Company and on certain assumptions judged as reasonable by the Company. The Company's actual performance may differ substantially from these forecasts as a result of various factors beyond the Company's control. For details of cautions, etc., employed in making performance forecasts and the assumptions underlying performance forecasts, please refer to 1. (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc." on page 4 of the accompanying material.

(To obtain supplemental documents relating to financial results)

Supplemental materials related to the Company's quarterly and other financial results are posted on the company website.

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## 1. Qualitative Information Concerning the Settlement of Accounts for the 2nd Quarter

### (1) Explanation Concerning the Operating Results

In the domestic information communication field, in keeping with the progress of ICT terminal performance and the improvement of the broadband environment, both the household smartphone penetration rate and the number of Internet users are continuing to increase. At the end of 2015, the smartphone penetration rate for households was 72% (a rise of 7.8 points year on year) and the overall number of Internet users was 100,460,000 (a rise of 0.3% year on year) (\*1). In addition, the creation of new platforms and markets through the use of innovative technologies such as IoT (the Internet of Things: the internetworking of physical devices, etc., via the Internet), VR (Virtual Reality), and AR (Augmented Reality) is driving the ongoing diversification and expansion of the Internet business environment on a world scale.

In the music content market, where in line with the popularization of smartphones, etc., music using styles and sales channels are changing as witnessed by the launch of successive fixed-price system-based music distribution services, in future it will become increasingly important to provide services that match changing market needs, consumer tastes and lifestyles more promptly than ever before.

\*1. 2016 White Paper on Information and Communications in Japan,  
compiled by the Ministry of Internal Affairs and Communications

In the current market environment, the Faith Group is continuing to utilize the results of the efforts it has been pouring into content digital distribution ever since its establishment, and is forging ahead with its Multi-Content and Multi-Platform Strategy of creating an environment that allows people to enjoy a wide diversity of contents whenever and wherever they choose. The Group is also strengthening the development of new services in response to the changing market environment such as platforms that collect and organize the information flooding the Internet and then provide this to users after increasing its added value. Moreover, in the Contents Business, Faith is continuing to focus its energies on constructing music service platforms and expanding and reinforcing its diverse music distribution businesses by making effective use of in-group business synergies.

Regarding the Faith Group business performance for the second quarter of the fiscal year ending March 2017, although the Contents Business and the Points Business suffered declines in profitability, in the Columbia Business sales of animation-related titles and game software and sales in the artist management-related business were favorable. As a result, the Group's net sales increased by 6.5% compared with the same quarter of the previous fiscal year to ¥10,339 million, operating income increased by 96.2% year on year to ¥1,129 million, ordinary income increased by 86.7% year on year to ¥1,083 million, and net income attributable to the shareholders of the parent company for the quarter under review increased by 38.5% year on year to ¥434 million.

Information on each business segment is as follows.

#### **Content Business**

In the Content Business, the Faith Group is actively pursuing the development of new products in response to the market environment including the ongoing popularization of smartphones, changing music listening styles, etc. The Group is proceeding with measures to enhance the added value of its contents, such as functional improvement and linkage with other services, etc., by verifying the results of service contents and marketability, including with regard to existing businesses, while also proceeding with platformization in the interests of achieving income diversification.

We are actively deploying an expanded range of functions and stepping up our sales activities for FaRao PRO as a solution service that provides essential functions centered on commercial-use BGM for restaurants and retailers. We are also working hard to expand the introduction of FaRao PRO and related services beginning with FaRao Voice, a commercial-use announcement service designed for use alongside FaRao PRO, and offering a wide range of channels in order to support the creation in-store environments.

With Fans'—a fan club operation service for artists that provides a range of functions including music distribution—originally we were providing support only for the activities of artists affiliated with major

labels in collaboration with various offices. Since August 2016, however, we have also made Fans' services made available to artists who perform independently. We are endeavoring to obtain utilizing artists and users by offering a package of services that includes everything from official website construction and operation to direct sales of music and related-goods, customer management, and access analysis by obtaining exclusive artist accounts from web pages. By strengthening the functions that are essential to their musical activity, this service is allowing more artists to freely send out their musical work and information.

As a result of the above developments, taking into account the ongoing positive deployment of new services in line with the changing market environment and the decline in sales of services to feature phone users, the Content Business recorded net sales of ¥2,217 million (an decrease of 5.3% year on year), and an operating loss of ¥3 million (compared with operating income of ¥117 million for the previous fiscal year).

#### ***Point Service Business***

In the Point Service Business, sales of new points issued by participating point card stores remained robust and the self liquidation business (\*2) also performed well, with the result that this business recorded net sales of ¥1,147 million, an increase of 3.1% year on year. However, due to increases in personnel expenses, etc., in connection with investment in talented human resources, operating income decreased by 39.7% year on year to ¥58 million.

\*2. A campaign in which users can purchase various goods at a discount by saving points in the form of seals, etc.

#### ***Columbia Business***

Amid the severe environment facing the music and video-related industry in line with the continuing shrinking of the music market, the Columbia Business proceeded with its strategy of strengthening new future-oriented businesses in order to overcome the present situation in which it remains dependent on sales of package products for which the market remains sluggish.

Due mainly to higher sales of animation-related titles and game software titles and to an improved sales performance in the artist management-related business, overall sales by the Columbia Business totaled ¥6,974 million, an increase of 11.5% compared with the same quarter of the previous fiscal year. As for the profit and loss situation, due to increased sales of high-margin products launched in previous years, this business segment recorded an operating income for the first quarter under review of ¥1,074 million, an increase of 201.7% year on year.

\*The product and service names appearing in this document are trademarks or registered trademarks of Faith Inc. either in Japan or in other countries.

## (2) Explanation Concerning the Financial Position

### (Analysis of Financial Position)

Total assets as of September 30, 2016 increased by ¥348 million compared to March 31, 2016 to ¥25,060 million. This result was mainly due to decreases in cash and deposits, and in accounts and notes receivable.

Total liabilities decreased by ¥476 million compared to the end of the previous consolidated fiscal year to ¥7,405 million. This result was due mainly to a decrease in current liabilities: others and to the repayment of loans, etc.

Total net assets increased by ¥825 million compared to the end of the previous consolidated fiscal year to ¥17,655 million. This was mainly due to the recording of a quarterly net income attributable to the shareholders of the parent company, an increase in holdings by non-controlling interests, and the payment of dividends, etc.

As a result of the above, the equity ratio increased by 0.6 percentage points to 63.5%.

### (Cash Flow Situation)

Cash and cash equivalents for the consolidated cumulative 2nd quarter of the current fiscal year increased by ¥1,909 million from the end of the previous consolidated fiscal year to ¥12,823 million. Details of cash flow for the consolidated cumulative 2nd quarter and its contributory factors are as follows:

#### (Cash flow from operating activities)

Cash flow from operating activities amounted to an inflow of ¥1,026 million (an increase of 53.3% compared with the same period of the previous fiscal year), due mainly to the recording of net income before income taxes and other adjustments of ¥1,016 million for the previous quarter.

#### (Cash flow from investing activities)

Cash flow from investing activities amounted to an inflow of ¥1,086 million (a decrease of 34.5% compared with the same period of the previous fiscal year), due mainly to revenues of ¥2,008 million in respect of reimbursement of fixed-term deposits, despite outgoings of ¥500 million in respect of making fixed-term deposits, ¥230 million in respect of acquisition of marketable securities, and ¥147 million in respect of acquisition of software.

#### (Cash flow from financing activities)

Cash flow from financing activities amounted to an outflow of ¥256 million (a decrease of 85.6% compared with the same period of the previous fiscal year), due mainly to outgoings of ¥198 million in respect of repayment of long-term loans, and ¥49 million in respect of dividend payments.

## (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc.

Performance forecasts are made based on information currently available to the Company, but there is a possibility that the actual performance figures will differ significantly from the forecast figures due to a variety of factors. In addition, the current performance forecast for the full financial year is unchanged from the forecast issued on November 7, 2016.

## 2. Summary Information

### (1) Changes in Major Subsidiaries during the 2nd Quarter

Not applicable

### (2) Adoption of Simplified Methods in the Preparation of the Quarterly Financial Statements

Tax expenses for the Company and a portion of its consolidated subsidiaries are calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to the amount of quarterly net income before tax deduction for the consolidated financial year including the current 2nd quarter accounting period, and then multiplying the amount of quarterly net income before tax deduction by the current estimated effective tax rate.

### (3) Changes in Accounting Principles, Procedures, and Disclosure Methods

(Changes in Accounting Principles)

(Adoption of the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

In accordance with the revision of the Corporation Tax Act of Japan, effective from the beginning of the first quarter of the current consolidated accounting year, the Company adopted the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016 (Accounting Standard Board of Japan Practical Issues Task Force No.32, issued on June 17, 2016). In applying the revised accounting standard, the Company changed the depreciation method for facilities attached to buildings and for structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of this change on the Company's retained earnings or profitability in the first half of the current consolidated accounting year is immaterial.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

	(Unit: thousands of yen)	
	FY 2015	2nd Quarter of FY 2016
	(As of March 31, 2016)	(As of Sept. 30, 2016)
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	12,680,124	13,323,597
Accounts and notes receivable	2,388,481	2,642,468
Marketable securities	242,521	233,964
Commercial products	508,709	509,817
Products in progress	202,043	251,155
Primary materials and inventory goods	47,624	61,328
Corporation tax refund receivable, etc.	7,492	8,224
Deferred tax assets	12,341	11,509
Others	920,570	464,645
Allowance for doubtful accounts	(52,908)	(19,553)
<b>Total current assets</b>	<b>16,957,000</b>	<b>17,487,158</b>
<b>Fixed assets</b>		
Tangible fixed assets	2,894,315	2,852,872
Intangible fixed assets		
Goodwill	1,959,316	1,894,022
Others	874,354	887,986
<b>Total intangible fixed assets</b>	<b>2,833,671</b>	<b>2,782,008</b>
<b>Investment and other assets</b>		
Investment securities	1,753,502	1,642,451
Others	554,302	598,394
Allowance for doubtful accounts	(280,607)	(302,262)
<b>Total investments and other assets</b>	<b>2,027,196</b>	<b>1,938,584</b>
<b>Total fixed assets</b>	<b>7,755,183</b>	<b>7,573,465</b>
<b>Total assets</b>	<b>24,712,183</b>	<b>25,060,623</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts and notes payable	995,288	1,024,356
Short-term loans payable	686,120	686,120
Lease obligations	16,133	11,323
Accrued expenses payable	2,541,442	2,492,119
Income taxes payable	189,734	244,364
Reserve for bonuses	66,147	65,882
Reserve for point card certificates	33,874	29,466
Reserve for sales returns	92,333	105,363
Others	1,627,967	1,386,640
<b>Total current liabilities</b>	<b>6,249,041</b>	<b>6,045,637</b>
<b>Fixed liabilities</b>		
Long-term loans payable	816,650	618,590
Net defined retirement benefits	609,261	549,185
Lease obligations	8,028	3,740
Deferred tax liabilities	152,646	145,503
Others	46,744	42,895
<b>Total fixed liabilities</b>	<b>1,633,331</b>	<b>1,359,914</b>
<b>Total liabilities</b>	<b>7,882,373</b>	<b>7,405,551</b>



	(Unit: thousands of yen)	
	FY 2015	2nd Quarter of FY 2016
	(As of March 31, 2016)	(As of Sept. 30, 2016)
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,707,197	3,707,686
Retained earnings	11,480,657	11,865,369
Treasury stock	(3,038,502)	(3,038,867)
Total shareholder's equity	15,367,352	15,752,189
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	198,282	185,508
Foreign currency translation adjustments	(8,446)	(13,922)
Cumulative adjustment for retirement benefit obligations	(928)	(1,186)
Total other accumulated comprehensive income	188,908	170,399
Stock acquisition rights	42,734	15,691
Minority interests	1,230,815	1,716,792
Total net assets	16,829,810	17,655,072
Total liabilities and net assets	24,712,183	25,060,623

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Income)

	(Unit: thousands of yen)	
	2nd Quarter of FY 2015 (April 1-Sept.30, 2015)	2nd Quarter of FY 2016 (April 1-Sept. 30, 2016)
Net sales	9,709,264	10,339,227
Cost of sales	5,881,165	6,087,028
Gross profit	3,828,098	4,252,199
Selling, general and administrative expenses	3,252,492	3,122,964
Operating income	575,606	1,129,234
Non-operating income		
Interest income	2,505	519
Dividend income	1,977	2,858
Interest on securities	72	15
Gain on investment partnership management	10,840	23,598
Miscellaneous receipts	12,443	5,843
Total non-operating income	27,840	32,835
Non-operating expenses		
Interest paid	7,337	6,235
Equity method investment losses	10,461	60,388
Loss on investment partnership management	3,162	—
Foreign exchange loss	910	4,105
Miscellaneous expenses	1,058	7,519
Total non-operating expenses	22,929	78,249
Ordinary income	580,516	1,083,821
Extraordinary income		
Gain on sales of fixed assets	990	74
Gain in change on equity	36,228	—
Gain on step acquisitions	13,186	—
Gain on reversal of subscription rights to shares	14,906	27,043
Others	1,511	—
Total extraordinary income	66,823	27,117
Extraordinary losses		
Loss on disposal of fixed assets	3,949	4,122
Impairment loss	9,966	—
Loss on reevaluation of investment securities	3,176	—
Provision for copyright-related losses	10,000	—
Others	500	—
Total extraordinary losses	27,591	4,122
Net income or net loss before income taxes	619,748	1,106,816
Corporate, local, and business taxes	128,274	186,565
Income taxes - deferred	360	580
Current quarter net income	491,114	919,670
Current quarter net income attributable to non-controlling interests	177,787	485,610
Current quarter net income attributable to shareholders of the parent company	313,326	434,060

(Consolidated Statement of Comprehensive Income)

	(Unit: thousands of yen)	
	2nd Quarter of FY 2015	2nd Quarter of FY 2016
	(April 1-Sept. 30, 2015)	(April 1-Sept. 30, 2016)
Current quarter net income	491,114	919,670
Other comprehensive income		
Valuation difference on other available-for-sale securities	(83,279)	(12,170)
Foreign currency translation adjustments	(13,997)	(4,889)
Retirement benefit adjustments	(14,576)	(505)
Total other comprehensive income	(111,853)	(17,564)
Comprehensive income	379,260	902,105
(Details)		
Comprehensive income attributable to shareholders of the parent company	208,139	415,551
Comprehensive income attributable to no-controlling interests	171,121	486,554

## (3) Consolidated Statement of Cash Flows

	(Unit: thousands of yen)	
	2nd Quarter of FY 2015 (April 1-Sept. 30, 2015)	2nd Quarter of FY 2016 (April 1-Sept. 30, 2016)
Cash flow from operating activities		
Gain before income taxes and minority interests	619,748	1,106,816
Depreciation and amortization	168,802	167,460
Impairment losses	9,966	—
Amortization of goodwill	78,295	69,839
Increase/decrease in allowance for doubtful accounts	37,916	(12,306)
Increase/decrease in reserve for bonus	20,072	(264)
Increase/decrease in allowance for unexercised sales promotion points	1,919	(4,407)
Increase/decrease in liabilities for retirement benefits	(52,643)	(55,927)
Interest and dividends income	(4,483)	(3,378)
Interest on securities	(72)	(15)
Interest paid	7,337	6,235
Gain or loss on foreign exchange	(943)	2,424
Gain or loss on sale of investment securities	3,176	—
Investment gain or loss on equity method	10,461	60,388
Gain or loss on change in equity	(36,228)	—
Gain or loss on sale of fixed assets	(990)	(74)
Gain or loss on disposal of fixed assets	3,949	4,122
Gain or loss on step acquisitions	(13,186)	—
Increase/decrease in trade receivables	619,479	(267,250)
Increase/decrease in inventory assets	252,862	(60,979)
Increase/decrease in trade payables	(320,580)	307,268
Others	(682,010)	(155,840)
Sub-total	722,845	1,164,110
Interest and dividends received	10,225	3,599
Interest paid	(7,400)	(6,236)
Income tax refunded	55,228	7,492
Income tax paid	(111,228)	(142,484)
Cash flow from operating activities	669,671	1,026,482

	(Unit: thousands of yen)	
	2nd Quarter of FY 2015 (April 1-Sept. 30, 2015)	2nd Quarter of FY 2016 (April 1-Sept. 30, 2016)
Cash flow from investing activities		
Expenditure for opening of term deposits	(2,008,740)	(500,000)
Proceeds from withdrawal of term deposits	4,032,306	2,008,881
Expenditure for acquisition of marketable securities	—	(230,000)
Expenditure for acquisition of tangible fixed assets	(55,763)	(22,658)
Expenditure for acquisition of software	(191,367)	(147,849)
Proceeds from sale of software	3,780	—
Expenditure for acquisition of investment securities	(61,360)	—
Proceeds from sale of investment securities	14,032	8,206
Expenditure for acquisition of shares of affiliates	(100,000)	—
Expenditure for acquisition of goodwill	(462)	—
Proceeds from acquisition of subsidiary shares accompanying changes in the scope of consolidation	42,404	16,989
Proceeds from collection of loans receivable	60	60
Expenditure for guaranteeing security deposits	—	(3,008)
Proceeds from collection of security deposits	21,213	—
Others	(36,809)	(43,800)
Net cash flow from investing activities	1,659,291	1,086,821
Cash flow from financing activities		
Net increase/decrease in short-term loans payable	30,000	—
Expenditure for repayment of financing and lease obligations	(8,878)	(9,098)
Expenditure for repayment of long-term borrowing	(170,560)	(198,060)
Expenditure for acquisition of treasury stock	(1,581,408)	(364)
Proceeds from sale of treasury stock	69	—
Payment of dividends	(55,484)	(49,432)
Payment of dividends to non-controlling shareholders	(56)	(13)
Net cash flow from financing activities	(1,786,318)	(256,968)
Effect of exchange rate on cash and cash equivalents	943	(1,719)
Net increase/decrease in cash and cash equivalents	543,588	1,854,615
Cash and cash equivalents at beginning of year	9,346,285	10,913,765
Increase in cash and cash equivalents resulting from new consolidation	—	55,216
Cash and cash equivalents at end of the quarter	* 9,889,873	* 12,823,597

(4) Notes Concerning the Consolidated Financial Statements

(Notes Concerning the Premise of a Going Concern)

Not applicable

(Notes in the Case of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information)

**I** 2nd quarter of the previous consolidated fiscal year/FY 2015 (April 1, 2015 through Sept. 30, 2015)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales						
Sales to external customers	2,341,871	1,112,539	6,254,853	9,709,264	—	9,709,264
Intersegment sales or transfer amount	74,865	778	26,496	102,140	(102,140)	—
Total	2,416,736	1,113,317	6,281,350	9,811,404	(102,140)	9,709,264
Segment income/loss	117,344	96,207	356,073	569,625	5,980	575,606

Notes: 1. The segment income or adjustment amount of ¥5,980 thousand is calculated by eliminating intersegment transactions.

2. Segment income amounts are adjusted with operating income in the quarterly consolidated profit and loss statement.

2. Information regarding impairment loss on fixed assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on fixed assets or significant change in amount of goodwill.

**II** 2nd quarter of the current consolidated fiscal year/FY 2016 (April 1, 2016 through Sept. 30, 2016)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales						
Sales to external customers	2,217,531	1,147,550	6,974,145	10,339,227	—	10,339,227
Intersegment sales or transfer amount	59,069	—	21,654	80,724	(80,724)	—
Total	2,276,601	1,147,550	6,995,800	10,419,951	(80,724)	10,339,227
Segment income or loss	(3,653)	58,013	1,074,182	1,128,543	691	1,129,234

Notes: 1. The segment income or loss adjustment amount of ¥691 thousand is calculated by eliminating intersegment transactions.

2. Segment income or loss amounts are adjusted with operating income in the quarterly consolidated profit and loss statement.

2. Information regarding impairment loss on fixed assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on fixed assets or significant change in amount of goodwill.