June 30, 2016

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending August 31, 2016 (Nine Months Ended May 31, 2016)

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD.
Listing: Tokyo Stock Exchange (JASDAQ)
Stock code: 2157
URL: http://www.koshidakaholdings.co.jp/
Representative: Hiroshi Koshidaka, Representative Director and President
Contact: Yoshihito Doi, Managing Director
Tel: +81-3-6403-5710
Scheduled date of filing of Quarterly Report: July 14, 2016
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: None
Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter Ended May 31, 2016 (Sep. 1, 2015 – May 31, 2016)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended May 31, 2016	37,301	15.3	3,641	(3.2)	3,532	(7.9)	1,781	0.3
Nine months ended May 31, 2015	32,354	17.3	3,763	13.8	3,837	13.2	1,776	(8.2)

Note: Comprehensive income (million yen) Nine months ended May 31, 2016: 1,967 (down 11.1%)
Nine months ended May 31, 2015: 2,212 (up 6.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 31, 2016	97.84	-
Nine months ended May 31, 2015	95.23	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2016	34,728	14,155	38.9
As of Aug. 31, 2015	30,663	14,052	43.7

Reference: Shareholders' equity (million yen) As of May 31, 2016: 13,505 As of Aug. 31, 2015: 13,397

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2015	-	15.00	-	15.00	30.00
Fiscal year ending Aug. 31, 2016	-	15.00	-		
Fiscal year ending Aug. 31, 2016 (forecast)				15.00	30.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2016 (Sep. 1, 2015 – Aug. 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	49,607	12.1	4,939	12.4	5,019	11.7	2,410	14.8	130.59

Note: Revisions to the most recently announced consolidated earnings forecast: None

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)			
As of May 31, 2016:	19,200,000 shares	As of Aug. 31, 2015:	19,200,000 shares
2) Number of treasury shares at the end of the period			
As of May 31, 2016:	1,245,409 shares	As of Aug. 31, 2015:	745,360 shares
3) Average number of shares outstanding during the period			
Nine months ended May 31, 2016:	18,204,630 shares	Nine months ended May 31, 2015:	18,654,656 shares

* Information regarding the implementation of quarterly review procedures

The current quarterly financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly financial statements have not been completed.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to page 4 of the attachments "(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance 2

(1) Explanation of Results of Operations 2

(2) Explanation of Financial Position 3

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements 4

2. Matters Related to Summary Information (Notes) 4

Changes in Accounting Policies and Accounting-based Estimates, and Restatements 4

3. Quarterly Consolidated Financial Statements 5

(1) Quarterly Consolidated Balance Sheet 5

(2) Quarterly Consolidated Statements of Income and Comprehensive Income 7

Quarterly Consolidated Statement of Income

For the Nine-month Period 7

Quarterly Consolidated Statement of Comprehensive Income

For the Nine-month Period 8

(3) Notes to Quarterly Consolidated Financial Statements 9

Going Concern Assumption 9

Significant Changes in Shareholders' Equity 9

Segment and Other Information 9

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, sluggish overseas demand held down economic growth in Japan and other countries. With signs emerging of a major change in global events as well, the outlook for corporate earnings and consumer spending remained unclear. As a result, there was a growing sense of economic stagnation in Japan.

Results by business segment were as follows.

Karaoke

The pace of karaoke facility openings increased in the Tokyo area, which is a highly attractive market with a variety of customer segments targeted by this business. In addition, we started a new service called ZERO Kara aimed primarily at high school students, which are the future core customers of this business. These activities significantly raised awareness of our karaoke business. The SKIT (Smart Karaoke Internet Terminal) was another initiative that helped create new sources of demand. SKIT is a system that we developed internally to offer customers a variety of original services that use collaboration with owners of content.

Motivating the part-time workers who play a key role in the operation of karaoke facilities and increasing the retention rate are major goals. As one way to accomplish these goals, we started the Maneki Mile program that gives employees extra payments for remaining a certain length of time.

In addition, we increased measures to encourage employees to participate in training that makes them think like a manager. Due to our program to enable employees to become independent entrepreneurs, former employees currently operate 19 of our karaoke facilities.

We have directly operated karaoke facilities in and near Seoul, South Korea. We are expanding the network of karaoke facilities in Southeast Asia by remodeling locations in Singapore for conversion to the K-BOX Manekineko business format.

At the end of the third quarter, the number of karaoke locations in Japan totaled 448, 36 more than at the end of the previous fiscal year, and 18 locations were renovated. The number of overseas karaoke facilities totaled 24, consisting of 11 in Singapore and 13 in South Korea.

Sales in the Karaoke segment were 20,539 million yen, up 17.4% year on year. The segment profit decreased 34.4% to 780 million yen.

Curves

Curves operates facilities that enable people to continue exercising with friends throughout their lives in order to enjoy happy and healthy lives with fewer worries about diseases and the need for nursing care. We want more people to exercise regularly based on an understanding of the need and importance of physical exercise. We are also expanding our network of Curves fitness clubs. Both of these activities are aimed at maintaining steady growth in the number of members at these clubs.

Increasing sales of merchandise to members is another source of growth in this segment. There has been steady growth in regular purchases of protein supplements by members. These supplements have significant synergy effect with workouts.

At the end of the third quarter, the number of Curves fitness clubs in Japan was 1,675 (including 55 directly operated facilities), an increase of 73, or 4.5%, from the end of the previous fiscal year. The number of members went up by 27,000, or 3.8%, to 738,000.

Sales in the Curves segment were 15,367 million yen, up 13.9% year on year, and the segment profit was 3,286 million yen, up 6.7%.

Bath House

The Bath House business uses employee training, cost management and a variety of other expertise gained from the Karaoke business. This segment has also implemented dramatic changes in order to cut fixed expenses, particularly the cost of utilities. All of these actions are aimed at reinvigorating bath house facilities.

Sales in the Bath House segment were 1,164 million yen, up 2.6% year on year. The segment profit was 53 million yen, an increase of 137 million yen from the same period of the previous fiscal year.

Real Estate Management

Sales in the Real Estate Management segment were 230 million yen, down 3.2% year on year, and the segment profit was 72 million yen, down 32.5%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 37,301 million yen, up 15.3%, operating income of 3,641 million yen, down 3.2%, ordinary income of 3,532 million yen, down 7.9%, and profit attributable to owners of parent of 1,781 million yen, up 0.3% in the first nine months of the current fiscal year.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year increased 4,064 million yen (13.3%) from the end of the previous fiscal year to 34,728 million yen.

Current assets

Current assets increased 1,761 million yen (15.4%) to 13,210 million yen. This was mainly due to increases of 488 million yen in cash and deposits, 437 million yen in merchandise, and 320 million yen in notes and accounts receivable-trade.

Non-current assets

Property, plant and equipment increased 2,533 million yen (20.6%) to 14,857 million yen. This was mainly due to a 1,900 million yen increase in buildings and structures, and an 828 million yen increase in vehicles, tools, furniture and fixtures.

Intangible assets decreased 578 million yen (18.7%) to 2,512 million yen. This was mainly due to a 471 million yen decrease in goodwill.

Investments and other assets increased 347 million yen (9.1%) to 4,147 million yen. This was mainly due to increases of 180 million yen in long-term loans receivable, and 173 million yen in lease and guarantee deposits.

Total non-current assets increased 2,303 million yen (12.0%) to 21,517 million yen.

Current liabilities

Current liabilities increased 1,299 million yen (13.0%) to 11,329 million yen. This was mainly due to increases of 873 million yen in current portion of long-term loans payable, 283 million yen in accounts payable-other, and 230 million yen in notes and accounts payable-trade.

Non-current liabilities

Non-current liabilities increased 2,662 million yen (40.5%) to 9,244 million yen. This was mainly due to a 2,587 million yen increase in long-term loans payable.

Total liabilities increased 3,962 million yen (23.9%) to 20,573 million yen.

Net assets

Net assets increased 102 million yen (0.7%) to 14,155 million yen. This was mainly due to increases of 1,235 million yen in retained earnings and 1,118 million yen in treasury shares.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

The full-year consolidated forecasts announced on October 13, 2015 remain unchanged.

2. Matters Related to Summary Information (Notes)

Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Changes in Accounting Policies

Application of the Accounting Standards for Business Combinations

The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. from the first quarter of the current fiscal year. Accordingly, difference arising from changes in the Company's ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the quarterly consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income and other items has been revised, and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the first nine months of the previous fiscal year and the previous fiscal year have been revised.

The Company has adopted the Accounting Standard for Business Combinations, etc. from the beginning of the first quarter of the current fiscal year in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

There is no impact on the quarterly consolidated financial statements for the first nine months of the current fiscal year.

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Following the revised Corporation Tax Law, the Company has adopted the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (ASBJ Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the third quarter of the current fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change is insignificant.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/15 (As of Aug. 31, 2015)	Third quarter of FY8/16 (As of May 31, 2016)
Assets		
Current assets		
Cash and deposits	6,187,438	6,676,173
Notes and accounts receivable-trade	2,258,528	2,578,555
Merchandise	732,145	1,169,439
Raw materials and supplies	188,536	225,471
Deferred tax assets	308,724	260,992
Other	1,804,508	2,340,523
Allowance for doubtful accounts	(31,052)	(40,794)
Total current assets	11,448,828	13,210,361
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,092,247	9,992,251
Vehicles, tools, furniture and fixtures, net	1,966,641	2,794,729
Land	1,965,917	1,965,917
Leased assets, net	169,820	97,798
Construction in progress	129,137	6,987
Total property, plant and equipment	12,323,765	14,857,683
Intangible assets		
Goodwill	2,082,803	1,611,324
Software	1,001,208	893,958
Other	6,922	7,450
Total intangible assets	3,090,934	2,512,732
Investments and other assets		
Investment securities	494,808	481,579
Shares of subsidiaries and associates	28,637	28,637
Long-term loans receivable	400,097	580,835
Long-term prepaid expenses	87,598	78,537
Lease and guarantee deposits	2,476,787	2,650,393
Deferred tax assets	287,888	237,300
Other	38,596	105,694
Allowance for doubtful accounts	(14,591)	(15,499)
Total investments and other assets	3,799,822	4,147,479
Total non-current assets	19,214,522	21,517,896
Total assets	30,663,351	34,728,258

(Thousands of yen)

	FY8/15 (As of Aug. 31, 2015)	Third quarter of FY8/16 (As of May 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,830,734	2,061,087
Current portion of long-term loans payable	2,231,512	3,105,112
Lease obligations	69,927	50,883
Accounts payable-other	1,110,216	1,393,374
Accrued expenses	925,993	1,060,909
Income taxes payable	1,021,373	915,460
Provision for bonuses	223,125	114,342
Deposits received	1,549,419	1,645,217
Other	1,067,798	982,737
Total current liabilities	10,030,101	11,329,125
Non-current liabilities		
Long-term loans payable	5,122,004	7,709,480
Lease obligations	122,516	65,400
Deferred tax liabilities	167,336	59,018
Asset retirement obligations	925,551	1,204,350
Other	243,650	205,801
Total non-current liabilities	6,581,059	9,244,052
Total liabilities	16,611,161	20,573,178
Net assets		
Shareholders’ equity		
Capital stock	493,600	493,600
Capital surplus	483,600	483,600
Retained earnings	13,480,094	14,715,264
Treasury shares	(1,200,797)	(2,319,401)
Total shareholders’ equity	13,256,497	13,373,062
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,195	33,298
Foreign currency translation adjustment	114,203	99,362
Total accumulated other comprehensive income	141,399	132,660
Non-controlling interests	654,292	649,356
Total net assets	14,052,190	14,155,080
Total liabilities and net assets	30,663,351	34,728,258

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY8/15 (Sep. 1, 2014 – May 31, 2015)	First nine months of FY8/16 (Sep. 1, 2015 – May 31, 2016)
Net sales	32,354,367	37,301,365
Cost of sales	23,827,349	27,825,282
Gross profit	8,527,017	9,476,083
Selling, general and administrative expenses	4,763,606	5,834,117
Operating income	3,763,410	3,641,966
Non-operating income		
Interest and dividend income	16,080	10,509
Foreign exchange gains	24,119	-
Other	96,746	105,401
Total non-operating income	136,946	115,910
Non-operating expenses		
Interest expenses	22,687	22,844
Commission fee	24,143	-
Foreign exchange losses	-	131,409
Other	15,951	70,980
Total non-operating expenses	62,783	225,234
Ordinary income	3,837,574	3,532,642
Extraordinary income		
Gain on sales of non-current assets	9,237	105,102
Total extraordinary income	9,237	105,102
Extraordinary losses		
Loss on retirement of non-current assets	147,281	41,501
Impairment loss	75,833	3,451
Loss on closing of stores	82,186	-
Total extraordinary losses	305,301	44,953
Profit before income taxes	3,541,510	3,592,791
Income taxes-current	1,504,563	1,624,930
Income taxes-deferred	76,867	(8,511)
Total income taxes	1,581,430	1,616,419
Profit	1,960,079	1,976,372
Profit attributable to non-controlling interests	183,522	195,063
Profit attributable to owners of parent	1,776,557	1,781,308

Quarterly Consolidated Statement of Comprehensive Income

(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY8/15 (Sep. 1, 2014 – May 31, 2015)	First nine months of FY8/16 (Sep. 1, 2015 – May 31, 2016)
Profit	1,960,079	1,976,372
Other comprehensive income		
Valuation difference on available-for-sale securities	20,904	6,102
Foreign currency translation adjustment	231,486	(14,841)
Total other comprehensive income	252,390	(8,738)
Comprehensive income	2,212,470	1,967,633
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,028,948	1,772,569
Comprehensive income attributable to non-controlling interests	183,522	195,063

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

According to the special resolution regarding "Acquisition of Treasury Shares from Specific Shareholders" approved at the 46th General Meeting of Shareholders held on November 26, 2015, the Board of Directors decided an acquisition date and other items on December 15, 2015 in accordance with Article 157, Paragraphs 1 and 2 of the Companies Act. Following this resolution, the Company repurchased its own shares on January 21, 2016.

Type of shares repurchased:	Common stock of Koshidaka Holdings
Total number of shares repurchased:	500,000 shares
Total value of shares repurchased:	1,118 million yen (2,237 yen per share)
Method of repurchase:	Off-market negotiated transaction

Segment and Other Information

Segment Information

I. First nine months of FY8/15 (Sep. 1, 2014 – May 31, 2015)

1. Information related to net sales, profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Curves	Bath House	Real Estate Management	Subtotal			
Net sales								
External sales	17,492,913	13,488,687	1,134,727	238,039	32,354,367	32,354,367	-	32,354,367
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	17,492,913	13,488,687	1,134,727	238,039	32,354,367	32,354,367	-	32,354,367
Segment profit (loss)	1,189,120	3,079,425	(84,004)	107,569	4,292,111	4,292,111	(528,700)	3,763,410

Notes: 1. The -528,700 thousand yen adjustment to segment profit (loss) mainly includes general and administrative expenses that cannot be attributed to reportable segments.
2. Segment profit (loss) is adjusted to be consistent with operating income shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

No material impairement losses were recognized in the third quarter of FY8/15.

Significant change in goodwill

In the Karaoke segment, KOSHIDAKA INTERNATIONAL PTE. LTD., KOSHIDAKA MANAGEMENT SINGAPORE PTE. LTD., K BOX ENTERTAINMENT GROUP PTE. LTD., and nine other companies have been included in the consolidation effective from the first quarter of FY8/15, and Moon Corporation has been included in the consolidation from the end of the third quarter. In the first nine months of FY8/15, this change caused goodwill to increase by 1,904,033 thousand yen.

II. First nine months of FY8/16 (Sep. 1, 2015 – May 31, 2016)

1. Information related to net sales, profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	20,539,123	15,367,174	1,164,699	230,368	37,301,365	-	37,301,365
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	20,539,123	15,367,174	1,164,699	230,368	37,301,365	-	37,301,365
Segment profit	780,500	3,286,287	53,122	72,594	4,192,505	(550,538)	3,641,966

Notes: 1. The -550,538 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

3. Information related to revisions for reportable segments

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

As we mentioned in “Changes in Accounting Policies,” the Company has adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the third quarter of FY8/16, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change is insignificant.

This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.