



April 10, 2017

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending August 31, 2017
(Six Months Ended February 28, 2017)

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange (First Section)
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 Scheduled date of filing of Quarterly Report: April 14, 2017
 Scheduled date of payment of dividend: May 9, 2017
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

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

1. Consolidated Financial Results for the Second Quarter Ended February 28, 2017 (Sep. 1, 2016 – Feb. 28, 2017)

(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	%
Six months ended Feb. 28, 2017	26,860	10.1	3,149	22.2	3,271	31.8	1,805	29.7
Six months ended Feb. 29, 2016	24,388	14.3	2,577	(4.7)	2,481	(9.7)	1,391	7.7

Note: Comprehensive income (million yen) Six months ended Feb. 28, 2017: 1,970 (up 29.0%)
 Six months ended Feb. 29, 2016: 1,527 (down 9.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Feb. 28, 2017	100.56	-
Six months ended Feb. 29, 2016	76.01	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Feb. 28, 2017	35,947	15,928	41.9
As of Aug. 31, 2016	33,517	14,272	40.4

Reference: Shareholders' equity (million yen) As of Feb. 28, 2017: 15,072 As of Aug. 31, 2016: 13,557

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2016	-	15.00	-	17.00	32.00
Fiscal year ending Aug. 31, 2017	-	18.00	-	-	-
Fiscal year ending Aug. 31, 2017 (forecast)	-	-	-	16.00	34.00

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

Breakdown of 2Q-end dividends for the fiscal year ending Aug. 31, 2017: Ordinary dividends: 16.00 yen; Commemorative dividends: 2.00 yen

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2017 (Sep. 1, 2016 – Aug. 31, 2017)

(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	55,112	7.7	5,468	13.7	5,519	17.4	2,694	41.8	148.44

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 Feb. 28, 2017:	19,200,000 shares	As of Aug. 31, 2016:	19,200,000 shares
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2) Number of treasury shares at the end of the period

As of Feb. 28, 2017:	1,245,409 shares	As of Aug. 31, 2016:	1,245,409 shares
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3) Average number of shares outstanding during the period

Six months ended Feb. 28, 2017:	17,954,591 shares	Six months ended Feb. 29, 2016:	18,311,783 shares
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* 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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, the Japanese economy benefited from a weaker yen, higher stock prices and increasing corporate earnings. However, there was no further upturn of the economy despite the high level of public-works expenditures and consumer spending has not recovered.

Results by business segment were as follows.

Karaoke

In the karaoke facility market, increasingly heated competition for survival among major companies is starting to alter the structure of this business sector.

To succeed in this intensely competitive environment, we are focusing on increasing the number of locations, mainly in the Tokyo area. We are also using resources to offer even more and better services that our competitors cannot match.

There are several initiatives that target specific customer segments and time frames. The ZERO Kara service has no room charge for high school students. The Asa-Uta (“Morning Song”) service allows people to use a karaoke room for 30 minutes at a cost of only 10 yen. The goal is to attract more seniors as well as other morning customers of all ages. There are also a variety of joint activities with content holders. All of these initiatives have been successful at attracting more customers as planned.

All karaoke locations in the Tokyo area, including Tokyo and three neighboring prefectures, became smoke-free in September to allow customers to sing in attractive rooms with clean air. The no-smoking policy has been very well accepted, generating a positive response among families, seniors and all other customers who place importance on leading a healthy life style.

The karaoke business has a program that encourages employees to become independent operators of karaoke facilities. The aim is to take advantage of the strengths of management by entrepreneurs in order to offer services that precisely match customers’ needs and closely reflect the perspective of each operator. Former employees currently operate 23 of our karaoke facilities, four more than at the end of the previous fiscal year.

At the end of the second quarter of the current fiscal year, the number of karaoke locations in Japan totaled 477, 20 more than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 24, consisting of 11 in Singapore and 13 in South Korea. Renovations of karaoke locations in Japan were completed at 31 locations.

Sales in the Karaoke segment were 14,685 million yen, up 6.6% year on year. The segment profit was 1,081 million yen, up 41.6% year on year.

Curves

Curves operates facilities that enable people to continue exercising throughout their lives in order to enjoy happy and healthy lives with fewer worries about diseases and the need for nursing care. These facilities also give people the opportunity to spend time with friends and make new friends.

Our goal is to increase the number of people who exercise regularly by enabling people to understand the importance and benefits of exercise from their own experience. We want to use this growing awareness to support consistent growth in the number of members and the number of Curves fitness clubs.

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

At the end of the second quarter of the current fiscal year, the number of Curves fitness clubs in Japan was 1,760 (including 55 directly operated facilities), an increase of 38 or 2.2%, from the end of the previous fiscal year. The number of members went up by 12,000, or 1.5%, to 784,000.

Sales in the Curves segment were 11,192 million yen, up 15.6% year on year, and the segment profit was 2,370 million yen, up 12.5%.

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 827 million yen, up 6.6% year on year. The segment profit was 77 million yen, up 143.6%.

Real Estate Management

Sales in the Real Estate Management segment were 154 million yen, down 0.9% year on year, and the segment profit was 58 million yen, up 14.6%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 26,860 million yen, up 10.1%, operating income of 3,149 million yen, up 22.2%, ordinary income of 3,271 million yen, up 31.8%, and profit attributable to owners of parent of 1,805 million yen, up 29.7% in the first half of the current fiscal year.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of the current fiscal year increased 2,430 million yen (7.3%) from the end of the previous fiscal year to 35,947 million yen.

Current assets

Current assets increased 878 million yen (7.2%) to 13,064 million yen. This was mainly due to a 1,181 million yen increase in cash and deposits.

Non-current assets

Property, plant and equipment increased 1,632 million yen (11.0%) to 16,435 million yen. This was mainly due to a 1,226 million yen increase in buildings and structures, and a 433 million yen increase in vehicles, tools, furniture and fixtures.

Intangible assets decreased 147 million yen (6.2%) to 2,214 million yen. This was mainly due to a 181 million yen decrease in goodwill.

Investments and other assets increased 66 million yen (1.6%) to 4,233 million yen. This was mainly due to a 135 million yen increase in lease and guarantee deposits, and a 44 million yen decrease in deferred tax assets.

Total non-current assets increased 1,551 million yen (7.3%) to 22,883 million yen.

Current liabilities

Current liabilities increased 220 million yen (2.1%) to 10,905 million yen. This was mainly due to a 475 million yen increase in current portion of long-term loans payable, and a 277 million yen decrease in notes and accounts payable-trade.

Non-current liabilities

Non-current liabilities increased 553 million yen (6.5%) to 9,113 million yen. This was mainly due to a 425 million yen increase in long-term loans payable.

Total liabilities increased 774 million yen (4.0%) to 20,019 million yen.

Net assets

Net assets increased 1,655 million yen (11.6%) to 15,928 million yen. This was mainly due to a 1,496 million yen increase in retained earnings.

Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the second quarter increased 1,180 million yen (compared with a 688 million yen decrease in the same period of the previous fiscal year) from 5,453 million yen at the end of the previous fiscal year to 7,430 million yen.

Cash flows from operating activities

Net cash provided by operating activities totaled 3,940 million yen, an increase of 1,909 million yen from 2,031 million yen provided in the same period of the previous fiscal year. Main factors include an increase of 632 million yen in profit before income taxes, and decreases of 187 million yen in notes and accounts receivable-trade, 183 million yen in inventories and 458 million yen in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities totaled 3,266 million yen, an increase of 382 million yen from 2,884 million yen used in the same period of the previous fiscal year. Main factors include an increase of 452 million yen in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash provided by financing activities totaled 560 million yen, an increase of 386 million yen from 173 million yen provided in the same period of the previous fiscal year. Main factors include decreases of 1,118 million yen in payments for the purchase of treasury shares and 562 million yen in proceeds from long-term loans payable, and an increase of 350 million yen for repayments of long-term loans payable.

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

The full-year consolidated forecasts announced on October 7, 2016 remain unchanged.

2. Matters Related to Summary Information (Notes)

Additional Information

(Application of the “Implementation Guidance on Recoverability of Deferred Tax Assets”)

The Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets”(Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016) from the first quarter of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/16 (As of Aug. 31, 2016)	Second quarter of FY8/17 (As of Feb. 28, 2017)
Assets		
Current assets		
Cash and deposits	6,304,164	7,485,957
Notes and accounts receivable-trade	2,725,682	2,703,534
Merchandise	938,063	1,073,983
Raw materials and supplies	215,763	199,597
Deferred tax assets	317,030	275,503
Other	1,724,413	1,366,741
Allowance for doubtful accounts	(39,263)	(40,630)
Total current assets	12,185,854	13,064,686
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,081,749	11,308,082
Vehicles, tools, furniture and fixtures, net	2,649,429	3,083,229
Land	1,965,917	1,965,917
Leased assets, net	83,299	61,613
Construction in progress	22,035	16,189
Total property, plant and equipment	14,802,432	16,435,033
Intangible assets		
Goodwill	1,429,342	1,248,061
Software	899,868	927,335
Other	32,013	38,716
Total intangible assets	2,361,224	2,214,113
Investments and other assets		
Investment securities	465,372	472,737
Shares of subsidiaries and associates	28,637	28,637
Long-term loans receivable	567,753	528,156
Long-term prepaid expenses	74,227	61,651
Lease and guarantee deposits	2,674,361	2,809,577
Deferred tax assets	265,830	221,714
Other	108,145	127,471
Allowance for doubtful accounts	(16,475)	(16,086)
Total investments and other assets	4,167,853	4,233,859
Total non-current assets	21,331,510	22,883,006
Total assets	33,517,364	35,947,693

(Thousands of yen)

	FY8/16 (As of Aug. 31, 2016)	Second quarter of FY8/17 (As of Feb. 28, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,146,556	1,869,004
Current portion of long-term loans payable	2,964,912	3,439,912
Lease obligations	47,400	32,996
Accounts payable-other	853,130	795,940
Accrued expenses	1,011,689	1,027,528
Income taxes payable	1,006,955	1,105,905
Provision for bonuses	246,544	257,701
Deposits received	1,659,939	1,648,845
Other	747,930	728,000
Total current liabilities	10,685,059	10,905,834
Non-current liabilities		
Long-term loans payable	6,855,752	7,281,630
Lease obligations	55,983	41,077
Deferred tax liabilities	171,367	120,137
Asset retirement obligations	1,233,584	1,442,313
Other	242,845	228,108
Total non-current liabilities	8,559,532	9,113,266
Total liabilities	19,244,591	20,019,100
Net assets		
Shareholders' equity		
Capital stock	493,600	493,600
Capital surplus	483,600	483,600
Retained earnings	14,834,131	16,330,366
Treasury shares	(2,319,401)	(2,319,401)
Total shareholders' equity	13,491,930	14,988,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,255	30,632
Foreign currency translation adjustment	46,229	54,000
Total accumulated other comprehensive income	65,484	84,632
Non-controlling interests	715,358	855,794
Total net assets	14,272,773	15,928,592
Total liabilities and net assets	33,517,364	35,947,693

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY8/16 (Sep. 1, 2015 – Feb. 29, 2016)	First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)
Net sales	24,388,797	26,860,275
Cost of sales	17,974,974	19,621,873
Gross profit	6,413,822	7,238,402
Selling, general and administrative expenses	3,836,542	4,088,643
Operating income	2,577,279	3,149,758
Non-operating income		
Interest and dividend income	7,381	4,001
Foreign exchange gains	-	98,055
Store relocation compensation	-	27,259
Other	37,814	36,922
Total non-operating income	45,196	166,239
Non-operating expenses		
Interest expenses	13,475	13,393
Foreign exchange losses	99,658	-
Loss on investments in silent partnership	-	11,791
Other	28,068	19,638
Total non-operating expenses	141,203	44,822
Ordinary income	2,481,272	3,271,175
Extraordinary income		
Gain on sales of non-current assets	97,353	-
Total extraordinary income	97,353	-
Extraordinary losses		
Loss on retirement of non-current assets	33,201	92,610
Impairment loss	3,451	3,956
Total extraordinary losses	36,653	96,566
Profit before income taxes	2,541,972	3,174,608
Income taxes-current	979,428	1,194,152
Income taxes-deferred	41,563	29,392
Total income taxes	1,020,992	1,223,544
Profit	1,520,979	1,951,063
Profit attributable to non-controlling interests	129,076	145,435
Profit attributable to owners of parent	1,391,902	1,805,628

Quarterly Consolidated Statement of Comprehensive Income**(For the Six-month Period)**

(Thousands of yen)

	First six months of FY8/16 (Sep. 1, 2015 – Feb. 29, 2016)	First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)
Profit	1,520,979	1,951,063
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	11,377
Foreign currency translation adjustment	6,682	7,770
Total other comprehensive income	6,637	19,148
Comprehensive income	1,527,617	1,970,212
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,398,540	1,824,776
Comprehensive income attributable to non-controlling interests	129,076	145,435

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY8/16 (Sep. 1, 2015 – Feb. 29, 2016)	First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	2,541,972	3,174,608
Depreciation	1,538,381	1,621,399
Impairment loss	3,451	3,956
Amortization of goodwill	232,601	216,921
Increase (decrease) in provision for bonuses	(827)	11,156
Increase (decrease) in allowance for doubtful accounts	8,729	978
Interest and dividend income	(7,381)	(4,001)
Interest expenses	13,475	13,393
Loss (gain) on sales of property, plant and equipment	(97,353)	-
Loss on retirement of non-current assets	33,201	92,610
Decrease (increase) in notes and accounts receivable-trade	(164,634)	23,196
Decrease (increase) in inventories	(302,030)	(118,042)
Increase (decrease) in notes and accounts payable-trade	(210,700)	(280,549)
Other, net	(190,960)	96,875
Subtotal	3,397,926	4,852,502
Interest and dividend income received	7,381	4,001
Interest expenses paid	(13,068)	(12,849)
Income taxes paid	(1,361,012)	(902,884)
Net cash provided by (used in) operating activities	2,031,228	3,940,770
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,582,966)	(3,035,675)
Proceeds from sales of property, plant and equipment	99,715	-
Purchase of intangible assets	(57,197)	(157,200)
Purchase of investment securities	(82)	(7)
Proceeds from sales of investment securities	2,746	3,244
Payments for lease and guarantee deposits	(156,476)	(123,824)
Proceeds from collection of lease and guarantee deposits	7,457	7,066
Payments of loans receivable	(218,102)	(523)
Collection of loans receivable	26,451	40,120
Decrease (increase) in time deposits	(1,202)	(1,200)
Other, net	(4,803)	1,378
Net cash provided by (used in) investing activities	(2,884,461)	(3,266,621)
Cash flows from financing activities		
Proceeds from long-term loans payable	3,062,914	2,500,000
Repayments of long-term loans payable	(1,249,069)	(1,599,122)
Repayments of lease obligations	(41,416)	(26,324)
Purchase of treasury shares	(1,118,500)	-
Cash dividends paid	(280,494)	(309,393)
Dividends paid to non-controlling interests	(200,000)	(5,000)
Net cash provided by (used in) financing activities	173,434	560,160
Effect of exchange rate change on cash and cash equivalents	(8,595)	(53,719)
Net increase (decrease) in cash and cash equivalents	(688,394)	1,180,589
Cash and cash equivalents at beginning of period	6,142,225	6,249,594
Cash and cash equivalents at end of period	5,453,830	7,430,183

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

I. First six months of FY8/16 (Sep. 1, 2015 – Feb. 29, 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	13,774,307	9,682,107	776,468	155,913	24,388,797	-	24,388,797
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	13,774,307	9,682,107	776,468	155,913	24,388,797	-	24,388,797
Segment profit (loss)	763,627	2,106,939	31,742	51,396	2,953,706	(376,427)	2,577,279

Notes: 1. The -376,427 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.

II. First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)

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	14,685,635	11,192,670	827,420	154,548	26,860,275	-	26,860,275
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	14,685,635	11,192,670	827,420	154,548	26,860,275	-	26,860,275
Segment profit (loss)	1,081,287	2,370,555	77,326	58,896	3,588,065	(438,306)	3,149,758

Notes: 1. The -438,306 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.

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.