October 13, 2015

Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2015

[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
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Scheduled date of Annual General Meeting of Shareholders: November 26, 2015
Scheduled date of filing of Annual Securities Report: November 27, 2015
Scheduled date of payment of dividend: November 27, 2015
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2015 (Sep. 1, 2014 – Aug. 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Aug. 31, 2015	44,257	17.3	4,394	2.8	4,492	2.8	2,098	(13.4)
Fiscal year ended Aug. 31, 2014	37,720	9.3	4,276	3.0	4,370	3.1	2,423	(21.1)

Note: Comprehensive income (million yen) Fiscal year ended Aug. 31, 2015: 2,520 (down 3.0 %)
Fiscal year ended Aug. 31, 2014: 2,598 (down 19.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Aug. 31, 2015	112.79	-	16.2	15.9	9.9
Fiscal year ended Aug. 31, 2014	127.87	-	20.9	16.9	11.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2015	30,663	14,052	43.7	725.99
As of Aug. 31, 2014	25,926	13,195	48.5	663.39

Reference: Shareholders' equity (million yen) As of Aug. 31, 2015: 13,397 As of Aug. 31, 2014: 12,574

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Aug. 31, 2015	4,649	(4,276)	445	6,142
Fiscal year ended Aug. 31, 2014	4,042	(6,931)	2,198	5,169

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Aug. 31, 2014	-	25.00	-	30.00	55.00	473	19.5	3.6
Fiscal year ended Aug. 31, 2015	-	15.00	-	15.00	30.00	560	26.6	4.1
Fiscal year ending Aug. 31, 2016 (forecast)	-	15.00	-	15.00	30.00		23.2	

Note: Total dividend payments include dividends paid to the trust account for the employee stock ownership plan (J-ESOP) (8 million yen and 7 million yen for the fiscal years ended August 31, 2014 and 2015, respectively).

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
First half	23,930	12.2	2,273	(15.9)	2,291	(16.6)	1,082	(16.3)	58.63
Full year	49,607	12.1	4,939	12.4	5,019	11.7	2,410	14.8	130.59

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) 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

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Aug. 31, 2015:	19,200,000 shares	As of Aug. 31, 2014:	19,200,000 shares

2) Number of treasury shares at the end of the period

As of Aug. 31, 2015:	745,360 shares	As of Aug. 31, 2014:	245,198 shares

3) Average number of shares outstanding during the period

Fiscal year ended Aug. 31, 2015:	18,608,498 shares	Fiscal year ended Aug. 31, 2014:	18,954,777 shares

Reference: Summary of Non-consolidated Financial Results

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

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Aug. 31, 2015	5,372	143.5	4,043	342.1	4,090	309.6	3,928	352.1
Fiscal year ended Aug. 31, 2014	2,206	21.9	914	47.0	998	44.4	868	21.6

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Aug. 31, 2015	211.09	-
Fiscal year ended Aug. 31, 2014	45.83	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2015	16,822	6,288	37.4	340.76
As of Aug. 31, 2014	11,468	3,801	33.1	200.52

Reference: Shareholders' equity (million yen) As of Aug. 31, 2015: 6,288 As of Aug. 31, 2014: 3,801

* Indication of audit procedure implementation status

The current financial report is not subject to the audit procedures based on the Financial Instruments and Exchange Act. At the time when this report is released, the audit procedures for the consolidated 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 2 of the attachments "1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations" for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

1) Overview of the fiscal year ended August 31, 2015

In the current fiscal year under review, earnings at companies in Japan continued to improve because of the declining cost of crude oil, the continuing weakness of yen and strong exports. Higher earnings have supported a rebound in consumer spending as wages increase. However, the pace of this rebound has been held back by increasing prices caused by the yen's weakness.

Results by business segment were as follows.

Karaoke

Japan's karaoke market is changing due to the shifting demographic, where the population is rising for older people and declining for younger, as well as to the increasing diversity of ways to enjoy karaoke. As a result, the number of karaoke customers has increased in the morning but decreased late at night. Furthermore, the number of people in each group is smaller. As people have more options for entertainment and seek activities that match their own preferences, there has been a decrease in the number of karaoke customers during the New Year holiday and other periods when many people in Japan have time off from work or school. On the other hand, this same trend is contributing to growth in the amount of time that core customers spend at karaoke facilities.

We are responding to these changes in many ways. We are opening most new karaoke locations in the Tokyo area, where there are large numbers of people in our target customer segments, and reexamining operating hours. In addition, we are using the SKIT (Smart Karaoke Internet Terminal), a system that we developed internally, to offer even more original content and services. These activities include collaboration with owners of content.

Training programs for employees are structured to increase motivation and make everyone think like a manager. Giving employees the knowledge needed to operate karaoke facilities on their own is another priority. Due to our program to enable employees to become independent entrepreneurs, former employees currently operate 14 of our karaoke facilities.

Outside Japan, we opened more directly operated locations in and near Seoul, Korea, and are conducting a scrap-and-build program in Singapore to expand operations in Southeast Asia.

At the end of the fiscal year, the number of karaoke locations in Japan totaled 412, 46 more than one year earlier (32 openings, 21 acquired, and seven closings), and 37 locations were renovated. The number of overseas karaoke facilities totaled 19, consisting of 10 in Singapore and nine in Korea.

Sales in the Karaoke segment were 23,794 million yen, up 19.8%, and the segment profit was 1,203 million yen, down 23.8%.

Curves

Our goal in this business is to help people lead lives with fewer worries about their health. We want to help people exercise regularly and eat properly in order to prevent diseases and the need for nursing care as they grow older. To accomplish this goal, we are improving services, upgrading support for Curves members and opening more Curves fitness 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 circuit training workouts.

At the end of the fiscal year, the number of Curves fitness clubs in Japan was 1,602 (including 51 directly operated facilities), an increase of 127, or 8.6%, from one year earlier. The number of members went up by 70,000, or 10.9%, to 711,000.

Sales in the Curves segment were 18,649 million yen, up 16.4%, and the segment profit was 3,856 million yen, up 17.5%.

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 1,495 million yen, down 2.8%. The segment loss was 89 million yen, which was 149 million yen less than in the previous fiscal year.

Real Estate Management

Sales in the Real Estate Management segment were 318 million yen, up 6.4%, and the segment profit was 127 million yen, down 2.1%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 44,257 million yen, up 17.3%, operating income of 4,394 million yen, up 2.8%, ordinary income of 4,492 million yen, up 2.8%, and net income of 2,098 million yen, down 13.4% in the fiscal year ended August 31, 2015.

2) Forecasts for the fiscal year ending August 31, 2016

Japan’s economy has been growing for some time. However, there are growing concerns about the possible negative effects of slowing economic growth in emerging countries and China on Japan’s strong corporate earnings and personal income. There are also worries about the slowdown in consumer spending along with the rising consumer prices.

Despite these challenges, we believe there are still opportunities for growth. One way is by targeting the increasingly diverse and personalized ways that people enjoy their free time. We plan to develop and launch new services that appeal to a broad range of customer segments. Another way is by opening more facilities and upgrading services associated with the growing interest among people in Japan in healthy life styles.

Business segment forecasts are as follows.

Karaoke

As in the past fiscal year, we plan to continue opening karaoke locations primarily in the Tokyo area. Overseas, most new locations will be in Korea. One goal is increasing the number of SKIT members and, at One Kara karaoke locations (for people who want to sing alone), the number of Singers Club members. Additionally, we will invest in the facilities needed to attract specific targeted customer segments in order to increase the number of regular customers.

We plan to take many actions that will attract an even broader range of customer segments and reinforce ties with our customers. In particular, we will significantly increase the number of services and other capabilities of the SKIT.

Due to these initiatives, we forecast a 15.1% increase in Karaoke segment sales to 27,398 million yen and a 5.7% increase in segment profit to 1,272 million yen.

Curves

As Japan’s population ages, we are committed to helping lower percentage of people vulnerable to developing diseases and enable people to live long and healthy lives. We believe that we still do not have enough fitness clubs and members in the areas where we already operate in order to accomplish this goal. We will restructure the network of clubs from the customer perspective to make them more accessible to them. Furthermore, we want to create methods to attract people who currently feel no need to exercise. Plans also include using tie-ups with local governments for making people more aware of the need for regular exercise to stay healthy. We plan to continue increasing the number of fitness clubs and members as we take all of these actions.

Consequently, we forecast an 8.7% increase in Curves segment sales to 20,271 million yen and a 5.4% increase in segment profit to 4,064 million yen.

Bath House

In this segment, our goals are to improve profitability and increase sales. To do this, we are using operational expertise (particularly involving customer services) gained from the Karaoke business while continuing to use energy more efficiently.

We forecast an 8.2% increase in the Bath House segment sales to 1,618 million yen and segment profit of 81 million yen, an improvement of 171 million yen compared with the past fiscal year's loss.

Real Estate Management

We forecast a 0.7% increase in Real Estate Management segment sales to 320 million yen and an 8.3% increase in segment profit to 138 million yen.

Overall, we forecast consolidated net sales of 49,607 million yen, up 12.1%, operating income of 4,939 million yen, up 12.4%, ordinary income of 5,019 million yen, up 11.7%, and profit attributable to owners of parent of 2,410 million yen, up 14.8% for the fiscal year ending August 31, 2016.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Financial position at the end of the current fiscal year is as follows.
Total assets increased 4,737 million yen (18.3%) from the end of the previous fiscal year to 30,663 million yen.

Current assets

Current assets increased 1,635 million yen (16.7%) to 11,448 million yen. This was mainly due to a 979 million yen increase in cash and deposits, and a 433 million yen increase in notes and accounts receivable-trade.

Non-current assets

Property, plant and equipment increased 2,167 million yen (21.3%) to 12,323 million yen. This was mainly due to a 1,505 million yen increase in buildings and structures, and a 372 million yen increase in vehicles, tools, furniture and fixtures.

Intangible assets increased 1,905 million yen (160.7%) to 3,090 million yen. This was mainly due to a 2,061 million yen increase in goodwill.

Investments and other assets decreased 970 million yen (20.3%) to 3,799 million yen. This was mainly due to a decrease of 1,692 million yen in shares of subsidiaries and associates, while there was a 781 million yen increase in lease and guarantee deposits.

Total non-current assets increased 3,101 million yen (19.3%) to 19,214 million yen.

Current liabilities

Current liabilities increased 1,651 million yen (19.7%) to 10,030 million yen. This was mainly due to increases of 444 million yen in notes and accounts payable-trade, 405 million yen in current portion of long-term loans payable, and 185 million yen in deposits received.

Non-current liabilities

Non-current liabilities increased 2,228 million yen (51.2%) to 6,581 million yen. This was mainly due to a 1,718 million yen increase in long-term loans payable, and a 421 million yen increase in asset retirement obligations.

Total liabilities increased 3,880 million yen (30.5%) to 16,611 million yen.

Net assets

Net assets increased 857 million yen (6.5%) to 14,052 million yen. This was mainly due to a 1,535 million yen increase in retained earnings, while there was a 900 million yen increase in treasury shares.

2) Cash flows

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year increased 972 million yen from the end of the previous fiscal year to 6,142 million yen.

Cash flows from operating activities

Net cash provided by operating activities totaled 4,649 million yen, an increase of 607 million yen from 4,042 million yen provided in the previous fiscal year. Main factors include increases in depreciation of 470 million yen and amortization of goodwill of 269 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 4,276 million yen, a decrease of 2,654 million yen from 6,931 million yen used in the previous fiscal year. Main factors include a 1,884 million yen decrease in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash provided by financing activities totaled 445 million yen, a decrease of 1,752 million yen from 2,198 million yen provided in the previous fiscal year. Main factors include increases of 900 million yen in payments for the purchase of treasury shares, and 430 million yen for repayments of long-term loans payable.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Returning profits to shareholders is one of the highest priorities of KOSHIDAKA HOLDINGS. The basic policy is to make stable and consistent dividend payments while taking into consideration the need to retain earnings for future business operations and building a sounder base of operations.

We have paid an interim dividend of 15 yen per share as planned, and plan to pay a year-end dividend of 15 yen per share, resulting in a dividend of 30 yen per share for the fiscal year ended August 31, 2015.

For the fiscal year ending August 31, 2016, based on this basic policy, we plan to pay a dividend of 30 yen per share, the sum of 15 yen interim and year-end dividends.

Retained earnings will be used to fund expenditures, mainly capital expenditures and other activities needed for growth.

(4) Business Risks

This section presents risk factors and other potential sources of changes that may affect results of operations, the financial condition as well as the stock price and other items concerning the Koshidaka Group. We are aware of these risks and will continue to do everything possible to minimize any effects if any of these events occur.

1) Operating Environment for Core Businesses

a. Karaoke

If a new, more appealing form of entertainment emerges, a social problem involving the karaoke industry occurs or there is some other event that causes people to shun karaoke facilities, there may be an effect on the performance of the Karaoke business.

We developed a new karaoke system called SKIT for the purpose of enabling people to enjoy karaoke in more ways, thereby making karaoke facilities even more appealing. There are also investments for a new karaoke format called One Kara, which is solely for people who want to sing alone. If initiatives like these do not generate a positive customer response as expected, there may be an effect on the performance of the Karaoke business.

b. Curves

To assist operators of franchised fitness clubs, we offer or sell management support, systems needed for operations, other know-how, equipment, merchandise, printed materials and other forms of assistance. Receiving this support requires the cooperation of franchised fitness clubs as well as payments. Therefore, the prior understanding of these operators must be obtained. If there is a problem with one or more franchised fitness club operators that results in a lawsuit or clubs abandoning the Curves brand, there may be an effect on the performance of the Curves business.

Measures to protect consumers are growing in Japan. As a result, there is an increasing risk of criticism from government agencies, the media, consumer groups or other organizations. The risk of reputation damage caused by a variety of rumors is also increasing. Since Curves is a business that relies on members, any of these problems may create significant difficulties for maintaining and increasing the number of members. If this happens, there may be an effect on the performance of the Curves business.

c. Recruiting and training

The Koshidaka Group operates businesses that use large numbers of locations to provide services directly to customers. These businesses require continuous activities for maintaining the satisfaction of customers and increasing the number of regular customers. Recruiting and training people are vital to performing these activities. We will perform recruiting activities based on carefully formulated plans and establish training programs in each business to develop the skills of the workforce.

If recruiting workers becomes more difficult or there is an increase in the number of resignations, we may become unable to hire a sufficient number of people with the characteristics needed to serve as supervisors and store managers. If this happens, there may be an effect on the group’s performance.

d. New business activities

One goal of the Koshidaka Group is more growth in corporate value by establishing a firm position as a comprehensive source of services for enjoying free time and by making the entire group more profitable. This is why we will continue to launch new activities based on our fundamental policy of creating innovative business models in existing business domains. However, there are many uncertainties involving new businesses. Consequently, a new activity may require more time than initially planned to become profitable. In addition, new businesses may not perform as planned. Any of these problems involving new businesses may affect the group’s performance.

e. Mergers, acquisitions and organizational changes

As one means of adding new businesses, the Koshidaka Group may purchase businesses from other companies, form alliances, invest in other companies, acquire or merge with another company, or establish a subsidiary or affiliate. However, there is no guarantee that these or other organizational changes will produce benefits as expected. If a sudden change in market conditions or some other event causes an unexpected loss or causes a new business, subsidiary or other activity to perform poorly, there may be an effect on the group's performance.

2) Results of operations and financial soundness

a. Return of lease security deposits

Most of the karaoke, fitness club and other locations of the Koshidaka Group are leased. Security deposits are paid to the building owners when lease agreements are signed.

Before signing a lease agreement, we examine the financial soundness and other characteristics of the property owner to determine the likelihood of receiving the deposit when the lease ends. However, receiving security deposits may be difficult if the financial soundness of property owner declines. If these deposits cannot be returned, there may be an effect on the group's performance and financial condition.

b. Effect of asset impairment

In certain cases, the Koshidaka Group may decide that there is a need for an asset impairment charge concerning property and equipment. For example, there may be a karaoke facility or fitness club that is expected to continue to be unprofitable. There may also be a need to close a business location for some other reason or another cause for an impairment charge. The recognition of impairment charges may have an effect on the group's performance.

3) Laws and Regulations

a. Driving while intoxicated

Some of the Koshidaka Group's business locations sell alcoholic beverages. In Japan, there is growing criticism concerning intoxicated drivers as well as individuals and others who aid and abet these drivers. Police enforcement activities have become stricter as a result. Our business locations use many actions to prevent intoxicated driving. One measure is assistance in providing a substitute driver for customers who have been drinking. Employees also caution customers about intoxicated drivers and there are posters about the dangers of intoxicated driving.

Despite these measures, a customer who has been drinking at one of our locations may subsequently cause an automobile accident that results in a group company or employee being charged with aiding and abetting intoxicated driving. If this happens, there may be an effect on the group's performance.

b. Sale of alcoholic beverages and tobacco to minors

Many of the karaoke, fitness club and other locations of the Koshidaka Group serve large numbers of customers who are minors. We display posters to prevent minors from consuming alcohol and check the ages of customers when entering an area that serves alcoholic beverages. Overall, we have numerous measures to prevent minors from consuming alcoholic beverages or using tobacco products.

Despite these measures, a group company may be subject to litigation for violating a law or regulation in the event that a minor consumes an alcoholic beverage or smokes a cigarette at a group business location. This could result in restrictions on business operations. If these problems occur, there may be an effect on the group's performance.

c. Fire Service, Building Standards and Other Acts

Buildings occupied by businesses of the Koshidaka Group must comply with provisions of Japan's Fire Service Act, Building Standards Act and City Planning Act. All business locations are committed to complying with these laws and regulations. For example, we have a fire prevention manual to protect customers in the event of a fire or other emergency. Employees undergo fire prevention and response training and there are fire drills twice each year. Furthermore, to prevent problems involving the Fire Service Act, Building Standards Act and City Planning Act, we have completed all items and required improvements and notices associated with amendments to laws and guidance from government agencies. In addition, we continue to implement these measures.

Despite all of these activities, there may be a fire at a business location that results in one or more deaths. The resulting loss of confidence in the Koshidaka Group, demands for payments and other issues resulting from an event like this may have an effect on the group's performance.

d. Food Sanitation Act

Business operations of the Koshidaka Group must comply with provisions of the Food Sanitation Act. Food service operations have food hygiene managers and, as stipulated by the Ministry of Health, Labour and Welfare, business sites must receive permits from prefectural governors. If there is a violation of the Food Sanitation Act, such as the occurrence of food poisoning or the provision of unsafe food, regulatory authorities may force a location to cease operations or suspend all or part of operations for a certain period. We have an extensive program concerning hygiene management that includes manuals and other materials and employee training programs.

Despite these measures, there may be a case of food poisoning at a location that we operate. If an incident like this damages our reputation and causes a decline in the number of customers, there may be an effect on the group's performance.

e. Ordinance Regarding the Healthy Development of Youths and similar regulations

Some businesses of the Koshidaka Group must comply with the Ordinance Regarding the Healthy Development of Youths and similar regulations. Almost all prefectures in Japan have established ordinances for the sound upbringing of young people. The purpose of these restrictions is to protect young people by establishing age-based limitations on access to business locations, rules for the soundness of content, and other items.

We have measures that include providing guidance to individual sites for operating all of our business locations in a manner that complies with the ordinances of prefectures. However, if regulations become stricter due to a revision or other event, there may be an effect on the group's performance.

f. Personal Information Protection Act

The Koshidaka Group acquires personal information about its customers because operations include businesses that require customers to become members. As a result, these operations must comply with the provisions of the Personal Information Protection Act. We have numerous measures to prevent leaks of personal information. For example, we have employee training programs and a rigorous storage and management system for customer information that are consistent with guidelines for protecting personal information.

If there is an event that causes an external leak of personal information, the resulting loss of confidence in the Koshidaka Group, demands for the payments and other issues may have an effect on the group's performance.

2. Corporate Group

The Koshidaka Group consists of KOSHIDAKA HOLDINGS Co., LTD. and 12 consolidated subsidiaries (KOSHIDAKA Co., Ltd., Moon Corporation, KOSHIDAKA IP Management Co., Ltd., KOSHIDAKA Facilities Co., Ltd., Curves HOLDINGS Co., Ltd., Curves Japan Co., Ltd., HIGH STANDARD CO., LTD., KOSHIDAKA Business Support Co.,LTD., KOSHIDAKA KOREA Co., Ltd., KOSHIDAKA INTERNATIONAL PTE.LTD., KOSHIDAKA MANAGEMENT SINGAPORE PTE.LTD., and K BOX ENTERTAINMENT GROUP PTE.LTD.) and three non-consolidated subsidiaries (KOSHIDAKA R&C Co.,Ltd, ENGLISHISLAND Ltd. and EEIKAIWA INC.). The group primarily involved in the Karaoke, Curves and Bath House businesses.

Karaoke Business

KOSHIDAKA Co., Ltd. and Moon Corporation operate a network of directly operated karaoke facilities in Japan. KOSHIDAKA IP Management Co., Ltd. is responsible for the management of intellectual property and the development of ideas needed for new services and business formats, such as the One Kara system.

KOSHIDAKA KOREA Co., Ltd. operates karaoke facilities in Korea and manufactures and sells products associated with karaoke.

K BOX ENTERTAINMENT GROUP PTE. LTD. operates a network of karaoke facilities in Singapore.

Curves Business

Curves Japan Co., Ltd. manages a network of franchised Curves fitness clubs. In addition, this company directly operates five fitness clubs.

HIGH STANDARD CO., LTD. operates the Koshidaka Group's directly operated fitness clubs and works on increasing this network.

Curves HOLDINGS Co., Ltd. is the holding company for Curves Japan and HIGH STANDARD. In this role, Curves HOLDINGS performs management and administrative functions.

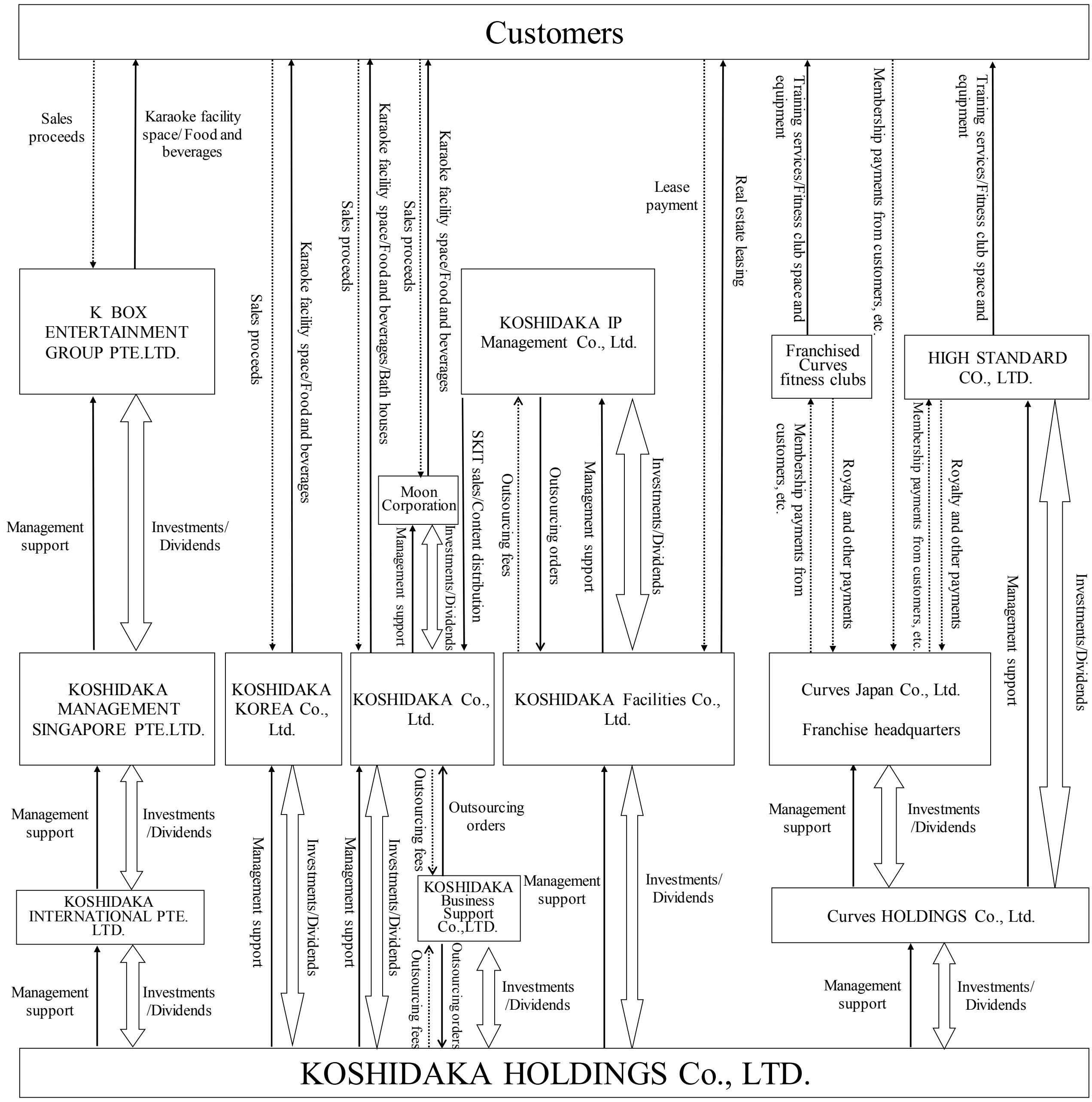
Bath House Business

KOSHIDAKA Co., Ltd. manages directly operated bath houses in Japan and works on adding more of these facilities.

Real Estate Management

KOSHIDAKA Facilities Co., Ltd. owns and manages buildings that are leased to tenants.

The following flowchart shows these business activities and the roles of the major group companies that perform these activities.



No asterisk: Consolidated subsidiaries

3. Management Policies

(1) Basic Management Policy

Our mission is to contribute to the realization of lifestyles full of leisure and to the establishment of a peaceful world filled with hope by continuing to create, offer and provide the world with new and meaningful products and services.

Guided by this corporate philosophy, we respond with accuracy to the rapid changes in our operating environment and make effective use of our resources in order to aim for growth in corporate value. We are determined to meet the expectations of shareholders, investors and other stakeholders by increasing our corporate value.

(2) Performance Targets

The Koshidaka Group places priority on the return on assets. Our goal is to generate substantial sales along with earnings while making the smallest possible investments and then recovering these investments quickly.

(3) Medium- and Long-term Management Strategy

Our vision for the future has five components: (1) Create new styles of business in the existing leisure activity market which are price, distance and time-friendly; (2) Develop an optimal framework and business models that meet the conditions of each country, region and industry.; (3) Continue offering high-quality products and services that deliver an element of surprise and excitement based on the needs of our customers.; (4) Nurture highly motivated staff who have a strong sense of entrepreneurship.; and (5) Harness the maximum potential of the Koshidaka Group by striving for a strong synergy between our businesses.

(4) Challenges

1) Changes in the market for leisure time activities

There are no prospects for a significant improvement in personal income in Japan. In addition, Japan’s market for leisure time activities is expected to diversify as the size of the market remains basically unchanged. To succeed, the Koshidaka Group is working on developing new business formats and creating new services.

The most important challenge is creating services and products for middle-age and older people. We want to offer services and products that can satisfy people in these age segments, who have considerable knowledge and experience, and make them become regular customers.

2) Karaoke business

The highest priority is expanding the network of karaoke facilities. We plan to open more locations as we constantly introduce new services. In Japan, we will concentrate on opening locations in the Tokyo area for the next few years. Overseas, we will strengthen our presence in Korea and Singapore as we aim for enlarging our karaoke operations to cover Southeast Asia.

The second priority is strengthening and upgrading content of all types. We plan to use our SKIT system for the constant addition of anime programs, movies and various forms of collaboration with artists. Our goal is to better meet an even broader spectrum of customers’ needs by creating new ways to enjoy karaoke.

The third priority is improving capabilities involving customer interactions and customer services. This is why we will work even harder on training programs that enable employees to become independent operators of karaoke facilities. One benefit is the ability to provide the thorough customer services that are a key strength of locations owned and operated by individuals. Another is to increase the ability to operate karaoke facilities from the perspective of managers. We want to increase the number of independent owners of karaoke facilities as well as alter the mindsets of employees and heighten their motivation.

3) Curves business

Everyone wants to enjoy a long and healthy life. Many research reports state that the most important points are preventing lifestyle diseases and problems involving the body's musculoskeletal system. At Curves fitness clubs, people do exercises for their muscles and aerobic exercises. To confirm the effectiveness of these activities at preventing health problems, we have used tie-ups with well-known medical institutions in Japan and other countries to collect evidence from a broad range of viewpoints.

We plan to make many people aware of the evidence as we increase the number of fitness clubs and members in areas where Curves currently operates. By strengthening our presence in the fitness market, we want to become an even more important source of services that help people enjoy healthy and fulfilling lives.

4) Measures to capture synergies

The business activities of the Koshidaka Group involve the provision of services that target people of all ages. Increasing the number of regular customers is one common goal to the all businesses in the Koshidaka Group. There is a considerable overlap of the customer segments that each business plans to target. To attract more customers and increase the number of regular customers, we will take actions aimed at generating synergies across different business sectors.

Furthermore, we want to be able to capture powerful synergies that produce benefits for a diverse array of activities. For example, synergies can yield benefits for recruiting activities, employee training and assignments, the efficient use of capital, the management of business sites, purchasing activities, and many other activities.

4. Basic Approach to the Selection of Accounting Standards

The Koshidaka Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will consider the use of International Financial Reporting Standards (IFRS) in the future based on changes in foreign ownership of our stock, the growth of our overseas operations and other factors.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY8/14 (As of Aug. 31, 2014)	FY8/15 (As of Aug. 31, 2015)
Assets		
Current assets		
Cash and deposits	5,207,439	6,187,438
Notes and accounts receivable-trade	1,825,313	2,258,528
Merchandise	804,419	732,145
Raw materials and supplies	146,023	188,536
Deferred tax assets	286,638	308,724
Other	1,557,830	1,804,508
Allowance for doubtful accounts	(14,030)	(31,052)
Total current assets	9,813,634	11,448,828
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,118,662	14,800,632
Accumulated depreciation	(5,531,630)	(6,708,384)
Buildings and structures, net	6,587,032	8,092,247
Vehicles, tools, furniture and fixtures	6,993,707	8,383,260
Accumulated depreciation	(5,399,900)	(6,416,618)
Vehicles, tools, furniture and fixtures, net	1,593,806	1,966,641
Land	1,965,917	1,965,917
Leased assets	115,817	538,486
Accumulated depreciation	(111,000)	(368,665)
Leased assets, net	4,816	169,820
Construction in progress	4,845	129,137
Total property, plant and equipment	10,156,419	12,323,765
Intangible assets		
Goodwill	21,186	2,082,803
Software	1,110,758	1,001,208
Other	53,640	6,922
Total intangible assets	1,185,585	3,090,934
Investments and other assets		
Investment securities	480,872	494,808
Shares of subsidiaries and associates	1,720,674	28,637
Long-term loans receivable	495,784	400,097
Long-term prepaid expenses	92,840	87,598
Lease and guarantee deposits	1,695,051	2,476,787
Deferred tax assets	261,723	287,888
Other	38,721	38,596
Allowance for doubtful accounts	(15,064)	(14,591)
Total investments and other assets	4,770,604	3,799,822
Total non-current assets	16,112,609	19,214,522
Total assets	25,926,243	30,663,351

(Thousands of yen)

	FY8/14 (As of Aug. 31, 2014)	FY8/15 (As of Aug. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,385,906	1,830,734
Current portion of long-term loans payable	1,826,512	2,231,512
Lease obligations	2,092	69,927
Accounts payable-other	996,410	1,110,216
Accrued expenses	867,825	925,993
Income taxes payable	1,066,474	1,021,373
Provision for bonuses	211,498	223,125
Deposits received	1,364,073	1,549,419
Other	657,634	1,067,798
Total current liabilities	8,378,428	10,030,101
Non-current liabilities		
Long-term loans payable	3,403,836	5,122,004
Lease obligations	2,964	122,516
Deferred tax liabilities	249,015	167,336
Asset retirement obligations	504,129	925,551
Other	192,758	243,650
Total non-current liabilities	4,352,704	6,581,059
Total liabilities	12,731,133	16,611,161
Net assets		
Shareholders' equity		
Capital stock	493,600	493,600
Capital surplus	483,600	483,600
Retained earnings	11,944,096	13,480,094
Treasury shares	(300,139)	(1,200,797)
Total shareholders' equity	12,621,157	13,256,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,905	27,195
Foreign currency translation adjustment	(52,660)	114,203
Total accumulated other comprehensive income	(46,755)	141,399
Minority interests	620,708	654,292
Total net assets	13,195,110	14,052,190
Total liabilities and net assets	25,926,243	30,663,351

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)	FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)
Net sales	37,720,942	44,257,397
Cost of sales	27,759,965	33,323,616
Gross profit	9,960,977	10,933,780
Selling, general and administrative expenses	5,684,632	6,539,051
Operating income	4,276,344	4,394,728
Non-operating income		
Interest and dividend income	14,328	19,195
Foreign exchange gains	31,535	30,047
Co-sponsor fee	11,755	20,272
Store relocation compensation	26,476	-
Other	45,609	99,385
Total non-operating income	129,704	168,901
Non-operating expenses		
Interest expenses	16,898	32,920
Commission fee	-	24,143
Other	18,830	14,205
Total non-operating expenses	35,728	71,269
Ordinary income	4,370,320	4,492,360
Extraordinary income		
Gain on sales of non-current assets	4,205	67,550
Total extraordinary income	4,205	67,550
Extraordinary losses		
Loss on retirement of non-current assets	89,329	129,978
Impairment loss	41,326	102,699
Loss on closing of stores	-	82,186
Total extraordinary losses	130,656	314,864
Income before income taxes and minority interests	4,243,869	4,245,046
Income taxes-current	1,787,566	2,014,549
Income taxes-deferred	(159,147)	(101,964)
Total income taxes	1,628,419	1,912,584
Income before minority interests	2,615,450	2,332,461
Minority interests in income	191,530	233,584
Net income	2,423,920	2,098,877

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)	FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)
Income before minority interests	2,615,450	2,332,461
Other comprehensive income		
Valuation difference on available-for-sale securities	7,851	21,290
Foreign currency translation adjustment	(25,083)	166,864
Total other comprehensive income	(17,231)	188,154
Comprehensive income	2,598,218	2,520,616
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,406,688	2,287,032
Comprehensive income attributable to minority interests	191,530	233,584

(3) Consolidated Statement of Changes in Equity

FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	493,600	483,600	9,994,046	(300,013)	10,671,233
Changes of items during period					
Dividends of surplus			(473,870)		(473,870)
Net income			2,423,920		2,423,920
Purchase of treasury shares				(126)	(126)
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,950,050	(126)	1,949,924
Balance at end of current period	493,600	483,600	11,944,096	(300,139)	12,621,157

(Thousands of yen)

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(1,945)	(27,577)	(29,523)	434,177	11,075,887
Changes of items during period					
Dividends of surplus					(473,870)
Net income					2,423,920
Purchase of treasury shares					(126)
Change of scope of consolidation					-
Net changes of items other than shareholders' equity	7,851	(25,083)	(17,231)	186,530	169,298
Total changes of items during period	7,851	(25,083)	(17,231)	186,530	2,119,222
Balance at end of current period	5,905	(52,660)	(46,755)	620,708	13,195,110

FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	493,600	483,600	11,944,096	(300,139)	12,621,157
Changes of items during period					
Dividends of surplus			(561,140)		(561,140)
Net income			2,098,877		2,098,877
Purchase of treasury shares				(900,658)	(900,658)
Change of scope of consolidation			(1,738)		(1,738)
Net changes of items other than shareholders' equity					
Total changes of items during period			1,535,998	(900,658)	635,340
Balance at end of current period	493,600	483,600	13,480,094	(1,200,797)	13,256,497

(Thousands of yen)

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	5,905	(52,660)	(46,755)	620,708	13,195,110
Changes of items during period					
Dividends of surplus					(561,140)
Net income					2,098,877
Purchase of treasury shares					(900,658)
Change of scope of consolidation					(1,738)
Net changes of items other than shareholders' equity	21,290	166,864	188,154	33,584	221,739
Total changes of items during period	21,290	166,864	188,154	33,584	857,079
Balance at end of current period	27,195	114,203	141,399	654,292	14,052,190

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)	FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	4,243,869	4,245,046
Depreciation	1,956,897	2,427,482
Impairment loss	41,326	102,699
Amortization of goodwill	85,975	355,954
Increase (decrease) in provision for bonuses	23,876	2,627
Increase (decrease) in allowance for doubtful accounts	(4,261)	16,548
Interest and dividend income	(14,328)	(19,195)
Interest expenses	16,898	32,920
Loss (gain) on sales of property, plant and equipment	(4,205)	(67,550)
Decrease (increase) in notes and accounts receivable-trade	(447,125)	(421,597)
Decrease (increase) in inventories	(224,127)	102,266
Increase (decrease) in notes and accounts payable-trade	250,752	360,693
Other, net	142,808	(472,335)
Subtotal	6,068,357	6,665,561
Interest and dividend income received	14,328	19,195
Interest expenses paid	(16,663)	(31,477)
Income taxes paid	(2,023,714)	(2,003,633)
Net cash provided by (used in) operating activities	4,042,307	4,649,647
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,043,631)	(3,159,527)
Proceeds from sales of property, plant and equipment	5,342	73,243
Purchase of intangible assets	(221,509)	(135,647)
Purchase of investment securities	(114,929)	(50,000)
Proceeds from sales of investment securities	371,626	58,426
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(721,583)
Payments for investments in non-consolidated subsidiaries	(1,720,674)	(28,637)
Payments for lease and guarantee deposits	(358,916)	(382,345)
Proceeds from collection of lease and guarantee deposits	143,311	79,892
Payments of loans receivable	(99,236)	(2,506)
Collection of loans receivable	116,309	39,648
Decrease (increase) in time deposits	(2,407)	(2,400)
Other, net	(7,088)	(45,507)
Net cash provided by (used in) investing activities	(6,931,803)	(4,276,945)
Cash flows from financing activities		
Proceeds from long-term loans payable	4,500,000	4,371,680
Repayments of long-term loans payable	(1,810,476)	(2,240,672)
Purchase of treasury shares	(126)	(900,658)
Repayments of lease obligations	(12,355)	(23,489)
Cash dividends paid	(473,870)	(561,140)
Cash dividends paid to minority shareholders	(5,000)	(200,000)
Net cash provided by (used in) financing activities	2,198,172	445,720
Effect of exchange rate change on cash and cash equivalents	613	10,596
Net increase (decrease) in cash and cash equivalents	(690,709)	829,018
Cash and cash equivalents at beginning of period	5,860,517	5,169,807
Increase in cash and cash equivalents from newly consolidated subsidiary	-	143,399
Cash and cash equivalents at end of period	5,169,807	6,142,225

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 12

(1) Names of consolidated subsidiaries:
KOSHIDAKA Co., Ltd.
Curves HOLDINGS Co., Ltd.
Curves Japan Co., Ltd.
HIGH STANDARD CO., LTD.
KOSHIDAKA Facilities Co., Ltd.
KOSHIDAKA IP Management Co., Ltd.
Moon Corporation
KOSHIDAKA Business Support Co.,LTD.
KOSHIDAKA KOREA Co., Ltd.
KOSHIDAKA INTERNATIONAL PTE.LTD.
KOSHIDAKA MANAGEMENT SINGAPORE PTE.LTD.
K BOX ENTERTAINMENT GROUP PTE.LTD.

KOSHIDAKA INTERNATIONAL PTE.LTD., KOSHIDAKA MANAGEMENT SINGAPORE PTE.LTD., and K BOX ENTERTAINMENT GROUP PTE.LTD., non-consolidated subsidiaries in the previous fiscal year, have been included in the consolidation from the current fiscal year because of their increased materiality of impact on consolidated financial statements. (Note: K BOX ENTERTAINMENT GROUP PTE.LTD. absorbed its eight consolidated subsidiaries on July 1, 2015.)
Effective from the current fiscal year, KOSHIDAKA Business Support Co.,LTD. is included in the consolidation due to its establishment on October 31, 2014, and Moon Corporation is included in the consolidation as a result of the acquisition of its shares on April 1, 2015.

(2) Number of non-consolidated subsidiaries: 3
Names of non-consolidated subsidiaries:
ENGLISHISLAND Ltd.
EEIKAIWA INC.
KOSHIDAKA R&C Co., Ltd.

Reason for exclusion
These subsidiaries are not included in the scope of consolidation since their total assets, net sales, net income/loss and retained earnings that have no significant effect on the consolidated financial statements.

2. Application of equity method

There are no non-consolidated subsidiaries and affiliates accounted for by the equity method.

Non-consolidated subsidiaries not accounted for by the equity method
ENGLISHISLAND Ltd.
EEIKAIWA INC.
KOSHIDAKA R&C Co., Ltd.

Reason for exclusion from the application of the equity method of accounting
These companies are excluded from the application of the equity method because their net income and retained earnings after eliminations for consolidation that have minor effect on the consolidated financial statements and little practical importance.

3. Fiscal years of consolidated subsidiaries

The fiscal year of all consolidated subsidiaries except K BOX ENTERTAINMENT GROUP PTE.LTD ends on the closing date of consolidated financial statements. The fiscal year of K BOX ENTERTAINMENT GROUP PTE.LTD ends on June 30. Appropriate adjustments are made for significant transactions during the periods from the balance sheet date of K BOX ENTERTAINMENT GROUP PTE.LTD and the balance sheet date of the consolidated financial statements.

4. Accounting standards

(1) Valuation standards and methods for principal assets

i. Marketable securities

Available-for-sale securities
Securities with market quotations
Stated at market value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)
Securities without market quotations
Stated at cost determined by the moving-average method.

ii. Inventories

Merchandise
Stated at cost determined by the moving-average method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)
Raw materials and supplies
Stated at cost determined by the last purchased price method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

(2) Depreciation and amortization of significant depreciable assets

i. Property, plant and equipment (excluding lease assets)

Declining-balance method except for buildings (excluding attached structures) acquired on or after April 1, 1998, which are accounted for by the straight-line method. Some consolidated subsidiaries use the straight-line method.
Useful life of principle assets is as follows:

Buildings and structures:	4-34 years
Vehicles, tools, furniture and fixtures:	3-10 years

ii. Intangible assets (excluding lease assets)

The straight-line method.
Software for internal use is amortized over an expected useful life of five years by the straight-line method.

iii. Leased assets

Lease assets associated with finance lease transactions where there is transfer of ownership
The straight-line method with no residual value is applied over the lease period used as the useful life of the assets.

(3) Recognition of significant allowances

i. Allowance for doubtful accounts

To prepare for credit losses on accounts receivable at KOSHIDAKA HOLDINGS and its consolidated subsidiaries, allowances equal to the estimated amount of uncollectible receivables are booked for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectability.

ii. Provision for bonuses

To provide for employee bonus obligation at KOSHIDAKA HOLDINGS and certain consolidated subsidiaries, an amount accrued for the current fiscal year among the estimated future obligations is designated in the reserve account.

(4) Amortization method and amortization period of goodwill

Goodwill is amortized over a period of five years by the straight-line method.

(5) Scope of cash and cash equivalents on consolidated statement of cash flows

Cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.

(6) Other significant accounting policies in the preparation of financial statements

Accounting for consumption taxes

All amounts stated are exclusive of consumption taxes.

Changes in Accounting Policies

Application of practical solution on transactions of delivering the Company’s own stock to employees, etc. through trusts

The “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts (Accounting Standards Board of Japan (ASBJ) Practical Issue Task Force (PITF) No. 30, December 25, 2013)” has been applied from the current fiscal year. There is no effect on the consolidated financial statements.

Segment and Other Information

Segment Information

1. Overview of reportable segment

(1) Method of determining the reportable segments

Segments used for financial reporting are the Koshidaka Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Koshidaka Group uses a holding company structure. KOSHIDAKA HOLDINGS, a holding company, determines comprehensive strategies for the services provided by subsidiaries and oversees the business operations of these companies.

Consequently, business operations are divided into segments based on services provided by individual companies, resulting in the following four reportable segments.

(2) Services by each reportable segment

1) Karaoke is the operations of the network of karaoke facilities.
2) Curves is the operations of Curves fitness clubs, both franchised and directly operated locations.
3) Bath House is the operation of bath house facilities.
4) Real Estate Management is the leasing and management of real estate.

2. Calculation methods for net sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Earnings for reportable business segments are operating income.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit/losses, assets, liabilities, and other items for each reportable segment

FY8/14 (Sep. 1, 2013 – Aug. 31, 2014) (Thousands of yen)

	Reportable segment					Total	Adjustment (Note 1, 2)	Amounts shown on consolidated financial statements (Note 3)
	Karaoke	Curves	Bath House	Real Estate Management	Subtotal			
Net sales								
External sales	19,854,951	16,028,455	1,538,431	299,103	37,720,942	37,720,942	-	37,720,942
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	19,854,951	16,028,455	1,538,431	299,103	37,720,942	37,720,942	-	37,720,942
Segment profit (loss)	1,580,329	3,282,003	(239,013)	130,748	4,754,067	4,754,067	(477,723)	4,276,344
Segment assets	12,881,386	6,679,298	603,887	3,841,978	24,006,550	24,006,550	1,919,692	25,926,243
Other items								
Depreciation	1,613,089	125,994	103,158	76,184	1,918,426	1,918,426	38,470	1,956,897
Amortization of goodwill	1,677	83,947	-	350	85,975	85,975	-	85,975
Impairment loss	41,326	-	-	-	41,326	41,326	-	41,326
Increase in property, plant and equipment and intangible assets	3,311,310	150,969	150,634	1,717,199	5,330,112	5,330,112	50,996	5,381,109

Notes: 1. The -477,723 thousand yen adjustment to segment profit (loss) mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. The 1,919,692 thousand yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly include excess working capital (cash and marketable securities) and assets related to the administrative division.
3. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated statement of income.

FY8/15 (Sep. 1, 2014 – Aug. 31, 2015) (Thousands of yen)

	Reportable segment					Total	Adjustment (Note 1, 2)	Amounts shown on consolidated financial statements (Note 3)
	Karaoke	Curves	Bath House	Real Estate Management	Subtotal			
Net sales								
External sales	23,794,761	18,649,141	1,495,125	318,368	44,257,397	44,257,397	-	44,257,397
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	23,794,761	18,649,141	1,495,125	318,368	44,257,397	44,257,397	-	44,257,397
Segment profit (loss)	1,203,438	3,856,032	(89,949)	127,959	5,097,480	5,097,480	(702,752)	4,394,728
Segment assets	17,493,269	6,799,532	592,266	3,580,211	28,465,280	28,465,280	2,198,070	30,663,351
Other items								
Depreciation	2,062,788	130,448	107,291	78,838	2,379,366	2,379,366	48,116	2,427,482
Amortization of goodwill	346,806	8,797	-	350	355,954	355,954	-	355,954
Impairment loss	46,190	21,350	35,158	-	102,699	102,699	-	102,699
Increase in property, plant and equipment and intangible assets	3,041,425	131,951	111,942	21,686	3,307,005	3,307,005	47,570	3,354,576

Notes: 1. The -702,752 thousand yen adjustment to segment profit (loss) mainly includes general and administrative expenses that cannot be attributed to reportable segments.
2. The 2,198,070 thousand yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly include excess working capital (cash and marketable securities) and assets related to the administrative division.
3. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated statement of income.

Related information

FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for more than 10% of net sales on the consolidated statement of income.

FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for more than 10% of net sales on the consolidated statement of income.

Information related to impairment of non-current assets for each reportable segment

FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)

This information is omitted because the same information is presented in segment information.

FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)

This information is omitted because the same information is presented in segment information.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY8/14 (Sep. 1, 2013 – Aug. 31, 2014) (Thousands of yen)

	Karaoke	Curves	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	1,677	83,947	-	350	-	85,975
Balance at the end of the period	5,433	15,051	-	701	-	21,186

FY8/15 (Sep. 1, 2014 – Aug. 31, 2015) (Thousands of yen)

	Karaoke	Curves	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	346,806	8,797	-	350	-	355,954
Balance at the end of the period	2,076,199	6,253	-	350	-	2,082,803

Information related to gain on bargain purchase for each reportable segment

FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)

Not applicable.

FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)

Not applicable.

Per-share Information

(Yen)

FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)		FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)	
Net assets per share	663.39	Net assets per share	725.99
Net income per share	127.87	Net income per share	112.79
Diluted net income per share is not presented because there are no outstanding dilutive securities.		Diluted net income per share is not presented because there are no outstanding dilutive securities.	

Notes: 1. The Company conducted a 2-for-1 common stock split as of September 1, 2014 following the resolution by its Board of Directors on July 10, 2014. Net assets per share and net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. The following is a reconciliation of net income per share.

(Thousands of yen)

	FY8/14 (Sep. 1, 2013 – Aug. 31, 2014)	FY8/15 (Sep. 1, 2014 – Aug. 31, 2015)
Net income	2,423,920	2,098,877
Amounts not available to common shareholders	-	-
Net income available to common stock	2,423,920	2,098,877
Average number of shares outstanding during the period (Shares)	18,954,777	18,608,498

Material Subsequent Events

Not applicable.

6. Others

(1) Changes in Directors

Not applicable.

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.