



January 10, 2017

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending August 31, 2017
(Three Months Ended November 30, 2016)

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange (First Section)
 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: January 13, 2017
 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 First Quarter Ended November 30, 2016 (Sep. 1, 2016 – Nov. 30, 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	%
Three months ended Nov. 30, 2016	12,328	10.6	613	(1.6)	650	2.0	335	9.2
Three months ended Nov. 30, 2015	11,143	11.9	623	(18.6)	638	(20.6)	307	(3.0)

Note: Comprehensive income (million yen) Three months ended Nov. 30, 2016: 373 (up 12.7%)
 Three months ended Nov. 30, 2015: 331 (down 33.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Nov. 30, 2016	18.67	-
Three months ended Nov. 30, 2015	16.63	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2016	34,747	14,332	39.0
As of Aug. 31, 2016	33,517	14,272	40.4

Reference: Shareholders' equity (million yen) As of Nov. 30, 2016: 13,547 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	-	-	-	-	-
Fiscal year ending Aug. 31, 2017 (forecast)	-	18.00	-	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 (forecast): 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
First half	26,830	10.0	2,493	(3.3)	2,515	1.4	1,206	(13.3)	66.45
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 Nov. 30, 2016:	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 Nov. 30, 2016:	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

Three months ended Nov. 30, 2016:	17,954,591 shares	Three months ended Nov. 30, 2015:	18,454,640 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 quarter of the current fiscal year, the pace of growth of the global economy slowed due to the effects of numerous changes in the international political climate. The Japanese economy was supported by public-sector demand as growth in corporate earnings declined and consumer spending was generally flat.

Karaoke

With no growth occurring in Japan's karaoke facility market, there is increasingly heated competition among the major companies in this sector as realignments take place among some companies.

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

Two initiatives have succeeded at attracting more customers as planned. One is the ZERO Kara service, which has no room charge for high school students, the future core customers of this business. The other is the Asa-Uta ("Morning Song") service that allows people to use a karaoke room for 30 minutes at a cost of only 10 yen until noon. The goal of this service is to attract more seniors as well as other morning customers of all ages. These activities also raised awareness of our karaoke business.

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 generated an extremely 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 first quarter of the current fiscal year, the number of karaoke locations in Japan totaled 473, 16 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.

Progress with renovations of karaoke locations in Japan continues. During the first quarter, renovation projects were completed at 31 locations.

Sales in the Karaoke segment were 6,410 million yen, up 5.5% year on year. The segment loss was 408 million yen, which was 74 million yen more than in the previous fiscal year.

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 people who did not exercise to understand the importance of physical exercise and make this a regular part of their lives. Our goal is to maintain the steady growth in the number of members at Curves fitness clubs as we expand our network of these 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 first quarter of the current fiscal year, the number of Curves fitness clubs in Japan was 1,750 (including 55 directly operated facilities), an increase of 28 or 1.6%, from the end of the previous fiscal year. The number of members went up by 34,000, or 4.3%, to 806,000.

Sales in the Curves segment were 5,469 million yen, up 18.0% year on year, and the segment profit was 1,222 million yen, up 6.3%.

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 373 million yen, up 5.7% year on year. The segment profit was 5 million yen, an increase of 23 million yen from the same period of the previous fiscal year.

Real Estate Management

Sales in the Real Estate Management segment were 75 million yen, down 4.0% year on year, and the segment profit was 27 million yen, up 14.0%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 12,328 million yen, up 10.6%, operating income of 613 million yen, down 1.6%, ordinary income of 650 million yen, up 2.0%, and profit attributable to owners of parent of 335 million yen, up 9.2% in the first quarter of the current fiscal year.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year increased 1,229 million yen (3.7%) from the end of the previous fiscal year to 34,747 million yen.

Current assets

Current assets decreased 568 million yen (4.7%) to 11,617 million yen. This was mainly due to a 645 million yen decrease in cash and deposits.

Non-current assets

Property, plant and equipment increased 1,766 million yen (11.9%) to 16,568 million yen. This was mainly due to a 1,106 million yen increase in buildings and structures, and a 685 million yen increase in vehicles, tools, furniture and fixtures.

Intangible assets decreased 103 million yen (4.4%) to 2,257 million yen. This was mainly due to a 129 million yen decrease in goodwill.

Investments and other assets increased 135 million yen (3.3%) to 4,303 million yen. This was mainly due to a 111 million yen increase in lease and guarantee deposits.

Total non-current assets increased 1,798 million yen (8.4%) to 23,129 million yen.

Current liabilities

Current liabilities increased 196 million yen (1.8%) to 10,881 million yen. This was mainly due to increases of 1,093 million yen in accounts payable-other and 400 million yen in current portion of long-term loans payable, and decreases of 655 million yen in income taxes payable and 367 million yen in notes and accounts payable-trade.

Non-current liabilities

Non-current liabilities increased 973 million yen (11.4%) to 9,533 million yen. This was mainly due to an increase of 971 million yen in long-term loans payable.

Total liabilities increased 1,170 million yen (6.1%) to 20,415 million yen.

Net assets

Net assets increased 59 million yen (0.4%) to 14,332 million yen. This was mainly due to an increase of 69 million yen in non-controlling interests.

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

The first-half and 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)	First quarter of FY8/17 (As of Nov. 30, 2016)
Assets		
Current assets		
Cash and deposits	6,304,164	5,658,378
Notes and accounts receivable-trade	2,725,682	2,533,158
Merchandise	938,063	1,131,102
Raw materials and supplies	215,763	209,358
Deferred tax assets	317,030	409,894
Other	1,724,413	1,712,032
Allowance for doubtful accounts	(39,263)	(36,495)
Total current assets	12,185,854	11,617,431
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,081,749	11,187,982
Vehicles, tools, furniture and fixtures, net	2,649,429	3,334,993
Land	1,965,917	1,965,917
Leased assets, net	83,299	70,930
Construction in progress	22,035	8,667
Total property, plant and equipment	14,802,432	16,568,491
Intangible assets		
Goodwill	1,429,342	1,299,838
Software	899,868	952,837
Other	32,013	5,005
Total intangible assets	2,361,224	2,257,681
Investments and other assets		
Investment securities	465,372	473,331
Shares of subsidiaries and associates	28,637	28,637
Long-term loans receivable	567,753	542,914
Long-term prepaid expenses	74,227	68,460
Lease and guarantee deposits	2,674,361	2,786,071
Deferred tax assets	265,830	292,151
Other	108,145	128,875
Allowance for doubtful accounts	(16,475)	(16,788)
Total investments and other assets	4,167,853	4,303,654
Total non-current assets	21,331,510	23,129,828
Total assets	33,517,364	34,747,259

(Thousands of yen)

	FY8/16 (As of Aug. 31, 2016)	First quarter of FY8/17 (As of Nov. 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,146,556	1,778,582
Current portion of long-term loans payable	2,964,912	3,364,912
Lease obligations	47,400	47,325
Accounts payable-other	853,130	1,946,995
Accrued expenses	1,011,689	1,013,921
Income taxes payable	1,006,955	351,762
Provision for bonuses	246,544	113,551
Deposits received	1,659,939	1,754,787
Other	747,930	509,969
Total current liabilities	10,685,059	10,881,807
Non-current liabilities		
Long-term loans payable	6,855,752	7,827,024
Lease obligations	55,983	44,593
Deferred tax liabilities	171,367	51,557
Asset retirement obligations	1,233,584	1,386,182
Other	242,845	223,892
Total non-current liabilities	8,559,532	9,533,249
Total liabilities	19,244,591	20,415,057
Net assets		
Shareholders' equity		
Capital stock	493,600	493,600
Capital surplus	483,600	483,600
Retained earnings	14,834,131	14,860,015
Treasury shares	(2,319,401)	(2,319,401)
Total shareholders' equity	13,491,930	13,517,813
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,255	22,771
Foreign currency translation adjustment	46,229	6,511
Total accumulated other comprehensive income	65,484	29,283
Non-controlling interests	715,358	785,104
Total net assets	14,272,773	14,332,202
Total liabilities and net assets	33,517,364	34,747,259

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

(Thousands of yen)

	First three months of FY8/16 (Sep. 1, 2015 – Nov. 30, 2015)	First three months of FY8/17 (Sep. 1, 2016 – Nov. 30, 2016)
Net sales	11,143,852	12,328,424
Cost of sales	8,946,587	9,567,536
Gross profit	2,197,264	2,760,887
Selling, general and administrative expenses	1,574,224	2,147,685
Operating income	623,040	613,201
Non-operating income		
Interest and dividend income	9,833	2,147
Foreign exchange gains	-	9,216
Store relocation compensation	-	27,259
Other	19,864	21,631
Total non-operating income	29,697	60,255
Non-operating expenses		
Interest expenses	5,809	7,427
Foreign exchange losses	6,515	-
Other	2,150	15,072
Total non-operating expenses	14,475	22,500
Ordinary income	638,263	650,957
Extraordinary income		
Gain on sales of non-current assets	87,580	-
Total extraordinary income	87,580	-
Extraordinary losses		
Loss on retirement of non-current assets	20,691	40,039
Total extraordinary losses	20,691	40,039
Profit before income taxes	705,152	610,917
Income taxes-current	301,908	441,441
Income taxes-deferred	25,334	(240,547)
Total income taxes	327,242	200,894
Profit	377,909	410,023
Profit attributable to non-controlling interests	70,897	74,746
Profit attributable to owners of parent	307,012	335,276

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

(Thousands of yen)

	First three months of FY8/16 (Sep. 1, 2015 – Nov. 30, 2015)	First three months of FY8/17 (Sep. 1, 2016 – Nov. 30, 2016)
Profit	377,909	410,023
Other comprehensive income		
Valuation difference on available-for-sale securities	865	3,516
Foreign currency translation adjustment	(47,147)	(39,717)
Total other comprehensive income	(46,281)	(36,201)
Comprehensive income	331,627	373,822
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	260,730	299,075
Comprehensive income attributable to non-controlling interests	70,897	74,746

(3) 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 three months of FY8/16 (Sep. 1, 2015 – Nov. 30, 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			
Net sales							
External sales	6,076,932	4,635,123	353,437	78,359	11,143,852	-	11,143,852
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	6,076,932	4,635,123	353,437	78,359	11,143,852	-	11,143,852
Segment profit (loss)	(334,450)	1,150,068	(17,880)	23,713	821,452	(198,411)	623,040

Notes: 1. The -198,411 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 three months of FY8/17 (Sep. 1, 2016 – Nov. 30, 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	6,410,549	5,469,141	373,522	75,210	12,328,424	-	12,328,424
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	6,410,549	5,469,141	373,522	75,210	12,328,424	-	12,328,424
Segment profit (loss)	(408,827)	1,222,044	5,709	27,042	845,968	(232,766)	613,201

Notes: 1. The -232,766 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.