

D.A.Consortium Inc.

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

Financial Highlights of 3rd Quarter of Fiscal Year 2014 (April 1, 2014 to December 31, 2014) and 3rd Quarter of Fiscal Year 2013 (April 1, 2013 to December 31, 2013)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%
3rd Quarter of FY 2014	86,502	(14.4)	1,913	(47.9)	2,197	(68.5)	1,043	(△7.5)
3rd Quarter of FY 2013	75,615	(8.6)	1,294	(26.0)	1,304	(21.1)	1,129	(114.4)

	Earnings per share	Diluted earnings per share	Comprehensive Income	
	Yen	Yen	Mil. ¥	%
3rd Quarter of FY 2014	21.50	21.23	2,215	(14.3)
3rd Quarter of FY 2013	23.25	23.00	1,938	(448.5)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil. ¥	Mil. ¥	%
3rd Quarter of FY 2014 (As of December 31, 2014)	41,249	22,361	35.0
Fiscal Year 2013 (As of March 31, 2014)	37,499	20,045	35.7

(Reference) Capital: December 31, 2014: 14,433 million yen March 31, 2014: 13,401 million yen

(3) Dividend per share

Record date	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of period	Annual dividend
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2013	—	0.00	—	6.00	6.00
Fiscal Year 2014	—	0.00	—		
Fiscal Year 2014 (expected)				—	—

Note: Revisions of the dividend forecasts since the latest announcement: No

(4) Consolidated earnings forecast of Fiscal Year 2014 (April 1, 2014 to March 31, 2015)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Mil. ¥ %	Mil. ¥ %	Mil. ¥ %	Mil. ¥ %	Yen
Fiscal Year 2014	117,121 (11.2) ~118,552 (12.5)	2,301 (16.2) ~2,635 (33.0)	2,636 (30.7) ~2,970 (47.2)	1,119 (△44.7) ~1,299 (△35.8)	23.04 ~26.76

Note: Revisions of the forecasts of consolidated results since the latest announcement: No

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit : Thousands of Yen)

	FY2013 (As of March 31, 2014)	3rd Quarter of FY2014 (As of December 31, 2014)
Assets		
Current assets		
Cash and deposits	12,591,170	14,155,089
Notes and accounts receivable - trade	13,922,518	14,859,225
Operational investment securities	886,925	2,849,850
Other	2,344,145	1,558,902
Allowance for doubtful accounts	△5,302	△5,698
Total current assets	29,739,457	33,417,370
Non-current assets		
Property, plant and equipment	685,847	622,761
Intangible assets		
Goodwill	912,356	818,403
Software	804,916	852,378
Software in progress	126,030	194,561
Other	26,826	151,018
Total intangible assets	1,870,129	2,016,362
Investments and other assets		
Investment securities	4,220,930	3,786,828
Guarantee deposits	794,337	1,093,854
Other	198,506	331,483
Allowance for doubtful accounts	△9,373	△19,484
Total investments and other assets	5,204,400	5,192,681
Total non-current assets	7,760,376	7,831,804
Total assets	37,499,834	41,249,175

(Unit : Thousands of Yen)

	FY2013 (As of March 31, 2014)	3rd Quarter of FY2014 (As of December 31, 2014)
Liabilities		
Current liabilities		
Accounts payable - trade	11,379,481	11,453,840
Short-term loans payable	2,100,000	3,277,070
Current portion of long-term loans payable	80,530	83,216
Accounts payable - other	756,401	843,222
Income taxes payable	1,044,933	504,698
Provision for bonuses	635,581	345,983
Provision for directors' bonuses	26,000	20,250
Other	807,059	1,783,896
Total current liabilities	16,829,988	18,312,176
Non-current liabilities		
Long-term loans payable	203,750	148,425
Other	421,036	427,440
Total non-current liabilities	624,786	575,865
Total liabilities	17,454,774	18,888,042
Net assets		
Shareholders' equity		
Capital stock	4,031,837	4,031,837
Capital surplus	3,183,953	3,183,953
Retained earnings	7,172,980	7,925,458
Treasury shares	△1,624,753	△1,624,950
Total shareholders' equity	12,764,018	13,516,299
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	412,599	608,142
Foreign currency translation adjustment	224,996	309,529
Total accumulated other comprehensive income	637,595	917,672
Subscription rights to shares	209,897	194,825
Minority interests	6,433,548	7,732,335
Total net assets	20,045,060	22,361,132
Total liabilities and net assets	37,499,834	41,249,175

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

(Unit:Thousands of Yen)

	3rd Quarter of FY2013 (April 1, 2013 to December 31, 2013)	3rd Quarter of FY2014 (April 1, 2014 to December 31, 2014)
Net sales	75,615,629	86,502,742
Cost of sales	65,275,297	74,337,155
Gross profit	10,340,332	12,165,587
Selling, general and administrative expenses	9,046,092	10,251,740
Operating income	1,294,239	1,913,846
Non-operating income		
Interest income	4,737	8,138
Dividend income	8,870	10,852
Share of profit of entities accounted for using equity method	—	218,524
Other	37,049	84,143
Total non-operating income	50,657	321,658
Non-operating expenses		
Interest expenses	6,278	12,465
Share of loss of entities accounted for using equity method	10,632	—
Other	23,321	25,289
Total non-operating expenses	40,231	37,755
Ordinary income	1,304,665	2,197,749
Extraordinary income		
Gain on sales of investment securities	3,100	466,270
Gain on sales of shares of subsidiaries and associates	1,411,544	—
Gain on change in equity	95,192	158,804
Other	20,613	89,754
Total extraordinary income	1,530,450	714,828
Extraordinary losses		
Office transfer expenses	5,059	187,452
Other	153,324	94,178
Total extraordinary losses	158,383	281,631
Income before income taxes and minority interests	2,676,731	2,630,947
Income taxes - current	1,188,816	706,678
Income taxes - deferred	23,304	122,783
Total income taxes	1,212,120	829,462
Income before minority interests	1,464,610	1,801,484
Minority interests in income	335,516	757,617
Net income	1,129,094	1,043,867

Consolidated Statements of Comprehensive Income

(Unit:Thousands of Yen)

	3rd Quarter of FY2013 (April 1, 2013 to December 31, 2013)	3rd Quarter of FY2014 (April 1, 2014 to December 31, 2014)
Income before minority interests	1,464,610	1,801,484
Other comprehensive income		
Valuation difference on available-for-sale securities	358,198	277,106
Foreign currency translation adjustment	96,177	124,612
Share of other comprehensive income of entities accounted for using equity method	19,805	12,783
Total other comprehensive income	474,182	414,502
Comprehensive income	1,938,792	2,215,987
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,533,952	1,323,944
Comprehensive income attributable to minority interests	404,840	892,043

(3) Consolidated Statements of Cash Flows

(Unit:Thousands of Yen)

	3rd Quarter of FY2013 (April 1, 2013 to December 31, 2013)	3rd Quarter of FY2014 (April 1, 2014 to December 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	2,676,731	2,630,947
Depreciation	437,394	409,487
Amortization of goodwill	183,125	207,678
Increase (decrease) in allowance for doubtful accounts	1,538	10,270
Increase (decrease) in provision for retirement benefits	△268,873	—
Increase (decrease) in provision for point card certificates	△10,328	13,558
Increase (decrease) in provision for bonuses	△203,068	△289,598
Increase (decrease) in provision for directors' bonuses	△16,950	△5,750
Interest and dividend income	△13,607	△18,990
Interest expenses	6,278	12,465
Share of (profit) loss of entities accounted for using equity method	10,632	△218,524
Loss (gain) on sales and valuation of investment securities	30,548	△466,270
Loss (gain) on sales of shares of subsidiaries and associates	△1,411,544	—
Office transfer expenses	5,059	187,452
Loss (gain) on change in equity	△91,431	△152,219
Decrease (increase) in notes and accounts receivable - trade	844,039	△893,290
Decrease (increase) in inventories	△22,288	△50,853
Decrease (increase) in investment securities for sale	△144,572	△216,221
Decrease (increase) in accounts receivable - other	△202,568	29,143
Increase (decrease) in notes and accounts payable - trade	303,575	67,762
Increase (decrease) in accounts payable - other	△3,262	△80,870
Increase (decrease) in accrued consumption taxes	231,297	710,451
Other, net	166,328	610,940
Subtotal	2,508,052	2,497,567
Interest and dividend income received	20,714	26,479
Interest expenses paid	△5,854	△8,441
Income taxes paid	△831,200	△1,238,630
Net cash provided by (used in) operating activities	1,691,711	1,276,975

(Unit:Thousands of Yen)

	3rd Quarter of FY2013 (April 1, 2013 to December 31, 2013)	3rd Quarter of FY2014 (April 1, 2014 to December 31, 2014)
Cash flows from investing activities		
Payments into time deposits	△5,200,000	△7,000,000
Proceeds from withdrawal of time deposits	4,634,555	6,200,000
Purchase of property, plant and equipment	△106,509	△141,358
Purchase of intangible assets	△509,537	△413,823
Purchase of investment securities	△505,098	△613,080
Proceeds from sales and redemption of investment securities	29,903	626,843
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△102,362
Purchase of shares of subsidiaries and associates	△19,762	△20,000
Proceeds from sales of shares of subsidiaries and associates	1,547,497	—
Payments for guarantee deposits	△13,838	△452,850
Proceeds from collection of guarantee deposits	49,373	158,093
Payments of loans receivable	△1,400	△4,133
Collection of loans receivable	1,430	11,073
Purchase of insurance funds	△6,633	△6,154
Proceeds from cancellation of insurance funds	30,638	—
Other, net	9,633	△567
Net cash provided by (used in) investing activities	△59,749	△1,758,318
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	870,000	1,173,399
Repayments of long-term loans payable	△96,180	△63,066
Proceeds from share issuance to minority shareholders	8,172	30,000
Proceeds from exercise of share options	280,784	18,759
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	—	389,130
Proceeds from issuance of subscription rights to shares	29,230	—
Proceeds from withdrawal of found trust for Subsidiarys Treasury Stock	408,595	—
Cash dividends paid	△291,530	△291,636
Cash dividends paid to minority shareholders	△80,773	△44,913
Other, net	△7,234	△3,979
Net cash provided by (used in) financing activities	1,121,064	1,207,692
Effect of exchange rate change on cash and cash equivalents	99,086	37,569
Net increase (decrease) in cash and cash equivalents	2,852,113	763,919
Cash and cash equivalents at beginning of period	6,595,701	9,982,170
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	△157,465	—
Cash and cash equivalents at end of period	9,290,348	10,746,089