

D.A.Consortium Inc.

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

Financial Highlights of 2nd Quarter of Fiscal Year 2014 (April 1, 2014 to September 30, 2014) and 2nd Quarter of Fiscal Year 2013 (April 1, 2013 to September 30, 2013)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%
2nd Quarter of FY 2014	57,046	(18.0)	1,098	(72.3)	1,105	(68.8)	572	(△43.3)
2nd Quarter of FY 2013	48,332	(9.8)	637	(△20.2)	654	(△22.3)	1,009	(275.6)

	Earnings per share		Diluted earnings per share		Comprehensive Income	
	Yen		Yen		Mil. ¥	%
2nd Quarter of FY 2014	11.80		11.67		924 (△28.6)	
2nd Quarter of FY 2013	20.79		20.61		1,296 (553.0)	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil. ¥	Mil. ¥	%
2nd Quarter of FY 2014 (As of September 30, 2014)	37,681	21,071	36.3
Fiscal Year 2013 (As of March 31, 2014)	37,499	20,045	35.7

(Reference) Capital: September 30, 2014: 13,683 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 forecasts of consolidated results since the latest announcement: No

(4) Consolidated earnings forecast of 3rd Quarter of Fiscal Year 2014 (April 1, 2014 to December 31, 2014)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Yen
3rd quarter of FY 2014	86,809	(14.8)	1,513	(16.9)	1,585	(21.5)	666	(△41.0)	13.71
	~87,647	(15.9)	~1,756	(35.7)	~1,828	(40.1)	~729	(△35.5)	~15.01
Fiscal Year 2014	—	—	—	—	—	—	—	—	—

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)	2nd Quarter of FY2014 (As of September 30, 2014)
Assets		
Current assets		
Cash and deposits	12,591,170	13,872,329
Notes and accounts receivable - trade	13,922,518	12,793,477
Operational investment securities	886,925	1,128,331
Other	2,344,145	1,269,663
Allowance for doubtful accounts	△5,302	△5,400
Total current assets	29,739,457	29,058,401
Non-current assets		
Property, plant and equipment	685,847	646,705
Intangible assets		
Goodwill	912,356	783,371
Software	804,916	878,768
Software in progress	126,030	125,992
Other	26,826	156,097
Total intangible assets	1,870,129	1,944,230
Investments and other assets		
Investment securities	4,220,930	4,735,057
Guarantee deposits	794,337	1,088,826
Other	198,506	227,532
Allowance for doubtful accounts	△9,373	△19,484
Total investments and other assets	5,204,400	6,031,932
Total non-current assets	7,760,376	8,622,868
Total assets	37,499,834	37,681,269

(Unit : Thousands of Yen)

	FY2013 (As of March 31, 2014)	2nd Quarter of FY2014 (As of September 30, 2014)
Liabilities		
Current liabilities		
Accounts payable - trade	11,379,481	10,202,942
Short-term loans payable	2,100,000	3,102,307
Current portion of long-term loans payable	80,530	82,250
Accounts payable - other	756,401	687,091
Income taxes payable	1,044,933	285,849
Provision for bonuses	635,581	385,752
Provision for directors' bonuses	26,000	13,500
Other	807,059	1,268,331
Total current liabilities	16,829,988	16,028,025
Non-current liabilities		
Long-term loans payable	203,750	160,000
Other	421,036	421,723
Total non-current liabilities	624,786	581,723
Total liabilities	17,454,774	16,609,748
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	7,454,478
Treasury shares	△1,624,753	△1,624,893
Total shareholders' equity	12,764,018	13,045,375
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	412,599	440,677
Foreign currency translation adjustment	224,996	197,483
Total accumulated other comprehensive income	637,595	638,161
Subscription rights to shares	209,897	191,704
Minority interests	6,433,548	7,196,279
Total net assets	20,045,060	21,071,521
Total liabilities and net assets	37,499,834	37,681,269

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

(Unit:Thousands of Yen)

	2nd Quarter of FY2013 (April 1, 2013 to September 30, 2013)	2nd Quarter of FY2014 (April 1, 2014 to September 30, 2014)
Net sales	48,332,058	57,046,481
Cost of sales	41,645,319	49,248,979
Gross profit	6,686,738	7,797,501
Selling, general and administrative expenses	6,049,512	6,699,269
Operating income	637,226	1,098,232
Non-operating income		
Interest income	3,175	3,445
Dividend income	8,778	10,697
Foreign exchange gains	—	24,188
Other	33,141	15,033
Total non-operating income	45,095	53,365
Non-operating expenses		
Interest expenses	4,059	8,207
Share of loss of entities accounted for using equity method	5,879	18,935
Foreign exchange losses	10,676	—
Loss on insurance cancellation	6,350	—
Other	473	19,323
Total non-operating expenses	27,438	46,465
Ordinary income	654,882	1,105,132
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	1,404,236	—
Gain on reversal of subscription rights to shares	—	54,242
Gain on change in equity	33,444	157,892
Other	17,540	51,323
Total extraordinary income	1,455,221	263,458
Extraordinary losses		
Impairment loss	9,975	—
Loss on liquidation of subsidiaries and associates	—	37,695
Loss on abolishment of retirement benefit plan	12,360	—
Other	13,409	14,377
Total extraordinary losses	35,745	52,073
Income before income taxes and minority interests	2,074,358	1,316,517
Income taxes - current	873,368	332,782
Income taxes - deferred	39,583	114,611
Total income taxes	912,951	447,393
Income before minority interests	1,161,407	869,124
Minority interests in income	151,785	296,237
Net income	1,009,621	572,886

Consolidated Statements of Comprehensive Income

(Unit:Thousands of Yen)

	2nd Quarter of FY2013 (April 1, 2013 to September 30, 2013)	2nd Quarter of FY2014 (April 1, 2014 to September 30, 2014)
Income before minority interests	1,161,407	869,124
Other comprehensive income		
Valuation difference on available-for-sale securities	△7,387	90,674
Foreign currency translation adjustment	99,264	△23,764
Share of other comprehensive income of entities accounted for using equity method	42,903	△11,086
Total other comprehensive income	134,780	55,823
Comprehensive income	1,296,187	924,947
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,090,346	573,452
Comprehensive income attributable to minority interests	205,841	351,494

(3) Consolidated Statements of Cash Flows

(Unit:Thousands of Yen)

	2nd Quarter of FY2013 (April 1, 2013 to September 30, 2013)	2nd Quarter of FY2014 (April 1, 2014 to September 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	2,074,358	1,316,517
Depreciation	284,991	266,499
Impairment loss	9,975	—
Amortization of goodwill	106,516	133,258
Increase (decrease) in allowance for doubtful accounts	908	10,209
Increase (decrease) in provision for retirement benefits	△268,873	—
Increase (decrease) in provision for point card certificates	△8,743	4,070
Increase (decrease) in provision for bonuses	△56,433	△249,829
Increase (decrease) in provision for directors' bonuses	△23,700	△12,500
Interest and dividend income	△11,954	△14,143
Interest expenses	4,059	8,207
Share of (profit) loss of entities accounted for using equity method	5,879	18,935
Gain on reversal of subscription rights to shares	—	△54,242
Loss (gain) on sales and valuation of investment securities	78	△51,323
Loss (gain) on sales of shares of subsidiaries and associates	△1,404,236	—
Loss (gain) on change in equity	△31,548	△157,073
Loss on liquidation of subsidiaries and associates	—	37,695
Decrease (increase) in notes and accounts receivable - trade	2,470,668	1,128,986
Decrease (increase) in advance payments	△137,491	272,747
Decrease (increase) in inventories	△12,546	△61,508
Decrease (increase) in prepaid expenses	△28,056	83,817
Decrease (increase) in investment securities for sale	11,315	△95,489
Decrease (increase) in accounts receivable - other	81,692	104,299
Increase (decrease) in notes and accounts payable - trade	△1,806,570	△1,176,538
Increase (decrease) in accounts payable - other	△37,878	△88,472
Increase (decrease) in advances received	△3,954	82,926
Increase (decrease) in accrued consumption taxes	198,258	345,351
Other, net	297,920	345,981
Subtotal	1,714,636	2,198,381
Interest and dividend income received	18,834	21,001
Interest expenses paid	△4,373	△6,526
Income taxes paid	△657,475	△1,087,396
Net cash provided by (used in) operating activities	1,071,622	1,125,460

(Unit:Thousands of Yen)

	2nd Quarter of FY2013 (April 1, 2013 to September 30, 2013)	2nd Quarter of FY2014 (April 1, 2014 to September 30, 2014)
Cash flows from investing activities		
Payments into time deposits	△2,600,000	△3,600,000
Proceeds from withdrawal of time deposits	2,034,555	2,600,000
Purchase of property, plant and equipment	△89,234	△89,595
Purchase of intangible assets	△360,233	△205,506
Purchase of investment securities	△300,911	△571,278
Proceeds from sales and redemption of investment securities	10,373	244,123
Purchase of shares of subsidiaries and associates	△19,762	—
Proceeds from sales of shares of subsidiaries and associates	1,547,497	—
Payments for guarantee deposits	△10,754	△346,595
Proceeds from collection of guarantee deposits	47,343	51,537
Payments of loans receivable	△1,400	△3,263
Collection of loans receivable	860	660
Purchase of insurance funds	△4,401	△5,706
Proceeds from cancellation of insurance funds	30,638	—
Other, net	9,292	2,672
Net cash provided by (used in) investing activities	293,861	△1,922,951
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	850,000	1,000,000
Repayments of long-term loans payable	△70,600	△42,030
Proceeds from share issuance to minority shareholders	3,400	30,000
Proceeds from exercise of share options	121,867	12,114
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	—	389,130
Cash dividends paid	△291,530	△291,636
Cash dividends paid to minority shareholders	△61,652	△14,720
Other, net	△5,374	△2,725
Net cash provided by (used in) financing activities	546,109	1,080,131
Effect of exchange rate change on cash and cash equivalents	63,552	△1,482
Net increase (decrease) in cash and cash equivalents	1,975,146	281,158
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	8,413,381	10,263,329