

# Consolidated Financial Results(Japanese Accounting Standards) for the 2nd Quarter of FY 2016

Company name: UNITED, Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 2497  
 URL: <http://united.jp/>  
 Representative: Tomonori Hayakawa, CEO  
 Contact: Ryohei Yamazaki, Corporate Officer, Corporate Administration Division  
 Tel. +81-3-6821-0000

Scheduled date for filing of securities report: October 31, 2016  
 Scheduled date of commencement of dividend payment: —  
 Supplementary documents for quarterly results: YES  
 Quarterly results briefing: YES (For securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down)

## 1. Consolidated Financial Results for the 2nd Quarter of FY 2016 (April 1, 2016 - September 30, 2016)

### (1) Consolidated Results of Operations (Accounting Total)

(Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Mil.¥	%	Mil.¥	%	Mil.¥	%	Mil.¥	%
2nd Quarter of FY 2016	6,476	27.4	55	△95.0	104	△91.6	△60	—
2nd Quarter of FY 2015	5,084	28.3	1,121	611.5	1,245	602.2	1,036	788.8

(Note) Comprehensive income: △376 million yen ( — %) for the 2nd Quarter of FY 2016  
 1,239 million yen ( 407.5 %) for the 2nd Quarter of FY 2015

	Earnings per share	Diluted earnings per share
	Yen	Yen
2nd Quarter of FY 2016	△2.63	—
2nd Quarter of FY 2015	43.94	43.90

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Mil.¥	Mil.¥	%
2nd Quarter of FY 2016 (As of September 30, 2016)	10,751	8,552	79.4
Fiscal Year 2015 (As of March 31, 2016)	11,701	9,036	76.9

(Reference) Capital: September 30, 2016: 8,538 million yen March 31, 2016: 8,997 million yen

### 2. Dividend Per Share

Record date	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of period	Annual dividend
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2015	—	9.00	—	5.00	14.00
Fiscal Year 2016	—	0.00	—	—	—
Fiscal Year 2016 (expected)	—	—	—	—	—

Note: Revisions of the forecasts of consolidated results since the latest announcement: None

### 3. Consolidated Earnings Forecast for Fiscal Year Ending March 2017 (April 1, 2016 to March 31, 2017)

(Percentages show year-on-year changes)

	Net sales		Operating income	
	Mil.¥	%	Mil.¥	%
Fiscal Year 2016	13,000~14,500	16.8~30.3	700~1,000	△53.6~△33.8

Note: Revisions of the forecasts of consolidated results since the latest announcement: Yes

**\*Notes**

(1) Changes of important subsidiaries during the period

(Changes of specific subsidiaries in accordance with changes in the scope of consolidation):None

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statement:None

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standar Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period (including treasury stock)

As of September 30, 2016: 23,669,511 shares

As of March 31, 2016: 23,669,511 shares

(ii) Number of treasury stock at end of period

As of September 30, 2016: 673,549 shares

As of March 31, 2016: 663,311 shares

(iii) Average number of shares outstanding during the term

2nd Quarter of FY 2016: 23,005,661 shares

2nd Quarter of FY 2015: 23,588,287 shares

**\*Status of a quarterly review**

- This financial summary does not need to undergo a quarterly review under the Financial Instruments an Exchange Act.  
Procedures for a quarterly review of the consolidated financial statements have been completed at the time of the announcement of this financial summary.

**\*Explanations and other special notes concerning the appropriate use of business performance forecasts**

- The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes r representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.  
- We will hold a quarterly results briefing for institutional investors and analysts on November 1, 2016.  
For material that are distributed in this briefing, it will be posted on our website.

UNITED Consolidated Financial Statements

(1)UNITED Consolidated Balance Sheets

(Unit:Thousands of Yen)

Items of an account	FY2015 (As of March 31,2016)	2nd Quarter of FY2016 (As of September 30,2016)
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash and deposits	4,991,691	3,664,320
Notes and accounts receivable - trade	2,080,222	2,258,955
Operational investment securities	3,064,867	2,602,899
Inventories	50,639	50,572
Other	446,641	147,781
Allowance for doubtful accounts	(6,426)	(24,666)
Total current assets	10,627,636	8,699,864
Non-current assets		
Property, plant and equipment	155,291	198,779
Intangible assets		
Goodwill	451,063	1,370,248
Other	171,865	181,957
Total intangible assets	622,928	1,552,205
Investments and other assets	295,917	300,622
Total non-current assets	1,074,138	2,051,608
<b>Total assets</b>	<b>11,701,775</b>	<b>10,751,472</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,600,089	1,402,000
Short-term loans payable	100,000	100,000
Current portion of long-term loans payable	4,200	4,200
Income taxes payable	366,617	107,423
Provision for point card certificates	54,805	74,007
Other	520,960	495,255
Total current liabilities	2,646,673	2,182,886
Non-current liabilities		
Long-term loans payable	15,050	12,950
Other	3,456	3,023
Total non-current liabilities	18,506	15,973
<b>Total liabilities</b>	<b>2,665,180</b>	<b>2,198,859</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,921,871	2,921,871
Capital surplus	3,035,187	3,072,371
Retained earnings	3,185,245	3,009,811
Treasury shares	(944,478)	(964,042)
Total shareholders' equity	8,197,824	8,040,011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	762,840	467,332
Foreign currency translation adjustment	36,826	30,738
Total accumulated other comprehensive income	799,666	498,071
Subscription rights to shares	4,712	14,104
Non-controlling interests	34,392	425
<b>Total net assets</b>	<b>9,036,595</b>	<b>8,552,613</b>
<b>Total liabilities and net assets</b>	<b>11,701,775</b>	<b>10,751,472</b>

## (2)UNITED Consolidated Statements of Income

(Unit:Thousands of Yen)

Items of an account	2nd Quarter of FY2015 (April 1,2015 to September 30,2015)	2nd Quarter of FY2016 (April 1,2016 to September 30,2016)
	Amount	Amount
Net sales	5,084,153	6,476,364
Cost of sales	2,970,140	5,270,287
Gross profit	2,114,012	1,206,076
Selling, general and administrative expenses	992,985	1,150,553
Operating income	1,121,026	55,523
Non-operating income		
Interest and dividend income	4,023	666
Share of profit of entities accounted for using equity method	122,084	52,031
Other	3,367	6,534
Total non-operating income	129,476	59,232
Non-operating expenses		
Interest expenses	709	708
Foreign exchange losses	2,397	7,735
Other	1,568	2,174
Total non-operating expenses	4,674	10,619
Ordinary income	1,245,828	104,136
Extraordinary income		
Gain on change in equity	947	-
Gain on sales of shares of subsidiaries and associates	60,713	-
Gain on reversal of subscription rights to shares	894	-
Other	-	18
Total extraordinary income	62,554	18
Extraordinary losses		
Loss on retirement of non-current assets	199	645
Loss on valuation of investment securities	-	29,999
Loss on liquidation of subsidiaries and associates	18,706	-
Office transfer expenses	2,930	13,126
Impairment loss	-	6,768
Provision of allowance for doubtful accounts	-	18,077
Total extraordinary losses	21,835	68,617
Income before income taxes and non-controlling interests	1,286,546	35,537
Income taxes - current	251,040	66,136
Income taxes - deferred	11,593	44,243
Total income taxes	262,634	110,379
Profit (loss)	1,023,911	(74,842)
Loss attributable to non-controlling interests	(12,531)	(14,440)
Profit (loss) attributable to owners of parent	1,036,443	(60,402)

## (3)UNITED Consolidated Statements of Comprehensive Income

(Unit:Thousands of Yen)

Items of an account	2nd Quarter of FY2015 (April 1,2015 to September 30,2015)	2nd Quarter of FY2016 (April 1,2016 to September 30,2016)
	Amount	Amount
Profit (loss)	1,023,911	(74,842)
Other comprehensive income		
Valuation difference on available-for-sale securities	186,893	(287,406)
Foreign currency translation adjustment	(220)	(6,087)
Share of other comprehensive income of entities accounted for using equity method	28,996	(8,062)
Total other comprehensive income	215,669	(301,556)
Comprehensive income	1,239,581	(376,399)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,252,093	(361,997)
Comprehensive income attributable to non-controlling interests	(12,512)	(14,402)

## (4)UNITED Consolidated Statements of Cash Flows

(Unit:Thousands of Yen)

Items of an account	2nd Quarter of FY2015 (April 1,2015 to September 30,2015)	2nd Quarter of FY2016 (April 1,2016 to September 30,2016)
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and non-controlling interests	1,286,546	35,537
Depreciation	35,394	42,530
Amortization of goodwill	5,360	70,079
Share-based compensation expenses	-	9,392
Increase (decrease) in allowance for doubtful accounts	(2,064)	11,814
Increase (decrease) in provision for point card certificates	(4,252)	19,201
Interest and dividend income	(4,023)	(666)
Interest expenses	709	708
Share of (profit) loss of entities accounted for using equity method	(122,084)	(52,031)
Loss on valuation of investment securities	-	29,999
Loss (gain) on sales of shares of subsidiaries and associates	(60,713)	-
Loss on liquidation of subsidiaries and associates	18,706	-
Decrease (increase) in notes and accounts receivable - trade	291,208	(121,710)
Decrease (increase) in investment securities for sale	(419,740)	103,250
Increase (decrease) in notes and accounts payable - trade	(177,922)	(198,071)
Other, net	(160,748)	85,427
Subtotal	686,375	35,463
Interest and dividend income received	4,174	1,377
Interest expenses paid	(647)	(713)
Income taxes paid	(79,593)	(347,040)
Net cash provided by (used in) operating activities	610,309	(310,912)
Cash flows from investing activities		
Payments into time deposits	(3,400,000)	-
Proceeds from withdrawal of time deposits	3,400,000	2,800,000
Purchase of property, plant and equipment	(107,176)	(31,115)
Purchase of intangible assets	(34,915)	(43,171)
Proceeds from sales of shares of subsidiaries and associates	80,000	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(29,573)	(758,728)
Other, net	(4,189)	(55,363)
Net cash provided by (used in) investing activities	(95,855)	1,911,621
Cash flows from financing activities		
Proceeds from exercise of subscription rights to share	21,937	-
Payments of money hold in trust for purchase of treasury stock	(1,002,160)	-
Cash dividends paid	(93,098)	(114,147)
Other, net	-	(2,172)
Net cash provided by (used in) financing activities	(1,073,320)	(116,320)
Effect of exchange rate change on cash and cash equivalents	(469)	(11,757)
Net increase (decrease) in cash and cash equivalents	(559,336)	1,472,629
Cash and cash equivalents at beginning of period	2,478,970	2,191,691
Cash and cash equivalents at end of period	1,919,634	3,664,320