

## D. A. Consortium Inc.

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

1. Financial Highlights of 1st Quarter of Fiscal Year 2016 (April 1, 2016 to June 30, 2016) and 1st Quarter of Fiscal Year 2015 (April 1, 2015 to June 30, 2015)

### (1) Consolidated Operating Results

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%
1st Quarter of FY 2016	38,547	( 21.7)	803	( 17.5)	593	(△16.4)	97	(△68.6)
1st Quarter of FY 2015	31,674	( 7.8)	683	( 12.1)	709	( 22.3)	309	(△12.1)

	Net income per share		Diluted net income per share		Comprehensive Income	
	Yen		Yen		Mil. ¥	%
1st Quarter of FY 2016	2.00		1.95		△1,101	( - )
1st Quarter of FY 2015	6.37		6.29		243	( △55.0)

### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Mil. ¥		Mil. ¥		%	
1st Quarter of FY 2016 (As of June 30, 2016)	50,146		23,684		30.4	
Fiscal Year 2015 (As of March 31, 2016)	54,252		25,437		30.8	

(Reference) Capital: June 30, 2016: 15,236 million yen    March 31, 2016: 16,706 million yen

## 2. Dividends

Record date	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	End of period	Annual dividend
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2015	—	0.00	—	12.00	12.00
Fiscal Year 2016	—				
Fiscal Year 2016 (forecasts)		—	—	—	—

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

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017

(from April 1, 2016 to March 31, 2017)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Yen
2nd Quarter of Fiscal Year 2016		—		—		—		—	—
Fiscal Year 2016	170,000	(17.3)	5,100	(0.7)	5,000	(0.5)	2,100	(3.6)	43.24

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

The Company plans to establish a holding company through joint share transfers with IREP Co., Ltd. as of October 3, 2016 (scheduled date). The above forecasts are calculated based on the Company's present organization. The forecasts of the holding company are to be disclosed at a later date.

## Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Unit:Thousands of Yen)

	FY2015 (As of March 31, 2016)	1st Quarter of FY2016 (As of June 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	15,451,512	15,886,288
Notes and accounts receivable - trade	20,189,804	17,122,215
Operational investment securities	5,831,435	4,191,846
Other	2,316,393	1,541,062
Allowance for doubtful accounts	△23,768	△6,984
Total current assets	43,765,376	38,734,428
Non-current assets		
Property, plant and equipment	903,533	882,324
Intangible assets		
Goodwill	753,326	871,006
Software	1,234,844	1,311,605
Software in progress	411,491	438,051
Other	134,853	30,683
Total intangible assets	2,534,515	2,651,346
Investments and other assets		
Investment securities	5,279,573	6,089,466
Guarantee deposits	1,281,073	1,278,235
Other	504,248	520,193
Allowance for doubtful accounts	△15,684	△9,301
Total investments and other assets	7,049,210	7,878,594
Total non-current assets	10,487,259	11,412,265
Total assets	54,252,635	50,146,694

(Unit:Thousands of Yen)

	FY2015 (As of March 31, 2016)	1st Quarter of FY2016 (As of June 30, 2016)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	16,955,324	15,313,413
Short-term loans payable	4,100,000	4,200,000
Current portion of long-term loans payable	222,584	422,584
Accounts payable - other	1,412,536	1,136,879
Income taxes payable	1,099,237	542,707
Provision for bonuses	983,261	414,072
Provision for directors' bonuses	98,682	106,950
Other	2,690,588	2,414,496
<b>Total current liabilities</b>	<b>27,562,214</b>	<b>24,551,103</b>
Non-current liabilities		
Long-term loans payable	845,082	1,539,293
Other	407,427	372,214
<b>Total non-current liabilities</b>	<b>1,252,509</b>	<b>1,911,507</b>
<b>Total liabilities</b>	<b>28,814,724</b>	<b>26,462,610</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,031,837	4,031,837
Capital surplus	4,961,790	4,289,932
Retained earnings	7,006,457	5,898,457
Treasury shares	△1,612,040	△276,437
<b>Total shareholders' equity</b>	<b>14,388,044</b>	<b>13,943,790</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,070,176	1,092,797
Foreign currency translation adjustment	248,015	199,427
<b>Total accumulated other comprehensive income</b>	<b>2,318,192</b>	<b>1,292,225</b>
Subscription rights to shares	223,757	282,329
Non-controlling interests	8,507,917	8,165,738
<b>Total net assets</b>	<b>25,437,911</b>	<b>23,684,083</b>
<b>Total liabilities and net assets</b>	<b>54,252,635</b>	<b>50,146,694</b>

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

(Unit:Thousands of Yen)

	1st Quarter of FY2015 (April 1, 2015 to June 30, 2015)	1st Quarter of FY2016 (April 1, 2016 to June 30, 2016)
Net sales	31,674,570	38,547,787
Cost of sales	27,339,458	33,322,298
Gross profit	4,335,112	5,225,488
Selling, general and administrative expenses	3,651,387	4,422,174
Operating income	683,724	803,314
Non-operating income		
Interest income	2,403	2,205
Dividend income	4,301	5,060
Foreign exchange gains	53,843	—
Other	7,123	17,274
Total non-operating income	67,672	24,540
Non-operating expenses		
Interest expenses	4,888	3,503
Share of loss of entities accounted for using equity method	35,853	142,790
Foreign exchange losses	—	85,153
Other	1,031	3,301
Total non-operating expenses	41,773	234,749
Ordinary income	709,623	593,105
Extraordinary income		
Gain on change in equity	18,363	—
Gain on sales of shares of subsidiaries and associates	60,713	—
Other	872	—
Total extraordinary income	79,949	—
Extraordinary losses		
Impairment loss	—	218,595
Other	45,967	11,783
Total extraordinary losses	45,967	230,378
Profit before income taxes	743,605	362,726
Income taxes - current	204,744	303,940
Income taxes - deferred	150,760	△56,871
Total income taxes	355,505	247,069
Profit	388,100	115,657
Profit attributable to non-controlling interests	78,940	18,457
Profit attributable to owners of parent	309,159	97,200

## Consolidated Statements of Comprehensive Income

(Unit:Thousands of Yen)

	1st Quarter of FY2015 (April 1, 2015 to June 30, 2015)	1st Quarter of FY2016 (April 1, 2016 to June 30, 2016)
Profit	388,100	115,657
Other comprehensive income		
Valuation difference on available-for-sale securities	△139,027	△1,121,599
Foreign currency translation adjustment	20,056	△89,186
Share of other comprehensive income of entities accounted for using equity method	△25,718	△5,884
Total other comprehensive income	△144,689	△1,216,671
Comprehensive income	243,411	△1,101,013
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	160,107	△928,766
Comprehensive income attributable to non-controlling interests	83,303	△172,246

## (3) Consolidated Statements of Cash Flows

(Unit:Thousands of Yen)

	1st Quarter of FY2015 (April 1, 2015 to June 30, 2015)	1st Quarter of FY2016 (April 1, 2016 to June 30, 2016)
Cash flows from operating activities		
Profit before income taxes	743,605	362,726
Depreciation	162,037	179,337
Amortization of goodwill	46,202	53,297
Increase (decrease) in allowance for doubtful accounts	△1,824	△23,167
Increase (decrease) in provision for bonuses	△520,196	△571,268
Increase (decrease) in provision for directors' bonuses	2,927	8,268
Interest and dividend income	△6,704	△7,265
Interest expenses	4,888	3,503
Share of (profit) loss of entities accounted for using equity method	35,853	142,790
Loss (gain) on sales of shares of subsidiaries and associates	△60,713	—
Impairment loss	—	218,595
Decrease (increase) in notes and accounts receivable - trade	52,064	3,083,917
Decrease (increase) in investment securities for sale	△50,228	84,752
Increase (decrease) in notes and accounts payable - trade	541,845	△1,641,911
Increase (decrease) in accounts payable - other	△128,075	△229,983
Other, net	△364,558	891,602
Subtotal	457,122	2,555,197
Interest and dividend income received	14,197	21,542
Interest expenses paid	△3,550	△3,428
Income taxes paid	△692,628	△854,320
Net cash provided by (used in) operating activities	△224,858	1,718,990

(Unit:Thousands of Yen)

	1st Quarter of FY2015 (April 1, 2015 to June 30, 2015)	1st Quarter of FY2016 (April 1, 2016 to June 30, 2016)
<b>Cash flows from investing activities</b>		
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	△192,849	△96,691
Purchase of intangible assets	△224,595	△280,346
Purchase of investment securities	△61,803	△1,041,106
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△29,573	△10,881
Proceeds from sales of shares of subsidiaries and associates	80,000	—
Payments for guarantee deposits	△19,175	△1,521
Proceeds from collection of guarantee deposits	46,304	3,060
Payments of loans receivable	△398	—
Collection of loans receivable	1,003	—
Other, net	18,282	△8,004
Net cash provided by (used in) investing activities	△382,803	1,364,508
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	—	95,000
Proceeds from long-term loans payable	9,426	1,000,000
Repayments of long-term loans payable	△30,605	△105,789
Proceeds from share issuance to non- controlling shareholders	52,990	—
Proceeds from exercise of share options	21,721	2,535
Cash dividends paid	△390,047	△582,285
Dividends paid to non-controlling interests	△82,803	△121,828
Other, net	△1,402	△722
Net cash provided by (used in) financing activities	△420,719	286,910
Effect of exchange rate change on cash and cash equivalents	△11,203	△135,632
Net increase (decrease) in cash and cash equivalents	△1,039,585	3,234,776
Cash and cash equivalents at beginning of period	11,421,950	12,642,512
Cash and cash equivalents at end of period	10,382,365	15,877,288