

November 4, 2015

**Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending June 30, 2016
(Three Months Ended September 30, 2015)**

[Japanese GAAP]

Company name: istyle Inc.	Stock exchange listings: TSE First Section
Securities code: 3660	URL: http://www.istyle.co.jp/
Representative: Tetsuro Yoshimatsu, Representative Director, CEO	
Contact: Kei Sugawara, Director, CFO	Tel: +81-3-5575-1260
Scheduled date of filing of Quarterly Report:	November 4, 2015
Scheduled date of dividend payment:	-
Preparation of supplementary materials for financial results:	None
Holding of financial results briefing:	None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended September 30, 2015 (July 1, 2015 – September 30, 2015)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended September 30, 2015	3,121	48.8	498	174.3	490	177.0	493	437.2
Three months ended September 30, 2014	2,098	26.0	181	268.4	177	266.0	91	695.8

Note: Comprehensive income (million yen) Three months ended September 30, 2015: 413 (- %)
Three months ended September 30, 2014: 11 (down 52.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended September 30, 2015	17.20	16.81
Three months ended September 30, 2014	3.15	3.09

Note: The Company carried out a share split dated October 1, 2015, whereby each common share was divided into 2 shares. Net income per share and diluted net income per share are indicated in the split-adjusted figures, based on the assumption that the share split was executed at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2015	7,812	4,840	61.6
As of June 30, 2015	6,925	4,465	64.2

Reference: Total equity As of September 30, 2015: 4,814 million yen
As of June 30, 2015: 4,445 million yen

Total equity = Shareholders' equity + total accumulated other comprehensive income

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2015	-	0.00	-	2.00	2.00
Fiscal year ending June 30, 2016	-				
Fiscal year ending June 30, 2016 (forecasts)		0.00	-	1.00	1.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending June 30, 2016 (Jul. 1, 2015 – Jun. 30, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	11,500	19.0	1,150	80.4	1,138	76.0	854	143.9	29.75

Note: Revisions to the most recently announced earnings forecast: None

The Company conducted a 2-for-1 common share split effective October 1, 2015. Net income per share is hereby indicated, assuming the said share split has been executed at the beginning of the current fiscal year ending June 2016.

* Notes

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

(2) Application of special accounting methods for presenting 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 shares outstanding (common shares)

1) Number of shares issued (including treasury shares) at end of period

As of September 30, 2015: 30,070,000 shares As of June 30, 2015: 30,050,000 shares

2) Number of treasury shares at end of period

As of September 30, 2015: 1,367,436 shares As of June 30, 2015: 1,367,268 shares

3) Average number of shares outstanding during the period

Three months ended September 30, 2015: 28,695,025 shares Three months ended September 30, 2014: 29,208,102 shares

Note: The Company carried out a share split dated October 1, 2015, whereby each common share was divided into 2 shares. Number of shares issued at end of period, Number of treasury shares at end of period, and Average number of shares outstanding during the period are indicated in the split-adjusted figures, based on the assumption that the share split was executed at the beginning of the previous fiscal year.

* Information regarding the implementation of quarterly review procedures

The current quarterly summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act. As of this report's publication, the audit procedures for the quarterly consolidated financial statements have not been completed.

* Cautionary statement with respect to forecasts and other matters

(Note concerning forward-looking statements)

- Earnings forecasts and other forward-looking statements in this report are based on assumptions judged to be valid and information available to the Company at the time of this report's preparation. Actual performance may differ significantly from these forecasts for a number of reasons. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "(3) Consolidated Operating Results Forecast and Information about Future Predictions" on page 4 in the accompanying material.

* This financial report is solely a translation of "Kessan Tanshin" (in Japanese), 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.

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1. Operating Results and Financial Position

(1) Analysis of Operating Results

The consolidated operating performance for the three months ended September 30, 2015 was as follows:

Net Sales:	3,121,758 thousand yen	(48.8% year-on-year increase)
Operating Income:	498,452 thousand yen	(174.3% year-on-year increase)
Ordinary Income:	490,505 thousand yen	(177.0% year-on-year increase)
Income before income taxes:	667,036 thousand yen	(278.6% year-on-year increase)
Net income attributable to owners of the parent company:	493,500 thousand yen	(437.2% year-on-year increase)

The share transfer of Indonesian subsidiary PT. Creative Visions Indonesia was carried out in September 2015. As a result, extraordinary income of 176,531 thousand yen was posted.

The operating results for each segment were as follows.

1) Marketing

The Marketing segment comprises the domestic and overseas marketing business, services for premium members, and other initiatives.

During the three months ended September 30, 2015, the advertising revenue of the main @cosme website grew steadily. Also, in continuation from the previous year, the segment saw a temporary increase in revenue in conjunction with the holding of a customer's large event.

As a result, the segment posted a net sales of 1,334,305 thousand yen (up 19.5% year on year) and a segment profit of 330,415 thousand yen (up 192.3% year on year).

During the three months ended September 30, 2015, due to the sale of all shares of PT. Creative Visions Indonesia, the company was removed from the scope of consolidation with a deemed sale date of September 30, 2015. As a result, for three months ended September 30, 2015, only the statements of income until September 30, 2015 are consolidated.

In addition, shares of media globe were acquired during the three months ended September 30, 2015, and this is included in the scope of consolidation with a deemed acquisition date of September 30, 2015. As a result, for the three months ended September 30, 2015, only the balance sheets until September 30, 2015 are consolidated.

2) Retail

The Retail segment comprises the operation of the domestic and overseas cosmetics E-Commerce site, the operation of the cosmetics specialty shop @cosme store, and the cosmetics wholesale business targeting overseas customers.

In the three months ended September 30, 2015, both E-commerce and store sales grew steadily. With respect to stores, in addition to steady growth in sales at existing stores, the @cosme×LABI Beauty station, which is produced by the Group, was opened at LABI Shinjuku Higashiguchi Store in August.

In overseas E-Commerce and wholesale, sales grew significantly due to the increase in sales channels as well as the

temporary increase in shipments in preparation for China's "Singles' Day" (November 11), the day that Chinese E-Commerce companies enhance their sales, which is scheduled to take place in the fiscal second quarter.

As a result, the segment posted a net sales of 1,615,301 thousand yen (up 93.3% year on year) and a segment profit of 154,379 thousand yen (up 139.3% year on year).

3) Beauty Business Support

The Beauty Business Support segment comprises beauty salon information provider *ispot*, *@cosme career*, which provides a job recruiting service specializing in the beauty industry, and other initiatives.

In continuation from the previous period, we made efforts to increase the lifetime value of beauty salons and other contracting stores.

Consequently, in the three months ended September 30, 2015, the segment posted a net sales of 172,151 thousand yen (up 18.0% year on year) and a segment profit of 15,155 thousand yen (as opposed to a loss of 3,046 thousand yen in the same period of the previous fiscal year).

4) Investment and Consultation

The Investment and Consultation segment is engaged in investment and consulting projects primarily for companies active in the beauty field both in Japan and overseas. Investments are made in companies in various stages of growth, including companies which have just recently been founded.

In the three months ended September 30, 2015, the segment posted a sales of 0 yen due to the fact that there were no sales of shares owned (no results in the same period of the previous fiscal year), and posted a segment loss of 4,287 thousand yen (no results in the same period of the previous fiscal year).

(2) Consolidated Financial Position

(Assets)

Total assets as of September 30, 2015, were 7,812,805 thousand yen, an increase of 886,813 thousand yen from June 30, 2015.

Current assets were 5,596,825 thousand yen, an increase of 848,779 thousand yen from June 30, 2015. The increase was mainly attributable to a 293,614 thousand yen increase in cash and deposits, a 260,340 thousand yen increase in notes and accounts receivable – trade, a 231,862 thousand yen increase in merchandise, and other factors.

Fixed assets were 2,215,980 thousand yen, an increase of 38,033 thousand yen from June 30, 2015. The increase was mainly attributable to a 113,503 thousand yen increase in intangible assets, which offset a 53,315 thousand yen decline in investments and other assets, and other factors.

(Liabilities)

Total liabilities as of September 30, 2015, were 2,972,774 thousand yen, an increase of 512,266 thousand yen from June 30, 2015.

Current liabilities were 2,433,618 thousand yen, an increase of 600,033 thousand yen from June 30, 2015. The main factors included a 600,000 thousand yen increase in short-term debt.

Fixed liabilities were 539,155 thousand yen, a decline of 87,767 thousand yen from June 30, 2015. This was primarily attributable to the 71,871 thousand yen decline in long-term debt, and other factors.

(Net Assets)

Total net assets as of September 30, 2015, were 4,840,031 thousand yen, an increase of 374,547 thousand yen from June 30, 2015.

The main factors included a 467,037 thousand yen increase in retained earnings, which was partially offset by a 52,745 thousand yen decline in net unrealized gain on available-for-sale securities, and other factors.

(3) Consolidated Operating Results Forecast and Information about Future Predictions

Regarding our consolidated operating results forecast for the full fiscal year ending June 30, 2016, no changes have been made to our full year forecast as announced along with our operating results on July 30, 2015.

2. Other Information

(1) Changes affecting the status of material subsidiaries (scope of consolidation) during the period

Not applicable

(2) Accounting procedures specific to preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in accounting principles, changes in accounting estimates and retrospective restatements

(Application of Accounting Standards for Business Combinations)

Effective from the first quarter of the consolidated fiscal year under review, we began applying standards such as the “Accounting Standard for Business Combinations” (ASBJ Statement No.21, September 13, 2013, hereinafter, “Business Combinations Accounting Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter, “Consolidated Accounting Standard”), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter, “Business Divestitures Accounting Standard”). The purpose of applying these standards was to adopt a method in which the difference made by changes in our ownership interest in subsidiaries in which we retain a controlling interest is recorded as capital surplus, and acquisition-related costs are treated as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations carried out at or after the beginning of the first quarter of the fiscal year under review, we adopted a method in which the reallocation of acquisition costs, as determined after reviewing provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the period in which the business combination took place. We also changed the manner in which quarterly net income and other items are presented, and changed “minority interests” to “non-controlling interests.” To reflect these changes, we reclassified the quarterly consolidated financial statements for the first quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

We applied these standards in accordance with the transitional treatment specified in Section 58-2 (3) of the Business Combinations Accounting Standard, Section 44-5 (3) of the Consolidated Accounting Standard, and Section 57-4 (3) of the Business Divestitures Accounting Standard. The cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were added to or deducted from capital surplus and retained earnings as of July 1, 2015.

As a result, goodwill decreased by 17,402 thousand yen, capital surplus decreased by 19,622 thousand yen, and retained earnings increased by 2,220 thousand yen as of July 1, 2015. In addition, operating income, ordinary income, and income before income taxes each increased by 981 thousand yen for the three months ended September 30, 2015.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2015	As of Sept. 30, 2015
	Amount	Amount
Assets		
Current assets		
Cash and deposits	2,565,854	2,859,469
Notes and accounts receivable - trade	1,238,033	1,498,373
Merchandise	412,016	643,878
Operational investment securities	361,759	370,534
Other	215,392	268,618
Allowance for doubtful receivables	(45,010)	(44,049)
Total current assets	4,748,045	5,596,825
Fixed assets		
Tangible assets	368,314	346,159
Intangible assets		
Goodwill	76,783	98,013
Software	589,601	550,611
Other	89,785	221,049
Total intangible assets	756,171	869,674
Investments and other assets		
Investment securities	743,215	678,970
Other	310,245	321,175
Total investments and other assets	1,053,461	1,000,146
Total fixed assets	2,177,946	2,215,980
Total assets	6,925,992	7,812,805

(Thousands of yen)

	As of June 30, 2015	As of Sept. 30, 2015
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable – trade	497,627	695,469
Short-term debt	-	600,000
Current portion of long-term debt	320,820	312,487
Income taxes payable	140,802	154,574
Provision for bonuses	72,855	59,607
Other	801,479	611,480
Total current liabilities	1,833,584	2,433,618
Fixed liabilities		
Long-term debt	595,179	523,308
Other	31,744	15,847
Total fixed liabilities	626,923	539,155
Total liabilities	2,460,507	2,972,774
Net assets		
Shareholders' equity		
Capital stock	1,591,194	1,592,194
Capital surplus	1,528,118	1,509,496
Retained earnings	1,235,095	1,702,133
Treasury stock	(283,565)	(283,700)
Total shareholders' equity	4,070,842	4,520,122
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	259,082	206,337
Foreign currency translation adjustments	115,659	88,514
Total accumulated other comprehensive income	374,741	294,851
Subscription rights to shares	19,900	20,818
Non-controlling interests	-	4,239
Total net assets	4,465,484	4,840,031
Total liabilities and net assets	6,925,992	7,812,805

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	Three months ended Sept. 30, 2014	Three months ended Sept. 30, 2015
	Amount	Amount
Net sales	2,098,125	3,121,758
Cost of sales	848,618	1,307,210
Gross profit	1,249,506	1,814,547
Selling, general and administrative expenses	1,067,820	1,316,095
Operating income	181,686	498,452
Non-operating income		
Interest income	912	409
Gain on valuation of investment securities	-	2,430
Other	2,032	649
Total non-operating income	2,944	3,489
Non-operating expenses		
Interest expenses	1,092	1,239
Foreign exchange losses	3,769	6,588
Loss on valuation of investment securities	1,665	-
Equity in losses of affiliates	-	3,035
Other	1,028	573
Total non-operating expenses	7,556	11,436
Ordinary income	177,075	490,505
Extraordinary income		
Gain on sale of shares of affiliated companies	-	176,531
Total extraordinary income	-	176,531
Extraordinary loss		
Office transfer expenses	868	-
Total extraordinary loss	868	-
Income before income taxes	176,207	667,036
Total income taxes	84,287	173,535
Net income	91,919	493,500
Net income attributable to non-controlling interests	58	-
Net income attributable to owners of the parent company	91,861	493,500

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended Sept. 30, 2014	Three months ended Sept. 30, 2015
	Amount	Amount
Net income	91,919	493,500
Other comprehensive income		
Net unrealized gain on available-for-sale securities	(77,187)	(52,745)
Foreign currency translation adjustments	(2,784)	(27,145)
Total other comprehensive income	(79,971)	(79,890)
Comprehensive income	11,947	413,610
Comprehensive income attributable to		
Owners of the parent	11,889	413,610
Non-controlling interests	58	-

(3) Notes on Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information)

Three months ended September 30, 2014 (July 1, 2014 through September 30, 2014)

1. Net sales and income/loss by reportable segment

	Reportable segment					(Thousands of yen)	
	<i>Marketing</i>	<i>Retail</i>	<i>Beauty Business Support</i>	<i>Investment and Consultation</i>	Total	Adjustments (note 1)	Amounts on the consolidated statements of income (note 2)
Net sales							
Sales to outside customers	1,116,771	835,502	145,851	-	2,098,125	-	2,098,125
Inter-segment sales and transfers	650	-	471	-	1,121	(1,121)	-
Total	1,117,421	835,502	146,322	-	2,099,246	(1,121)	2,098,125
Segment profit (loss)	113,046	64,513	(3,046)	-	174,513	7,173	181,686

Notes: 1. Adjustments in Segment profit (loss) in the amount of 7,173 thousand yen include elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted to correspond with operating income reported on the consolidated statements of income for the corresponding period.

2. Information about Impairment Loss on Fixed Assets, Goodwill, etc.

(Significant impairment losses related to fixed assets)

Not applicable

(Significant changes in goodwill amounts)

Information is omitted since it is immaterial.

(Significant gain on negative goodwill)

Note applicable

3. Changes in reportable segments

Starting from the three months ended September 30, 2015, istyle Group changed its business segmentation from four segments including “Media,” “E-commerce,” “Store,” and “Other Business” to four segments including “Marketing,” “Retail,” “Beauty Business Support” and “Investment and Consultation” in order to review business management classification and disclose management information in a more appropriate manner.

Three months ended September 30, 2015 (July 1, 2015 through September 30, 2015)

1. Net sales and income/loss by reportable segment

	Reportable segment				Total	(Thousands of yen)	
	<i>Marketing</i>	<i>Retail</i>	<i>Beauty Business Support</i>	<i>Investment and Consultation</i>		Adjustments (note 1)	Amounts on the consolidated statements of income (note 2)
Net sales							
Sales to outside customers	1,334,305	1,615,301	172,151	-	3,121,758	-	3,121,758
Inter-segment sales and transfers	26,957	6	261	-	27,226	(27,226)	-
Total	1,361,262	1,615,308	172,413	-	3,148,984	(27,226)	3,121,758
Segment profit (loss)	330,415	154,379	15,155	(4,287)	495,662	2,790	498,452

Notes: 1. Adjustments in Segment profit (loss) in the amount of 2,790 thousand yen include elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted to correspond with operating income reported on the consolidated statements of income for the corresponding period.

2. Information about Impairment Loss on Fixed Assets, Goodwill, etc.

(Significant impairment losses related to fixed assets)

Not applicable

(Significant changes in goodwill amounts)

Goodwill in “Marketing Business” segment has increased by 44,234 thousand yen as a result of the acquisition of the shares of Media Globe as new consolidated subsidiary on September 11, 2015.

As stated in “(Changes in accounting principles) (Application of accounting standards for business combination),” Accounting Standard for Business Combination and other standards are applied starting from the first quarter of the consolidated fiscal year under review, and the transitional treatments specified in Section 58-2 (3) of the Business Combinations Accounting Standard, Section 44-5 (3) of the Consolidated Accounting Standard, and Section 57-4 (3) of the Business Divestitures Accounting Standard are used. As a result, goodwill decreased by 17,402 thousand yen in “Beauty Business Support” segment during the three months ended June 30, 2015.

(Significant gain on negative goodwill)

Not applicable

(Significant Subsequent Events)

Stock option issuance

Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act, a resolution was adopted at the annual general meeting of shareholders of the Company, held on September 29, 2015, to delegate to its Board of Directors the right to issue subscription rights to shares of istyle Inc. (the “Company”), as stock options, to the employees of the Company and of its subsidiaries, by way of gratis allotment, as well as the right to determine the subscription requirements. In accordance with the said resolution, the subscription requirements for the Tenth Subscription Rights to Shares were determined by the extraordinary Board of Directors Meeting of October 1, 2015, and the ones for the Eleventh Subscription Rights to Shares were determined by the extraordinary Board of Directors Meeting of November 2, 2015, and thereby the solicitation for subscribers of these subscription rights has been decided upon. As a result, subscription rights to shares have been allotted to the eligible subscribers as per below:

The Company conducted a 2-for-1 common share split effective October 1, 2015, and therefore, each figure mentioned below is hereby represented taking into account the effect of the said share split.

1. Reason to issue subscription rights to shares as stock options

The Company shall issue to employees of the Company and its subsidiaries, subscription rights to shares by way of a gratis allotment, in order to enhance the corporate value through further raising the morale and motivation of employees of the Company and its subsidiaries.

2. Total number of subscription rights to shares

(1) Tenth Subscription Rights to Shares:

650 rights (Number of shares underlying one subscription right: 100 shares)

(2) Eleventh Subscription Rights to Shares:

150 rights (Number of shares underlying one subscription right: 100 shares)

3. Eligible persons to whom subscription rights to shares are allotted, the number of such eligible persons, and the number of subscription rights

(1) Tenth Subscription Rights to Shares:

Eligible Persons	Number of persons	Number of rights allotted
Employees of the Company	9 people	450 rights
Employees of the subsidiaries	4 people	200 rights

(2) Eleventh Subscription Rights to Shares:

Eligible Persons	Number of persons	Number of rights allotted
Employees of the Company	1 person	100 rights
Employees of the subsidiaries	1 person	50 rights

4. Type and number of shares underlying the subscription rights to shares

(1) Tenth Subscription Rights to Shares:

65,000 common shares of the Company

(2) Eleventh Subscription Rights to Shares:

15,000 common shares of the Company

5. Subscription amount to be paid for each subscription right to shares

There shall be no requirement for the payment of money in exchange of subscription rights to shares.

6. Date of allotment of subscription rights to shares

(1) Tenth Subscription Rights to Shares: October 16, 2015

(2) Eleventh Subscription Rights to Shares: November 4, 2015

7. Value of assets to be contributed upon exercise of subscription rights

Either the closing price of the Company's shares as per the date of allotment or the amount obtained by multiplying the average closing price of the Company shares, during one month immediately prior to the date of allotment, by 1.05, whichever the highest.

8. Exercise period of subscription rights to shares

(1) Tenth Subscription Rights to Shares:

From October 17, 2017 to October 16, 2020

(2) Eleventh Subscription Rights to Shares:

From November 5, 2017 to November 4, 2020