

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (unaudited) (Based on Japanese GAAP)

November 11, 2016

Company name: Human Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2415 URL <http://www.athuman.com/>
 Representative: President and CEO Tomonari Sato
 Inquiries: Representative Director and Head of Corporate Planning Yasuhiro Sato
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Scheduled date to file Quarterly Securities Report: November 11, 2016
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing session: Yes (for institutional investors, security analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2016 (April 1, 2016–September 30, 2016)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2016	36,736	9.6	1,200	34.9	1,262	27.0	681	21.3
September 30, 2015	33,516	9.5	889	(19.0)	994	(14.3)	561	(17.2)

Note: Comprehensive income

Six months ended September 30, 2016	682 million yen	22.5%
Six months ended September 30, 2015	556 million yen	(16.1%)

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2016	62.63	—
September 30, 2015	51.63	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	32,403	8,523	26.3
As of March 31, 2016	31,960	8,097	25.3

Reference: Equity	As of September 30, 2016	8,523 million yen
	As of March 31, 2016	8,097 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	0.00	—	20.00	20.00
Fiscal year ending March 31, 2017	—	0.00			
Fiscal year ending March 31, 2017 (forecast)			—	26.50	26.50

Note: Changes to latest dividends forecast: None

3. Consolidated financial results forecast for the fiscal year ending March 31, 2017 (April 1, 2016–March 31, 2017) (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	76,371	10.6	2,287	21.4	2,335	10.8	1,442	35.6	132.57

Note: Changes to latest financial results forecasts: None

4. Notes

[1] Changes in significant subsidiaries during the six months ended September 30, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

[2] Application of special accounting methods for preparing quarterly consolidated financial statements: No

[3] Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

[4] Number of issued shares (common shares)

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

As of September 30, 2016 10,987,200 shares

As of March 31, 2016 10,987,200 shares

2) Number of treasury shares at the end of the period

As of September 30, 2016 108,921 shares

As of March 31, 2016 108,921 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six month ended September 30, 2016 10,878,279 shares

Six month ended September 30, 2015 10,878,279 shares

Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Unit: thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	15,095,189	15,817,176
Notes and accounts receivable – trade	8,273,488	7,743,077
Merchandise	395,438	463,929
Supplies	27,734	23,360
Other	1,109,178	1,038,993
Allowance for doubtful accounts	(7,624)	(6,757)
Total current assets	24,893,405	25,079,780
Non-current assets		
Property, plant and equipment	3,019,659	3,087,176
Intangible assets		
Goodwill	381,207	356,601
Other	707,564	680,683
Total intangible assets	1,088,771	1,037,285
Investments and other assets		
Guarantee deposits	1,939,747	2,186,168
Other	1,051,316	1,052,903
Allowance for doubtful accounts	(32,537)	(39,751)
Total investments and other assets	2,958,525	3,199,319
Total non-current assets	7,066,957	7,323,781
Total assets	31,960,362	32,403,562
Liabilities		
Current liabilities		
Accounts payable - trade	247,741	184,283
Short-term loans payable	550,000	290,000
Current portion of long-term loans payable	1,217,526	1,683,863
Advance received	10,557,774	8,800,232
Accounts payable - other	5,009,778	4,808,006
Income taxes payable	346,806	484,665
Provision for bonuses	732,226	833,246
Other	2,140,810	2,002,181
Total current liabilities	20,802,664	19,086,478
Non-current liabilities		
Long-term loans payable	2,225,420	3,908,193
Provision for directors' retirement benefits	410,854	415,223
Asset retirement obligations	250,461	280,543
Other	173,194	189,768
Total non-current liabilities	3,059,930	4,793,727
Total liabilities	23,862,595	23,880,206

(Unit: thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital	1,299,900	1,299,900
Capital surplus	809,900	809,900
Retained earnings	6,055,524	6,484,640
Treasury shares	(66,314)	(66,314)
Total shareholders' equity	8,099,009	8,528,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,242)	(5)
Foreign currency translation adjustment	-	(4,765)
Total accumulated other comprehensive income	(1,242)	(4,771)
Total net assets	8,097,767	8,523,355
Total liabilities and net assets	31,960,362	32,403,562

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Unit: thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	33,516,519	36,736,661
Cost of sales	23,943,522	26,270,623
Gross profit	9,572,996	10,466,038
Selling, general and administrative expenses	8,683,534	9,265,722
Operating income	889,462	1,200,316
Non-operating income		
Interest income	925	1,723
Dividend income	2,136	1,437
Subsidy income	14,699	33,387
Compensation income	62,000	—
Other	48,124	50,553
Total non-operating income	127,886	87,102
Non-operating expenses		
Interest expenses	10,288	9,171
Loss on cancellation of rental contracts	4,715	—
Foreign exchange losses	1,974	12,482
Other	5,841	2,960
Total non-operating expenses	22,819	24,614
Ordinary income	994,529	1,262,804
Extraordinary income		
Gain on sales of investment securities	—	2,285
Total extraordinary income	—	2,285
Extraordinary losses		
Loss on retirement of non-current assets	4,235	1,028
Loss on sales of investment securities	—	1,444
Impairment loss	29,555	43,909
Provision of allowance for doubtful accounts	—	20,497
Total extraordinary losses	33,790	66,879
Profit before income taxes	960,739	1,198,209
Income taxes	399,094	516,912
Profit	561,644	681,297
Profit attributable to owners of parent	561,644	681,297

Consolidated statements of comprehensive income (cumulative)

(Unit: thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	561,644	681,297
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,738)	1,236
Foreign currency translation adjustments	—	(254)
Total other comprehensive income	(4,738)	982
Comprehensive income	556,905	682,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	556,905	682,280
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of cash flows

(Unit: thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	960,739	1,198,209
Depreciation	304,225	322,700
Impairment loss	29,555	43,909
Amortization of goodwill	46,028	47,956
Increase (decrease) in allowance for doubtful accounts	4,015	6,347
Increase (decrease) in provision for bonuses	45,161	101,020
Increase (decrease) in provision for directors' retirement benefits	(12,950)	4,368
Interest and dividend income	(3,062)	(3,160)
Interest expenses	10,288	9,171
Compensation income	(62,000)	—
Decrease (increase) in notes and accounts receivable - trade	844,518	553,017
Decrease (increase) in inventories	(14,200)	(66,937)
Increase (decrease) in notes and accounts payable - trade	29,891	(68,812)
Increase (decrease) in advances received	(1,418,373)	(1,778,385)
Increase (decrease) in accounts payable - other	(392,395)	(223,718)
Other, net	(1,081,153)	(32,759)
Subtotal	(709,712)	112,925
Interest and dividend income received	3,062	2,793
Interest expenses paid	(10,582)	(9,285)
Proceeds from compensation	62,000	60,650
Income taxes (paid) refund	(605,031)	(333,026)
Net cash provided by (used in) operating activities	(1,260,264)	(165,942)
Cash flows from investing activities		
Purchase of property, plant and equipment	(384,291)	(422,999)
Purchase of intangible assets	(103,097)	(88,404)
Purchase of investment securities	—	(160,866)
Proceeds from sales of investment securities	—	87,070
Payments for guarantee deposits	(35,756)	(342,400)
Proceeds from collection of guarantee deposits	20,692	29,544
Payments of loans receivable	—	(47,233)
Collection of loans receivable	—	1,054
Subsidy income	164,421	137,271
Other, net	(6,922)	(11,813)
Net cash provided by (used in) investing activities	(344,954)	(818,777)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	250,000	(260,000)
Proceeds from long-term loans payable	967,271	2,900,000
Repayments of long-term loans payable	(778,969)	(761,598)
Cash dividends paid	(271,956)	(217,565)
Other, net	(480)	(449)
Net cash provided by (used in) financing activities	165,864	1,660,387
Effect of exchange rate change on cash and cash equivalents	—	(2,128)
Net increase (decrease) in cash and cash equivalents	(1,439,354)	673,539
Cash and cash equivalents at beginning of period	14,686,222	15,095,189
Increase in cash and cash equivalents from newly consolidated subsidiary	—	48,448
Cash and cash equivalents at end of period	13,246,867	15,817,176