Non-Audited

July 30, 2015

Consolidated Financial Results for the Second Quarter of Fiscal 2015

Company name: Funai Soken Holdings Inc.
Stock Exchange listing: Tokyo Stock Exchange
Stock code: 9757
URL: http://hd.funaisoken.co.jp
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Scheduled date of filing Quarterly Report: August 10, 2015
Scheduled date of payment of dividend: August 25, 2015
Supplementary materials compiled to explain quarterly financial statements? Yes / No
Meeting to be held for institutional investors and analysts to explain quarterly financial results? Yes / No

(Figures are rounded to the nearest million yen; fractions of one million discarded rather than rounded up or down)

1. 1st Half Consolidated Financial Results (January 1, 2015 – June 30, 2015)

(1) Cumulative consolidated results of operations

(Percentages represent change compared with the same quarter last year)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q2 FY2015	6,893	16.5	1,889	14.4	1,994	19.0	1,284	34.1
Q2 FY2014	5,916	23.8	1,651	22.3	1,676	21.1	957	-16.9

NB: Comprehensive income was 1,359 million yen (up 45.8%) in Q2 2015, and 932 million yen (down 22.6%) in Q2 2014.

	Quarterly net income per share (basic)	Quarterly net income per share (diluted)
	Yen	Yen
Q2 FY2015	45.59	45.05
Q2 FY2014	33.96	33.65

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q2 FY2015	20,918	17,401	82.8
Year ended Dec. 31, 2014	20,437	16,653	81.1

NB: Shareholders' equity: 17,310 million yen as of Jun. 30, 2015; 16,568 million yen as of Dec. 31, 2014.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2014	-	15.00	-	17.00	32.00
Year ended Dec. 31, 2015	-	15.00			
Forecast for year ending Dec. 31, 2015			-	19.00	34.00

NB: Amendments to dividend numbers compared to most recently announced figures? None

3. Forecast Consolidated Financial Results for the Year (January 1, 2015 – December 31, 2015)

(Percentages represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,500	8.1	3,100	3.6	3,150	4.0	1,850	4.7	65.37

NB: Amendments to performance numbers compared to most recently announced figures? None

Remarks

(1) Changes in consolidated subsidiaries in Q1 and Q2	None
(2) Application of specific accounting procedures when compiling Q2 consolidated financial statements	None
(3) Changes in accounting policies; changes in estimates; re-statement of amendments	
1) Changes caused by revision to accounting standards	Changes made
2) Other changes	None
3) Changes in accounting estimates	None
4) Re-statement of amendments	None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at end of period (including treasury shares)	Q2 2015	30,000,477	Year ended Dec. 31, 2014	30,251,477
2) Number of treasury shares at end of period	Q2 2015	1,849,615	Year ended Dec. 31, 2014	1,951,465
3) Average number of stock during Q1 and Q2	Q2 2015	28,179,689	Q2 2014	28,205,696

Statement Regarding Quarterly Review Procedures

These quarterly financial results are exempt from review under the Financial Instruments and Exchange Act. The company's quarterly financial statements are currently being reviewed at the time of publication of these results.

Statement Regarding the Use of Forward-Looking Statements

Forecasts in these materials regarding future performance are based on reasonable judgments made in accordance with information currently available. Actual results may differ greatly from these forecasts for a number of factors. Please refer to "Results of Operations" on page 2 of the appendix for further information concerning the conditions on which these forecasts are based and further cautions with respect to the use of forward-looking statements.

Appendix Contents

1. Qualitative Information regarding Quarterly Accounts

(1) Results of Operations

In the period covering quarters 1 and 2 of 2015, the Japanese economy showed signs of gradual recovery on the back of the government's policies, and although employment rates and incomes improved, stagnant overseas economies were a cause for concern and the outlook remained unclear.

Against this backdrop, increased sales in our core consulting and logistics businesses contributed to robust performance overall throughout the Funai Soken Consulting Group, and consolidated sales and income were both up on the same quarter in the preceding year.

I. Net sales: 6,893 million yen (up 16.5% on Q2 2014)

In our core consulting business, membership subscriptions for our industry-specific and solution-category-specific management workshops increased robustly, while stronger customer relations initiatives resulted in an improved contract renewal rate, which, in turn, led to a large increase in the number of orders for our business support consulting solutions.

Meanwhile, a push to promote our logistics services among clients resulted in an increase in sales in this segment, too.

As a result, sales rose 16.5% over the same quarter last year to 6,893 million yen.

II. Operating income: 1,889 million yen (up 14.4% on Q2 2014)

While operating expenses rose, pushed upward by cost of sales (4,231 million yen) and SG&A expenses (771 million yen), the increase in sales described above ensured that operating income rose 14.4% over the same quarter last year to 1,889 million yen.

III. Ordinary income: 1,994 million yen (up 19.0% on Q2 2014)

Refunded consumption taxes (88 million yen) pushed non-operating income to 130 million yen, and non-operating expenses were 25 million yen. Consequently, ordinary income rose 19.0% over the same quarter last year to 1,994 million yen.

IV. Quarterly net income: 1,284 million yen (up 34.1% on Q2 2014)

The end of the tax year for calculation of the Special Corporation Tax for Reconstruction meant income taxes totaled only 707 million yen and, as a result, quarterly net income rose 34.1% over the same quarter last year to 1,284 million yen.

The performance of each business segment is outlined below.

I. Consulting

Sales in the consulting segment exceeded figures for the same quarter last year.

Sales of consulting services for the housing and real estate industries, one of our core consulting segments, continued to rise steadily. Consulting for the healthcare and nursing care industry, which has been subject to a concerted push to improve performance since last year, earned the highest growth rate in sales among all consulting departments to make the largest contribution among all segments to the overall increase in sales. Other segments were healthy, too, with sales outpacing the same quarter last year in many sectors.

By service category, support-based consulting solutions, which account for at least 70 percent of overall consulting sales, continued their trend of double-figure sales growth over the same quarter in the preceding year. Meanwhile, income from membership fees for our industry-specific and solution-category-specific management workshops (of which we are the most prolific provider in Japan) was up 40% over the same quarter last year, making a huge contribution to our quest for stable income. Consequently, consulting sales rose 14.9% over the same quarter last year to 5,952 million yen, and operating income from consulting fell 16.9% to 1,787 million yen. The drop in operating income was caused mainly by the switch to a holding-company structure on July 1, 2014, which meant that contracting fees, consulting fees, and rents must now be listed in accounts as being "paid" to Funai Soken Holdings. Those increased costs on the part of the consulting operations therefore brought operating income in that segment down by 593 million yen. Thus, the phenomenon is simply the result of a change in the way costs are listed in accordance with our new corporate structure.

II. Logistics

In the logistics business, we successfully maintained a 100 percent renewal rate of existing contracts in core operations, and a lively promotional campaign among clients helped push orders above planned levels. In addition to renewed contracts for logistics consulting, an increase in orders from new clients also contributed to a large increase in sales. This achievement is the result of hard work to resolve one of our long-standing challenges: a lack of talented staff. Meeting staffing targets ensured we were able to start on the many projects that came our way this quarter.

Consequently, logistics sales rose 17.7% over the same quarter last year to 758 million yen, and operating income from logistics rose 151.1% to 47 million yen.

III. Other businesses

In other areas, outsourcing services for the IT industry received a boost with an increase in staff numbers over the same quarter last year, which led to growth in sales. We did not reach our sales targets, however, in the IT consulting segment.

Meanwhile, Proseed Corporation, a provider of call center consulting services, was made a consolidated Funai Soken Consulting Group subsidiary in the first quarter this year. When Proseed's figures are incorporated into the consolidated Q2 figures, other business sales rose 98.1% over the same quarter last year to 181 million yen, and operating income rose 312.9% to 76 million yen on the back of rents received from group companies.

(2) Financial Position

Assets

Total assets increased 481 million yen over the end of FY2014 to 20,918 million yen at the end of Q2 2015.

Current assets decreased 341 million yen to 9,180 million yen. This was mainly due to increases in cash, deposits, and other accounts receivable (listed under "other"), and a decrease in securities.

Noncurrent assets increased 822 million yen over the end of FY2014 to 11,737 million yen. This was mainly due to increases in goodwill, software in progress (listed under other intangible assets), investment securities, and assets related to retirement benefits, as well as a decrease in buildings and structures.

Liabilities

Total liabilities decreased 266 million yen from the end of FY2014 to 3,517 million yen at the end of Q2 2015.

Current liabilities decreased 708 million yen from the end of FY2014 to 2,656 million yen. This was mainly due to decreases in the current portion of bonds, income taxes payable, and accrued consumption taxes (listed under "others"), and an increase in provisions for bonuses.

Noncurrent liabilities increased 441 million yen over the end of FY2014 to 861 million yen. This was mainly due to an increase in bonds.

Net assets

Total net assets increased 747 million yen over the end of FY2014 to 17,401 million yen at the end of Q2 2015.

Equity ratio

Equity ratio increased 1.7 points over the end of FY2014 to 82.8 percent yen at the end of Q2 2015.

Cash flow

Cash and cash equivalents (hereinafter “net cash”) increased 482 million over the end of FY2014 to 6,109 million yen at the end of Q2 FY2015.

Net cash provided by (used in) operations

Net cash provided by operations totaled 891 million yen compared to 1,367 million yen in the same quarter last year. The major factor was that although quarterly net income before income taxes and other adjustments totaled 1,991 million yen, income taxes paid reached 950 million.

Net cash provided by (used in) investments

Net cash provided by operations totaled 400 million yen compared to 180 million yen used in the same quarter last year. This was mainly caused by 1,300 million yen gained on sales of securities, 600 million yen spent on purchase of investment securities, 140 million yen spent on purchase of intangible assets, and 143 million yen spent on Purchase of investments in subsidiaries resulting in change in scope of consolidation.

Net cash provided by (used in) financing

Net cash used in financing totaled 809 million yen compared to 538 million yen used in the same quarter last year. This was mainly due to 265 million yen spent on purchase of treasury stock and 479 million yen distributed as dividends.

(3) Consolidated Forecast and other Forward-looking Information

While the government’s economic policies improve employment rates and incomes, a potential downward swing in overseas economies means the Japanese economic outlook remains unclear.

Meanwhile, we at the Funai Soken Consulting Group have bolstered our existing core operations—i.e., consulting for the housing and real estate, leisure and amusement, and healthcare and certified professional services industries—with a new pillar: starting in 2014, consulting for the healthcare and nursing care industry is the fourth of our main consulting categories. We are, therefore, redoubling our efforts in these segments, providing industry-specific solutions in an effort to improve performance and further expand our business.

Furthermore, we established an M&A Consulting Department as part of Funai Consulting, the group’s core company, on July 1, 2015. A subsequent partnership arrangement with the Mirai Consulting Group in March 2015 provides the ideal platform us to leverage both partners’ strengths and develop M&A-oriented consulting solution tailored to suit our client base in a way that harnesses the advantages of our industry-specific consulting services. In doing so, we seek to establish a unique brand of M&A and ownership succession solutions that can propel the Funai Soken Consulting group to further successes in the future.

In sum, we forecast consolidated net sales of 13,500 million yen, operating income of 3,100 million yen, ordinary income of 3,150 million yen, and net income of 1,850 million yen for FY2015.

2. Summary Information (Remarks. etc.)

(1) Changes in Consolidated Subsidiaries in Q1 and Q2

None to report.

We acquired a 100-percent stake in Proseed Corporation, a provider of contact center consulting services, in the first quarter and thus Proseed became a subsidiary of the Funai Soken Consulting Group, but this does not technically constitute a "change to special subsidiaries." The nominal date of acquisition was March 31, 2015, and Proseed's figures have been incorporated into the consolidated profit-and-loss and cash flow statements starting in the second quarter.

(2) Application of Specific Accounting Procedures when Compiling Q2 Consolidated Financial Statements

None to report.

(3) Changes in Accounting Policies; Changes in Estimates; Re-statement of Amendments

Changes in accounting policies

The Group has adopted the Accounting Standards for Retirement Benefits (standard no. 26 issued by the Accounting Standards Board of Japan on May 17, 2012) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ application guidance no. 25; May 17, 2012) starting with the first quarter of the year pertaining to the matters stipulated in the main provision of Clause 35 of such standard and the main provision of Clause 67 of such guidance. Specifically, we have has reviewed the method by which we calculates retirement benefits and pension assets; and changed the way projected retirement benefit payments are assigned to a particular period from the fixed-amount method to a provisional calculation method. Furthermore, we have changed the method of determining the discount rate: whereas we previously used a number of years close to the average term of employees' service as the term of bonds used to determine the discount rate, we now use a single weighted average that reflects the projected payment period of retirement benefits and the amount for each such period.

The group complies the transitional measures prescribed by under Clause 37 of the Accounting Standards for Retirement Benefits regarding its application and, as of the start of the year, has adjusted retained earnings to reflect the change in the method of calculating retirement benefit liabilities and service costs. Consequently, assets related to retirement benefits at the start of the year have increased 95,618,000 yen, and retained earnings have increased 62,151,000 yen.

The effects in Q1 and Q2 on operating income, ordinary income, and net quarterly income before income taxes caused by this change in accounting method are minor.

3. Consolidated Financial Statements for Q2

(1) Consolidated balance sheet for Q2

(Unit: Thousand yen)

	FY12/14 (As of Dec. 31, 2014)	FY2015 Q1 and Q2 (As of Jun. 30, 2015)
Assets		
Current assets		
Cash and deposits	5,876,439	6,359,390
Trade notes and accounts receivable	1,373,758	1,370,270
Short-term investment securities	1,905,807	801,620
Work in process	107,324	188,790
Raw materials and supplies	4,141	5,014
Other current assets	285,387	483,663
Allowance for doubtful accounts	-31,237	-28,203
Total current assets	9,521,621	9,180,546
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures, net	1,436,741	1,402,786
Land	4,886,148	4,882,163
Lease assets, net	31,632	26,577
Other property, plant, and equipment, net	43,372	43,539
Total property, plant, and equipment	6,397,895	6,355,067
Intangible assets		
Leasehold rights	322,400	322,400
Software	116,465	104,637
Goodwill	81,447	278,201
Other intangible assets	97,505	227,372
Total intangible assets	617,818	932,612
Investments and other assets		
Investment securities	3,048,111	3,482,400
Assets related to retirement benefits	454,586	557,179
Other investments and other assets	406,370	421,175
Allowance for doubtful accounts	-9,243	-10,629
Total investments and other assets	3,899,825	4,450,126
Total noncurrent assets	10,915,539	11,737,806
Total assets	20,437,161	20,918,352

(Unit: Thousand yen)

	FY12/14 (As of Dec. 31, 2014)	FY2015 Q1 and Q2 (As of Jun. 30, 2015)
Liabilities		
Current liabilities		
Trade notes and accounts payable	239,428	231,401
Short-term loans payable	100,000	100,000
Current portion of bonds	500,000	100,000
Lease obligations	10,813	10,680
Income taxes payable	941,129	737,813
Provision for bonuses	-	68,615
Other current liabilities	1,572,860	1,407,613
Total current liabilities	3,364,232	2,656,124
Noncurrent liabilities		
Bonds payable	100,000	500,000
Lease obligations	23,746	17,506
Deferred tax liabilities	197,537	245,574
Other noncurrent liabilities	97,849	97,949
Total noncurrent liabilities	419,134	861,031
Total liabilities	3,783,366	3,517,156
Net assets		
Shareholders' equity		
Capital stock	3,125,231	3,125,231
Capital surplus	2,946,634	2,946,634
Retained earnings	11,578,698	12,297,572
Treasury stock	-1,070,362	-1,122,145
Total shareholders' equity	16,580,202	17,247,293
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	99,650	156,698
Foreign currency translation adjustments	15,447	15,881
Accumulated adjustments for retirement benefits	-126,831	-109,420
Total accumulated other comprehensive income	-11,732	63,160
Subscription rights for shares	85,325	90,742
Total net assets	16,653,794	17,401,196
Total liabilities and net assets	20,437,161	20,918,352

(2) Consolidated Statements of Income and Comprehensive Income for Q2

Consolidated Statement of Income for Q2

FY2015 Q1 and Q2

(Unit: Thousand yen)

	FY2014 Q1 & Q2 (Jan. 1 – Jun. 30, 2014)	FY2015 Q1 & Q2 (Jan. 1 – Jun. 30, 2015)
Net sales	5,916,098	6,893,296
Cost of sales	3,624,812	4,231,845
Gross profit	2,291,286	2,661,450
SG&A expenses	639,735	771,728
Operating income	1,651,551	1,889,722
Non-operating income		
Interest income	4,912	4,679
Dividend income	8,349	8,064
Gain on sales of investment securities	12,191	22,300
Insurance income	11,033	-
Refunded consumption taxes	-	88,600
Other non-operating income	10,634	6,827
Total non-operating income	47,121	130,472
Non-operating expenses		
Interest expenses	5,753	4,334
Bond issue expenses	-	10,141
Investment partnership management expenses	2,944	4,728
Other non-operating expenses	13,809	6,414
Total non-operating expenses	22,507	25,618
Ordinary income	1,676,165	1,994,576
Extraordinary losses		
Loss on sales of noncurrent assets	13	2,609
Company funeral expenses	47,263	-
Total extraordinary losses	47,277	2,609
Quarterly net income before income taxes and other adjustments	1,628,887	1,991,966
Current income taxes	689,890	747,539
Deferred income taxes	-18,910	-40,188
Total income taxes	670,980	707,350
Quarterly net income before minority interests	957,907	1,284,615
Quarterly net income	957,907	1,284,615

Consolidated Statement of Comprehensive Income for Q2

FY2015 Q1 and Q2

(Unit: Thousand yen)

	FY2014 Q1 & Q2 (Jan. 1 – Jun. 30, 2014)	FY2015 Q1 & Q2 (Jan. 1 – Jun. 30, 2015)
Quarterly net income before minority interests	957,907	1,284,615
Other comprehensive income		
Valuation difference on available-for-sale securities	-23,604	57,047
Foreign currency translation adjustments	-1,987	434
Adjustments for retirement benefits	-	17,411
Total other comprehensive income	-25,592	74,893
Quarterly comprehensive income	932,315	1,359,509
Details		
Quarterly comprehensive income attributable to owners of the parent company	932,315	1,359,509

(3) Consolidated Cash Flow Statement for Q2

(Unit: Thousand yen)

	FY2014 Q1 & Q2 (Jan. 1 – Jun. 30, 2014)	FY2015 Q1 & Q2 (Jan. 1 – Jun. 30, 2015)
Net cash provided by (used in) operations		
Quarterly net income before income taxes and other adjustments	1,628,887	1,991,966
Depreciation	99,786	79,773
Amortization of goodwill	4,998	20,210
Stock-based compensation expenses	21,436	15,789
Increase (decrease) in allowance for doubtful accounts	-7,801	-1,648
Decrease (increase) in prepaid pension costs	21,764	-
Decrease (increase) in assets related to retirement benefits	-	-102,592
Increase (decrease) in provision for bonuses	15,455	68,615
Loss (gain) on valuation of investment securities	938	-
Loss (gain) on sales of investment securities	-11,805	-22,300
Interest and dividend income	-13,262	-12,744
Interest expenses	5,753	4,334
Bond issue expenses	-	10,141
Loss (gain) on exchange	-519	154
Loss (gain) on sales of property, plant, and equipment	13	2,609
Company funeral expenses	47,263	-
Decrease (increase) in trade notes and accounts receivable	87,763	38,688
Decrease (increase) in other assets	-48,603	-68,826
Increase (decrease) in other liabilities	-78,870	-219,299
Other cash provided by (used in) operating activities	2,051	19,601
Subtotal	1,775,250	1,824,473
Interest and dividends received	22,712	20,680
Interest paid	-5,787	-2,701
Income taxes paid	-377,281	-950,670
Company funeral expenses paid	-47,263	-
Net cash provided by (used in) operations	1,367,629	891,782
Net cash provided by (used in) investments		
Income from time deposits	350,000	-
Purchase of short-term investment securities	-1,102,428	-
Proceeds from sale of short-term investment securities	1,600,000	1,300,000
Purchase of investment securities	-1,024,116	-600,179
Proceeds from sale of investment securities	2,211	218
Purchase of property, plant, and equipment	-30,725	-18,984
Proceeds from sale of property, plant, and equipment	-	3,669
Purchase of intangible assets	-21,023	-140,856
Payments for guarantee deposits	-9,648	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-143,833
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	54,381	-
Other cash provided by (used in) investments	678	-
Net cash provided by (used in) investments	-180,669	400,034

(Unit: Thousand yen)

	FY2014 Q1 & Q2 (Jan. 1 – Jun. 30, 2014)	FY2015 Q1 & Q2 (Jan. 1 – Jun. 30, 2015)
Net cash provided by (used in) financing		
Decrease in short-term loans payable	-138	-
Decrease in long-term loans payable	-51,817	-103,959
Repayments of lease obligations	-8,719	-6,372
Redemption of bonds	-	-500,000
Proceeds from issue of bonds	-	489,858
Purchase of treasury stock	-122	-265,513
Proceeds from sale of treasury stock	14,852	56,565
Dividends paid	-492,347	-479,585
Net cash provided by (used in) financing	-538,292	-809,006
Effect of exchange rate changes on cash and cash equivalents	-837	140
Increase (decrease) in cash and cash equivalents	647,829	482,951
Cash and cash equivalents at start of fiscal year	3,936,040	5,626,439
Cash and cash equivalents at end of Q2	4,583,870	6,109,390

(4) Notes on Consolidated Financial Statements for Q2

Notes on going concern assumptions

None to report.

Notes on significant changes to shareholders' equity

None to report.

Segment Information

I. FY2014 Q1 & Q2 (Jan. 1 – Jun. 30, 2014)

Net sales and income by segment

(Unit: Thousand yen)

	Consulting	Logistics	Others[1]	Total	Adjustment[2]	Amount listed in consolidated profit-and-loss statement for Q2[3]
Net sales						
Sales to external customers	5,179,938	644,468	91,691	5,916,098	-	5,916,098
Inter-segment sales and transfers	1,429	54,687	8,223	64,340	-64,340	-
Total	5,181,367	699,156	99,915	5,980,439	-64,340	5,916,098
Segment income	2,150,514	18,745	18,644	2,187,904	-536,352	1,651,551

Notes

1. The "others" category includes income from real estate leasing and IT-related businesses.
2. Adjustments of segment income include elimination of inter-segment transactions and whole-group expenses that are not attributable to any segment. Whole-group expenses are mainly comprised of expenses incurred by the administrative departments of companies not covered by the reporting segments.
3. Income/losses are adjusted against operating income in consolidated statement of income for Q2.

II. FY2015 Q1 & Q2 (Jan. 1 – Jun. 30, 2015)

1. Net sales and income by segment

(Unit: Thousand yen)

	Consulting	Logistics	Others[1]	Total	Adjustment[2]	Amount listed in consolidated profit-and-loss statement for Q2[3]
Net sales						
Sales to external customers	5,952,806	758,829	181,660	6,893,296	-	6,893,296
Inter-segment sales and transfers	39,789	117,100	271,394	428,284	-428,284	-
Total	5,992,595	875,930	453,055	7,321,581	-428,284	6,893,296
Segment income	1,787,604	47,068	76,987	1,911,660	-21,937	1,889,722

Notes

1. The "others" category includes income from real estate leasing, IT, and contact center consulting businesses.
2. Adjustments of segment income include elimination of inter-segment transactions and whole-group revenues and expenses that are not attributable to any segment. Whole-group income is comprised of outsourcing and consulting fees from group companies, and whole-group expenses are comprised of those incurred in the operations of the group's holding company not attributable to any segment.
3. Income/losses are adjusted against operating income in consolidated statement of income for Q2.

2. Changes in report segments

(1) Application of accounting standards for retirement benefits

The change in the method of calculating retirement benefit liabilities and service costs starting with the first quarter of 2015 (as explained in the section on changes to accounting policies) also applies to those in each segment.

The effects on segment-specific income in 1Q and 2Q caused by this change in accounting method are minor.

(2) Changes in Segmenting Method

As a result of the change in organizational structure with the switch to a holding company set-up on July 1, 2014, expenses incurred in the course of group operations, which were previously included in the consulting segment report, are now listed as “whole-group” expenses as part of the adjustment of segment income. Outsourcing and consulting fees received from other group companies are listed as “whole-group” expenses as part of the adjustment of segment income, and rent on real estate are listed under “others.”

Consequently, operating income in the consulting segment in Q1 and Q2 was 593,720,000 yen less than what would have been reported under the old method, while others and adjustments increased 88,854,000 yen and 504,865,000 yen, respectively.

Furthermore, information reported in last year’s Q2 segment reports covering the first half of the year have been recompiled using the new segments for reference purposes.

4. Supplementary information

(1) Orders and sales

1) Orders

Orders won by each operating segment in Q1 and Q2 are as follows.

Segment	Orders received	Change (compared with same period last year)	Orders outstanding	Change (compared with same period last year)
Consulting	5,938,074,000 yen	+11.7%	5,607,927,000 yen	+9.9%
Logistics	62,189,000 yen	+38.5%	29,012,000 yen	+31.3%
Others	216,153,000 yen	+397.6%	92,664,000 yen	+305.5%

Notes

1. Consulting orders above include only management consulting income; membership fees and seminar fees are excluded as they are ongoing income.
2. Logistics income includes only that earned from logistics consulting activities.
3. Other income includes that earned from IT and contact center consulting.
4. The above amounts are based on sale prices.
5. The above amounts do not include consumption tax.

2) Sales

Sales by each operating segment in Q1 and Q2 are as follows.

Segment	Sales	Change (compared with same period last year)
Consulting	5,952,806,000 yen	+14.9%
Logistics	758,829,000 yen	+17.7%
Others	181,660,000 yen	+98.1%
Total	6,893,296,000 yen	+16.5%

Notes

1. Sales amounts indicate sales to external customers.
2. The above amounts do not include consumption tax.
3. No single customer accounted for 10% or more of aggregate net sales.