

# Asahi Net, Inc.

## Financial Results for the Six Months Ended September 30, 2016 [2nd Quarter for the fiscal year ending March 31, 2017] (Japan GAAP)

### Balance Sheets (Non-consolidated)

(Thousands of Yen)

	March 31, 2016	September 30, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,040,590	2,926,832
Accounts receivable - trade	1,524,439	1,551,788
Securities	4,401,468	3,400,000
Supplies	176,020	169,095
Income taxes receivable	39,258	-
Other	81,012	109,184
Allowance for doubtful accounts	(13,654)	(30,103)
<b>Total current assets</b>	<b>8,249,135</b>	<b>8,126,797</b>
<b>Non-current assets</b>		
Property, plant and equipment	502,868	897,911
Intangible assets	313,456	312,958
Investments and other assets		
Investments and other assets, gross	1,390,305	1,308,041
Allowance for doubtful accounts	(215,927)	(215,927)
Total investments and other assets	1,174,377	1,092,113
<b>Total non-current assets</b>	<b>1,990,702</b>	<b>2,302,983</b>
<b>Total assets</b>	<b>10,239,837</b>	<b>10,429,780</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	416,836	446,527
Accounts payable - other	352,548	359,770
Income taxes payable	-	179,763
Other	82,066	171,168
<b>Total current liabilities</b>	<b>851,450</b>	<b>1,157,229</b>
<b>Non-current liabilities</b>	<b>1,161</b>	<b>1,161</b>
<b>Total liabilities</b>	<b>852,611</b>	<b>1,158,390</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	630,480	630,480
Capital surplus	780,808	780,808
Retained earnings	8,664,998	8,825,641
Treasury shares	(881,370)	(1,027,929)
Total shareholders' equity	9,194,556	9,209,000
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	192,669	62,389
Total valuation and translation adjustments	192,669	62,389
<b>Total net assets</b>	<b>9,387,225</b>	<b>9,271,389</b>
<b>Total liabilities and net assets</b>	<b>10,239,837</b>	<b>10,429,780</b>

# Asahi Net, Inc.

## Financial Results for the Six Months Ended September 30, 2016 【2nd Quarter for the fiscal year ending March 31, 2017】 (Japan GAAP)

### Statements of Income (Non-consolidated)

(Thousands of Yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>Net sales</b>	<b>3,920,247</b>	<b>4,278,765</b>
Cost of sales	2,383,716	2,780,395
Gross profit	1,536,531	1,498,370
Selling, general and administrative expenses	857,744	906,958
<b>Operating income</b>	<b>678,787</b>	<b>591,411</b>
Non-operating income		
Interest income	4,689	1,428
Dividend income	1,190	1,190
Real estate rent	2,160	2,160
Other	167	755
Total non-operating income	8,207	5,533
Non-operating expenses		
Rent expenses on real estates	440	440
Commission for purchase of treasury shares	-	1,749
Commission fee	9,321	-
Other	-	598
Total non-operating expenses	9,762	2,788
<b>Ordinary income</b>	<b>677,232</b>	<b>594,156</b>
Extraordinary income		
Gain on sales of investment securities	15,383	-
Total extraordinary income	15,383	-
Extraordinary losses		
Loss on retirement of non-current assets	5,943	-
Provision of allowance for doubtful accounts	215,927	-
Total extraordinary losses	221,871	-
<b>Profit before income taxes</b>	<b>470,744</b>	<b>594,156</b>
Income taxes	119,569	164,581
<b>Profit</b>	<b>351,175</b>	<b>429,575</b>

**Asahi Net, Inc.**

**Financial Results for the Six Months Ended September 30, 2016  
[2nd Quarter for the fiscal year ending March 31, 2017] (Japan GAAP)**

**Statements of Cash Flows (Non-consolidated)**

(Thousands of Yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>Cash flows from operating activities</b>		
Profit before income taxes	470,744	594,156
Depreciation	89,011	131,930
Increase (decrease) in allowance for doubtful accounts	213,997	16,448
Interest and dividend income	(5,879)	(2,618)
Loss (gain) on sales of investment securities	(15,383)	-
Loss on retirement of non-current assets	5,943	-
Decrease (increase) in notes and accounts receivable - trade	19,420	(27,349)
Decrease (increase) in inventories	25,153	6,925
Increase (decrease) in notes and accounts payable - trade	7,652	25,893
Other, net	(3,175)	54,686
Subtotal	807,485	800,073
Interest and dividend income received	5,122	2,303
Income taxes paid	(341,458)	(8,364)
Income taxes refund	-	56,550
<b>Net cash provided by (used in) operating activities</b>	<b>471,149</b>	<b>850,563</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(300,000)	(1,000,000)
Proceeds from withdrawal of time deposits	300,000	300,000
Purchase of property, plant and equipment	(117,640)	(465,769)
Purchase of intangible assets	(74,304)	(49,734)
Purchase of investment securities	-	(33,211)
Proceeds from sales of investment securities	33,822	-
Payments of loans receivable	(83,537)	-
Other, net	(6,129)	120
<b>Net cash provided by (used in) investing activities</b>	<b>(247,788)</b>	<b>(1,248,595)</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	-	(147,948)
Cash dividends paid	(268,841)	(268,695)
<b>Net cash provided by (used in) financing activities</b>	<b>(268,841)</b>	<b>(416,643)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(16)</b>	<b>(550)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(45,496)</b>	<b>(815,226)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,148,723</b>	<b>4,942,059</b>
<b>Cash and cash equivalents at end of period</b>	<b>5,103,226</b>	<b>4,126,832</b>