Hakuten CO., LTD. 2173/JASDAQ

$H \dot{\Lambda} K U T E N$ Communication Design.

FACTBOOK

For the fiscal year ended March 31, 2014

699

港府+臣

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A cautionary note on forward-looking statements:

Any plans, forecasts, policies, strategies and opinions relating to Hakuten CO., LTD. contained in this material that are not historical facts constitute forward-looking statements. The content of such statements is based on the information available at the time of publication. Actual performance may differ substantially from projections due to changes in a number of important factors implying risk and uncertainty with the potential to affect results, including economic conditions across operating regions, market trends and foreign exchange rates.

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[Corporate Profile]

Company Name	Hakuten CO., LTD.
Head Office Location	NBF Higashi Ginza Square 9F, 13-14, Tsukiji 1-Chome, Chuo-ku, Tokyo, 104-0045
Founded	March 2, 1970
Capital Stock	¥165.71 million (as of March 31, 2014)
Representative	Representative Director, Chairman, President and CEO Tokuhisa Taguchi
Number of Employees	206 (as of March 31, 2014)
Affiliated Company	iact Corporation (web design, development and maintenance)

[Corporate History]

	Feb-1967	Commences operations with a view of planning and constructing exhibitions and displays
		Establishes Horikiri Studio in Horikiri, Katsushika-ku, Tokyo
-	Mar-1970	With the aim of planning, executing, and constructing exhibition, display, event and commercial facilities, Hakuten CO., LTD. is established in Horikiri, Katsushika-ku, Tokyo with capital of 500,000 yen
-	Jan-1992	Studio No.1 set up in Osone, Yashio City, Saitama Prefecture
	Feb-1998	Studio No.2 set up in Osone, Yashio City, Saitama Prefecture
	Apr-2002	Studio No.3 set up in Osone, Yashio City, Saitama Prefecture
-	Apr-2006	Head office relocated to Tsukiji, Chuo-ku, Tokyo
		e-Studio set up in Ukizuka, Yashio City, Saitama Prefecture
	Feb-2008	Shares listed on Osaka Securities Exchange's Nippon New Market, the Hercules Market (today's Tokyo Stock Exchange JASDAQ Growth)
-	Apr-2013	Launches Conference & Convention Service and Commercial Space Service Divisions
	Jul-2013	Establishes alliance and business tie-up with iact Corporation
	Apr-2014	Launches Digital Marketing Service Division
	Jul-2014	Nishi-nihon sales office set up in iact Corporation's Osaka office

[Management Principles]

Communication Design®

Creating a future through shared smiles.

People converse various feelings and emotions through new encounters and the process of understanding each other. This shared "firsthand experience" is what connects people.

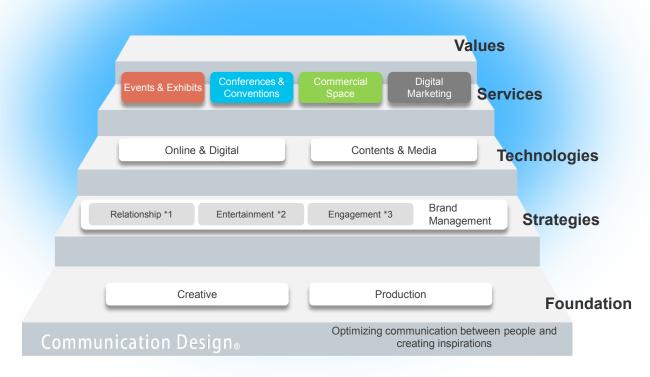
With an aim to increase the value of the "place" and "firsthand experience" of face-to-face encounters, Hakuten designs various communication-related "expressions," "means" and "space."

We aim to develop new possibilities and innovations in the field of worldwide communications.

Our mission is to contribute in creating an enriched society empowered by human sensitivity through providing better "Communication Designs."

[Business Portfolio]

Hakuten aims to maximize sensitivity and learning experience values, with a focus on the "place," "space" and firsthand experience of face-to-face encounters, thereby also enhancing client-companies' brand and commercial values.

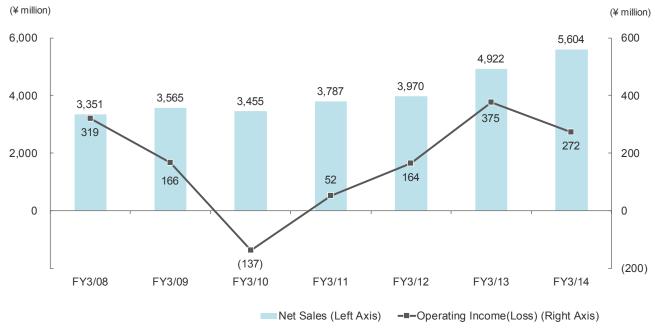


Experience Marketing

*1 Means for maintaining favorable and long-term relationships between client-companies and their customers

*2 Means for utilizing effects with entertaining aspects, which heighten excitement and pleasure

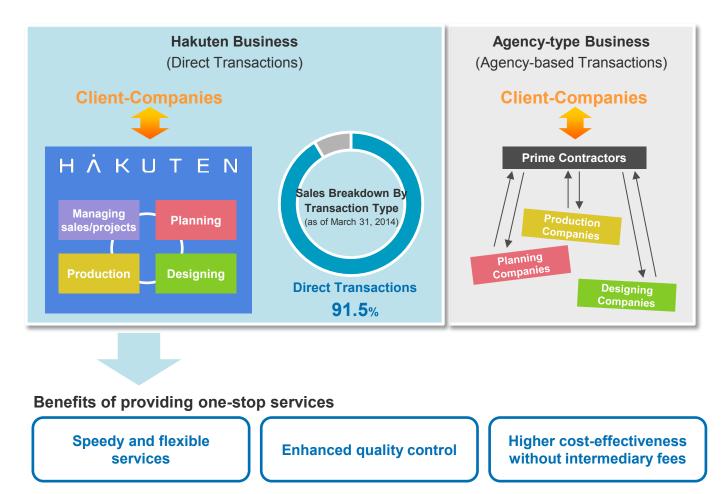
*3 Means to enhance users' affections for the brand and to strengthen ties between the user and the brand



[Trend in Financial Results]

[Our Core Strengths]

We provide a comprehensive lineup of services on a **one-stop basis**, and **work with client-companies directly** rather than relying on traditional agency-based transactions.



[Evolving Business Domain and Business Model]

Expanding Our Business Domain to Deliver Experience Marketing



Booth Exhibit Service for Joint Exhibitions/ Trade Fairs (Exhibitor Service)

Our one-stop service ranges from pre-event promotional activities and invitation of guests to the planning, design, production, construction and operations of booths, as well as follow-up programs for invitees, thereby maximizing the effect of displays.



Single-Company Exhibition/ Business Meeting Service (Organizer Service)

Hakuten supports single-company promotional events, providing the planning and administration of pre-event preparations to onsite operations and post-event follow-up programs. We also offer a wide range of services that include central administrative support, supervision of booth participants and guests, and overall event planning services that have significant potential for growth.



Conference & Convention Service (CCS)

We offer planning, site selection, visitor attraction, operating administration, and follow-up programs for seminars, conferences and conventions organized under a client-company's corporate marketing effort.



Hakuten provides a full gamut of support services, from the selection of showrooms or shops—facilities that represent the "face" of a company for users—to their design and completion, producing an effective point of sales for our client-companies.



Digital Marketing Service

By linking IT tools, website, databases and IT solutions to events, we enable our client-companies to visualize guestrelated data and thus add new value to their marketing activities. Value

Driving success in clientby maximizing sensitivity and

Experience

Providing unprecedented "firsthand experience" as well as one's imagination

Mass-Ad

Face to Face

Offered

companies' businesses learning experience values

Marketing

"learning experience" and "inspirations" which surpass and expectations

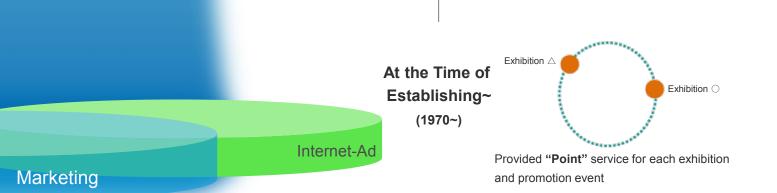
Evolving Business Model



Based on our through-year "Line" services, we now provide an additional dimension of support services on a "**Plane**" basis, organically crosslinking and coordinating scenario-based communication plans, potential client development, and client database management, thereby further enhancing the efficacy of a client-company's marketing activities.



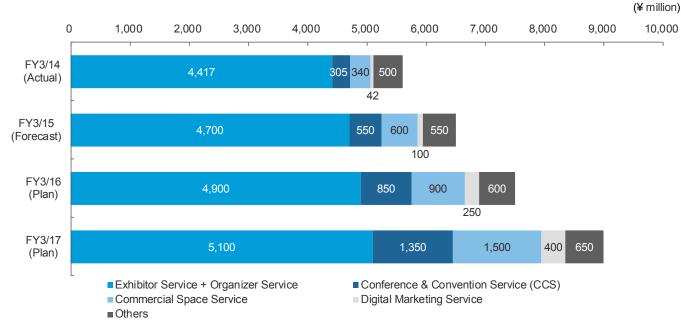
We offer services on a "**Line**" basis, supporting a client-company's marketing activities through the entire year in order to make its marketing strategy as efficient and effective as possible.



[New Medium-Term Vision]

"Be a PARTNER of EXPERIENCE MARKETING"

Hakuten's goal is to become a marketing partner in Experience Marketing, a superordinate concept of the conventional Face-to-Face Marketing. We aim to become the No.1 Communication Design Business while winning client-companies' confidence and fostering a relationship of coexistence and co-prosperity with them.



[Medium-Term Quantitative Targets]

[New Initiatives to Achieve the Medium-Term Management Plan]

- 1. Become a marketing partner that fosters a lasting relationship of coexistence and co-prosperity with client-companies
- 2. Develop future core businesses
- 3. Become a partner equipped for globalization

Become a marketing partner that fosters a lasting relationship of coexistence and coprosperity with clients

With a focus on the "place," "space" and firsthand experience of face-to-face encounters, we aim to maximize sensitivity and learning experience values, thereby also enhancing client-companies' brand and commercial values. Thus, we will implement strategies to become a trusted marketing partner that is consistently selected by client-companies.

Showrooms Events Seminars and Conferences Exhibits

Develop future core businesses

With an aim to develop our future core businesses, we will reinforce our Conference & Convention Service (CCS), Commercial Space Service and Digital Marketing Service, all of which are new businesses launched in full-scale during the previous fiscal year.

Conference & Convention Service (CCS)

We offer services to support seminars, conferences and conventions organized under a client-company's corporate marketing efforts.

Commercial Space Service

We provide a full gamut of services targeting showrooms or shops, producing an effective point of sales for our client-companies.

Digital Marketing Service

By linking IT solutions to events, we enable our clientcompanies to visualize guestrelated data and thus add new value to their marketing activities.

Become a partner equipped for globalization

In response to heightening client-companies' needs, we plan to venture into infrastructure development and content development services, enabling us to support client-companies' global marketing efforts.

In particular, we intend to fulfill clientcompanies' needs by providing high-quality services in supporting domestic companies display their exhibits in overseas events, while also supporting overseas companies display their exhibits in events held in Japan.



Nonconsolidated Balance Sheet

(¥ thousand)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Assets					
Total assets	1,766,667	1,671,075	1,984,626	2,498,620	2,854,909
Current assets	1,370,711	1,346,255	1,718,220	2,220,571	2,354,901
Cash and deposits	476,968	688,896	789,305	990,970	1,050,759
Notes receivable - trade	66,343	65,442	43,278	64,741	20,457
Accounts receivable - trade	723,832	524,819	760,026	996,621	1,129,343
Work in process	45,847	29,161	51,205	69,268	62,626
Raw materials and supplies	933	1,675	1,401	1,928	1,601
Prepaid expenses	21,846	21,857	20,939	16,545	17,583
Deferred tax assets	_	_	45,284	68,930	58,564
Deposits paid	19,207	_	_	_	-
Other	16,778	15,833	17,514	14,584	16,834
Allowance for doubtful accounts	(1,045)	(1,433)	(10,735)	(3,019)	(2,869)
Non-current assets	395,955	324,820	266,406	278,048	500,008
Property, plant and equipment	223,990	192,594	155,383	134,288	192,039
Buildings	57,360	56,143	49,332	49,636	66,977
Accumulated depreciation	(24,108)	(26,890)	(28,762)	(35,719)	(28,954)
Buildings, net	33,251	29,253	20,569	13,917	38,023
Structures	_	_	_	_	228
Accumulated depreciation	_	_	_	_	(5)
Structures, net	_	_	_	_	223
Machinery and equipment	36,978	36,978	36,978	36,978	44,578
Accumulated depreciation	(14,338)	(21,312)	(26,131)	(29,463)	(31,934)
Machinery and equipment, net	22,640	15,666	10,847	7,515	12,643
Tools, furniture and fixtures	166,918	171,025	156,909	150,516	174,631
Accumulated depreciation	(61,334)	(85,407)	(94,556)	(99,272)	(111,083)
Tools, furniture and fixtures, net	105,583	85,617	62,353	51,244	63,548
Land	62,057	62,057	61,612	61,612	61,612
Leased assets	-	_	_	_	19,560
Accumulated depreciation	-	_	_	_	(4,676)
Leased assets, net	-	_	_	_	14,883
Construction in progress	458	_	_	_	1,104
Intangible assets	23,089	19,173	12,250	9,006	80,134
Software	11,507	11,223	7,146	6,647	20,284
Software in progress	_	_	_	_	42,545
Leased assets	8,088	5,533	2,979	425	15,270
Other	3,494	2,415	2,124	1,933	2,033
Investments and other assets	148,875	113,052	98,772	134,753	227,834
Investment securities	4,835	5,729	1,960	2,852	4,060
Shares of subsidiaries and associates	_	_	_	_	100,203
Investments in capital	200	200	200	200	200
Claims provable in bankruptcy, claims provable in rehabilitation and other	96,110	8,698	2,276	4,831	1,805
Deferred tax assets	_	-	5,605	9,623	10,520
Lease deposits	115,031	105,428	89,618	119,566	110,581
Real estate for investment	19,997	_	_	_	_
Other	13,846	1,693	1,388	2,511	2,268
Allowance for doubtful accounts	(101,146)	(8,698)	(2,276)	(4,831)	(1,805)

Nonconsolidated Balance Sheet

(¥ thousand)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Liabilities					
Total liabilities	1,204,350	1,083,857	1,199,432	1,526,500	1,744,873
Current liabilities	740,206	611,261	840,748	1,065,372	1,143,805
Accounts payable - trade	282,714	141,728	298,075	320,606	506,109
Current portion of long-term loans payable	314,957	274,357	276,271	308,153	345,434
Lease obligations	2,678	2,734	2,791	470	13,448
Accounts payable - other	36,568	22,843	30,759	46,406	79,344
Accrued expenses	22,904	27,851	39,877	45,896	56,057
Income taxes payable	3,483	3,791	38,732	168,859	13,258
Accrued consumption taxes	_	30,362	24,729	23,721	5,725
Deposits received	7,681	6,766	17,844	19,799	11,706
Provision for bonuses	66,442	98,002	95,145	118,362	101,966
Provision for warranties for construction	442	41	204	65	_
Provision for loss on construction contracts	_	_	_	8,099	_
Other	2,333	2.782	16,315	4,930	10,753
Non-current liabilities	464,144	472,595	358,683	461,128	601,068
Long-term loans payable	457,887	469,308	358,213	461,128	562,135
Lease obligations	5.997	3.262	470	_	38,933
Deferred tax liabilities	29	24	_	_	_
Other	230	_	_	_	_
Net assets					
Total net assets	562,316	587,218	785,194	972,120	1,110,036
Shareholders' equity	563,335	588,392	783,834	969,404	1,107,068
Capital stock	156,073	157,123	158,203	158,533	165,712
Capital surplus	136,073	137,123	138,203	138,533	145,712
Legal capital surplus	136,073	137,123	138,203	138,533	145,712
Retained earnings	271,189	294,146	487,428	672,338	795,643
Legal retained earnings	4,600	4,600	4,600	4,600	4,600
Other retained earnings					
General reserve	110,000	110,000	110,000	110,000	110,000
Retained earnings brought forward	156,589	179,546	372,828	557,738	681,043
Valuation and translation adjustments	(1,018)	(1,174)	119	567	1,147
Valuation difference on available-for-sale securities	(1,018)	(1,174)	119	567	1,147
Subscription rights to shares	-	—	1,240	2,148	1,819
Total liabilities and net assets	1,766,667	1,671,075	1,984,626	2,498,620	2,854,909

Nonconsolidated Statement of Income

(¥ thousand)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Net sales	3,455,944	3,787,418	3,970,687	4,922,498	5,604,219
Cost of sales	2,310,318	2,558,018	2,627,700	3,286,502	3,837,814
Material costs	126,445	147,358	126,070	134,043	141,977
Labor costs	369,557	409,540	335,112	344,472	338,915
Subcontract costs	1,627,542	1,826,221	2,009,608	2,640,083	3,176,107
Costs	186,772	174,897	156,908	159,803	180,814
Provision for loss on construction contracts	_	_	_	8,099	_
Gross profit	1,145,625	1,229,400	1,342,986	1,635,995	1,766,405
Selling, general and administrative expenses	1,283,613	1,177,284	1,178,726	1,260,876	1,493,924
Directors' compensations	80,680	112,640	128,388	99,291	99,872
Salaries and allowances	520,584	507,842	494,688	524,681	576,086
Bonuses	29,796	29,789	62,137	78,683	62,092
Provision for bonuses	35,479	63,248	55,581	64,143	66,711
Retirement benefit expenses					25,193
Welfare expenses	127,315	137,849	141,880	148,514	158,283
Depreciation	13,713	14,341	10.080	7,917	21,581
Rent expenses	95,053	97,366	76,418	76,014	
Provision of allowance for doubtful accounts	97,501	4,095	9,227	70,014	_
Other	283,488	210,111	200,324	261,631	484,101
Operating income (loss)	(137,987)	52,115	164,260	375,118	272,481
Non-operating income	2,506	2,885	39,694	11,051	5,101
Interest income	76	64	16	33	25
Dividend income	90	165	151	76	25 81
	90 104	105	- 151	70	756
Insurance return	104	_	_		
Penalty income	_	_	_	2,122	2,256
Reversal of allowance for doubtful accounts			—	5,161	_
Rent income	1,424	794	_	-	_
Gain on bad debts recovered	—	_	6,366	1,219	-
Subsidy income	—	580	28,253	—	-
Gain on sales of scrap	_	387	_	—	-
Vending machine income	315	355	_	-	-
Miscellaneous income	494	536	4,906	2,437	1,981
Non-operating expenses	10,609	13,114	11,188	8,662	10,001
Interest expenses	9,822	12,148	11,058	8,096	8,944
Cost of lease revenue	612	408	—	—	-
Miscellaneous loss	174	557	130	566	1,057
Ordinary income (loss)	(146,090)	41,885	192,766	377,507	267,580
Extraordinary income	148	—	—	—	_
Gain on sales of investment securities	148	_	—	_	-
Extraordinary losses	2,041	18,108	15,365	13,744	—
Loss on sales of non-current assets	6	5,993	3,847	_	-
Loss on sales of investment securities	_	_	825	-	-
Loss on valuation of investment securities	—	255	—	—	-
Loss on retirement of non-current assets	2,034	4,951	9,275	7,334	-
Office transfer expenses	—	1,317	—	—	—
Loss on cancellation of leases	—	502	1,417	—	-
Loss on adjustment for changes of accounting standard for asset retirement obligations Impairment loss	_	5,087	_		_
	(147.094)		177 400		267 590
Income (loss) before income taxes	(147,984)	23,777	(15,991)	363,762	267,580
Total income taxes	49,125	820	(15,881)	144,773	103,277
Income taxes - current	2,005	820	35,087	172,515	94,065
Income taxes - deferred	47,120	_	(50,968)	(27,742)	9,212
Net income (loss)	(197,109)	22,957	193,281	218,989	164,302

Nonconsolidated Statement of Changes in Equity

FY3/13

				Shareho	lders' equit	/			Valuation an adjust			
		Capital s	surplus		Retained	earnings						
(¥ thousand)	Capital				Other r earr			Total	Valuation difference on	Total valuation		Total net aseets
	stock	Legal capital surplus	Total capital surplus	apital retained	General reserve	Retained earnings brought forward	Total retained earnings	shareholders' equity	available-for- sale securities	and translation adjustments	shares	
Balance at beginning of current period	158,203	138,203	138,203	4,600	110,000	372,828	487,428	783,834	119	119	1,240	785,194
Changes of items during period												
Issuance of new shares	330	330	330					660				660
Dividends of surplus						(34,080)	(34,080)	(34,080)				(34,080)
Net income						218,989	218,989	218,989				218,989
Net changes of items other than shareholders' equity									448	448	908	1,356
Total changes of items during period	330	330	330	-	-	184,909	184,909	185,569	448	448	908	186,926
Balance at end of current period	158,533	138,533	138,533	4,600	110,000	557,738	672,338	969,404	567	567	2,148	972,120

FY3/14

				Sharehol	ders' equit	y				d translation ments		
		Capital s	surplus		Retained	earnings						
(¥ thousand)	Capital				Other r earr	etained ings		Total	Valuation difference on	Total valuation		Total net aseets
	stock	Legal capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings	shareholders' equity	available-for- sale securities	and translation adjustments	shares	
Balance at beginning of current period	158,533	138,533	138,533	4,600	110,000	557,738	672,338	969,404	567	567	2,148	972,120
Changes of items during period												
Issuance of new shares	7,179	7,179	7,179					14,358				14,358
Dividends of surplus						(40,996)	(40,996)	(40,996)				(40,996
Net income						164,302	164,302	164,302				164,302
Net changes of items other than shareholders' equity									580	580	(329)	250
Total changes of items during period	7,179	7,179	7,179	_	-	123,305	123,305	137,664	580	580	(329)	137,915
Balance at end of current period	165,712	145,712	145,712	4,600	110,000	681,043	795,643	1,107,068	1,147	1,147	1,819	1,110,036

Nonconsolidated Statement of Cash Flows

Theorem (Loss) before income taxes (147, 194) 22,777 177, 400 933,762 287,85 Depreciation 39,890 48,043 37,7600 933,772 40,857 Loss on adjustment for changes of accounting standard for asset - 6,667 - - Increase (decrease) in provision for branuese (14,381) 31,560 (2,856) (22,177) (15,161) (11,17) Increase (decrease) in provision for bras on construction - - - - 8,009 (8,00) (16,07) (16,08) (110) (11	· · · · ·					
bcome (loss) before income tasks (147,984) 22,777 177,400 832,772 479,60 Degreecation 39,890 40,043 37,600 28,777 40,60 memore to biogeness of accounting standard for asset - 5,087 - - horease (decrease) in provision for bonuses (14,381) 31,660 (2,856) 22,217 (15,30) increase (decrease) in provision for arrantels for construction - - - - 8,008 8,89 interest (decrease) in provision for those on construction contracts -	Net cash provided by (used in) operating activities					
Depresignin 39,800 48,043 37,600 28,777 40,667 Loss on dightment for changes of accounting standard for asset refirement adigators - 5,687 -<		(266,072)	248,083	197,012	147,442	156,354
Loss on adjustment for changes of accounting standard for asset	Income (loss) before income taxes	(147,984)	23,777	177,400	363,762	267,580
relement obligations E 0.007 E brease (decrease) in arrowise for doubtful accounts 60,000 3,460 2,860 (5,161) (3,17) horease (decrease) in provision for box son construction 422 (400) 162 (138) (0) horease (decrease) in provision for box son construction contracts - - - 8,000 8,000 herease (decrease) in provision for box son construction contracts - - - - - - 0,000 8,000 8,000 8,000 8,000 5,033 3,047 - - - - - - - - - - 1,055 0,000 1,055 7,334 - </td <td>Depreciation</td> <td>39,890</td> <td>49,043</td> <td>37,600</td> <td>28,777</td> <td>40,660</td>	Depreciation	39,890	49,043	37,600	28,777	40,660
interesse (decrease) in allowance for doubtilul accounts 59.060 3.480 2.880 (5.161) (3.13) increase (decrease) in provision for thomases (14.381) 3.1500 (2.285) 2.2217 (16.35) increase (decrease) in provision for bases on construction -		_	5.087	_	_	_
Increase (decrease) in provision for boxuess (14.381) 31,580 (2,850) (23,217) (16.33) Increase (decrease) in provision for bas on construction 422 (460) 162 (139) (16) Increase (decrease) in provision for bas on construction contracts — — — 8,066 8,94 Interest and Midend income (167) (230) (168) 8,006 8,94 Foreign exchange losses (gains) — … … … … … … … … <td></td> <td>50.000</td> <td>,</td> <td>0.000</td> <td>(5.404)</td> <td>(0.470)</td>		50.000	,	0.000	(5.404)	(0.470)
bncease (decrease) in provision for warmalles for construction contracts - - 8,099 (6,00) Increase (decrease) in provision for loss on construction contracts - - 8,099 (6,00) Interest and dividerd income (1167) (220) (1188) (1100) (117) Interest and dividerd income 9,822 12,148 11,058 6,049 -		,			. ,	(3,176)
Increase (decrease) in provision for loss on construction contracts - - - 6,099 (6,00) Interest and dividend income (167) (230) (168) (110) (10) Foreign exchange losses (gins) -						
Interest and dividend income (187) (200) (168) (110) (10) Interest appenses 9,822 12,146 11,058 6,946 Foreign exchange losses (gains) – – – – (17) Loss (gain) on sales of property, plant and equipment – 5,933 3,847 – Loss (gain) on sales of non-current assets 2,034 4,951 9,275 7,334 Loss (gain) on sales of investment assets 2,034 4,951 9,275 7,334 Loss (gain) on sales of investment assets 2,034 4,951 9,275 7,334 Decrease (increase) in notes and accounts payable - trade (204,411) 199,912 (213,042) (228,068) (86,43) Decrease (increase) in accound spayable - trade 43,088 (149,989) 156,347 42,531 185,52 Increase (decrease) in accrued expenses 3,378 4,943 12,020 5,236 10,020 Increase (decrease) in accrued expenses – – – (15,04) 168,647 113,726 Stubtotal </td <td></td> <td>422</td> <td>(400)</td> <td>102</td> <td></td> <td>(65)</td>		422	(400)	102		(65)
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Proceeds from collection of lease and guarantee deposits 13,367 7,517 16,301 4,263 6,23 Purchase of shares of subsidiaries and associates - - - (100,20) Proceeds from sales of investments in real estates - 14,079 - - (100,20) Other, net 1,089 274 (222) 57 55 Cash flows from financing activities 178,937 (29,784) (109,298) 102,434 104,98 Proceeds from long-term loans payable 600,000 320,000 190,000 430,000 500,000 Repayments of long-term loans payable (381,775) (349,179) (299,181) (295,203) (361,711) Repayments of lease obligations - - - - (10,14) Proceeds from issuance of common shares 120 2,100 2,160 6600 13,722 Cash dividends paid (36,784) (26) (156) (30,230) (36,88) Other, net (2,623) (2,678) (2,120) (2,791) 102 Effect of exchange rate change on cash and cash equivalents (180,481) 211,928			(5.685)		(36.039)	(2,061)
Purchase of shares of subsidiaries and associates - - - - - (100,20) Proceeds from sales of investments in real estates - 14,079 - 104,99 98 97 92,784 (109,296) 102,434 104,99 98 98 98 90,000 430,000 500,000 320,000 190,000 430,000 500,000 361,714 Repayments of long-term loans payable (381,775) (349,179) (299,181) (295,203) (361,714 Repayments of lease obligations - - - - (10,14 Proceeds from issuance of common shares 120 2,100 2,160 660 <		. ,	. ,		. ,	6,232
Proceeds from sales of investments in real estates – 14,079 – – Other, net 1,089 274 (222) 57 57 Cash flows from financing activities 178,937 (29,784) (109,298) 102,434 104,98 Net cash provided by (used in) financing activities 178,937 (29,784) (109,298) 102,434 104,98 Proceeds from long-term loans payable 600,000 320,000 190,000 430,000 500,000 Repayments of long-term loans payable (381,775) (349,179) (299,181) (295,203) (361,711 Repayments of lease obligations – – – – (10,144 Proceeds from issuance of common shares 120 2,100 2,160 660 13,722 Cash dividends paid (36,784) (26) (156) (30,230) (36,884) Other, net (2,623) (2,678) (2,120) (2,791) 102,494 Effect of exchange rate change on cash and cash equivalents – – – – 120 Net increase (decrease) in cash and cash equivalents (180,481) 211,928	o .	_	_	_		(100,203)
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Net cash provided by (used in) financing activities 178,937 (29,784) (109,298) 102,434 104,98 Proceeds from long-term loans payable 600,000 320,000 190,000 430,000 500,000 Repayments of long-term loans payable (381,775) (349,179) (299,181) (295,203) (361,771) Repayments of lease obligations - - - - (10,14) Proceeds from issuance of common shares 120 2,100 2,160 660 13,72 Cash dividends paid (36,784) (26) (156) (30,230) (36,88) Other, net (2,623) (2,678) (2,120) (2,791) 120 Effect of exchange rate change on cash and cash equivalents - - - - 120 Net increase (decrease) in cash and cash equivalents - - - - 120 2,100 2,160 12,1928 100,408 201,665 59,78 Other, net (2,623) (2,678) (2,120) (2,791) - - -		.,		(/		
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Repayments of long-term loans payable (381,775) (349,179) (299,181) (295,203) (361,71 Repayments of lease obligations - - - - (10,14 Proceeds from issuance of common shares 120 2,100 2,160 660 13,72 Cash dividends paid (36,784) (26) (156) (30,230) (36,88) Other, net (2,623) (2,678) (2,120) (2,791) 100,408 Effect of exchange rate change on cash and cash equivalents - - - - 120 Net increase (decrease) in cash and cash equivalents (180,481) 211,928 100,408 201,665 59,78 Cash and cash equivalents at beginning of period 657,449 476,968 688,896 789,305 990,97						500,000
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Cash dividends paid (36,784) (26) (156) (30,230) (36,88) Other, net (2,623) (2,678) (2,120) (2,791) Effect of exchange rate change on cash and cash equivalents - - - 12 Net increase (decrease) in cash and cash equivalents (180,481) 211,928 100,408 201,665 59,78 Cash and cash equivalents at beginning of period 657,449 476,968 688,896 789,305 990,97		120	2.100	2.160	660	13,729
Other, net (2,623) (2,678) (2,120) (2,791) Effect of exchange rate change on cash and cash equivalents - - - 12 Net increase (decrease) in cash and cash equivalents (180,481) 211,928 100,408 201,665 59,78 Cash and cash equivalents at beginning of period 657,449 476,968 688,896 789,305 990,97						(36,891)
Effect of exchange rate change on cash and cash equivalents12Net increase (decrease) in cash and cash equivalents(180,481)211,928100,408201,66559,78Cash and cash equivalents at beginning of period657,449476,968688,896789,305990,97					. ,	(00,001)
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Cash and cash equivalents at beginning of period 657,449 476,968 688,896 789,305 990,97					201 665	
	Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period	476,968	476,968 688,896	789,305	789,305 990,970	1,050,759

Information by Business Segment and Others

<Market Trend>

¥ billion)	2010	2011	2012	2013	2014
Japan's Advertising Expenditure	5,842.7	5,709.6	5,891.3	5,976.2	_
Promotional Media Advetising Expenditure:					
Exhibitions / Screen Displays	263.4	240.6	260.6	268.0	-
Internet Advertising Expenditure:					
Advertising Production Costs	167.0	187.3	205.1	217.8	-

Source: Dentsu Inc., Adverting Expenditures in Japan (2013)

<By Business Segment>

(¥ thousand)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Net Sales	3,455,944	3,787,418	3,970,687	4,922,498	5,604,219
Exhibitor Service	2,111,819	2,124,772	2,299,392	2,826,804	2,815,965
Organizer Service	830,256	1,126,526	1,142,393	1,406,811	1,600,921
Conference & Convention Service (CCS)	-	_	_	59,289	304,827
Commercial Space Service	284,724	216,630	194,854	260,624	339,776
Digital Marketing Service	-	_	—	_	42,584
Others	229,143	319,489	334,047	368,968	500,146
Composition Ratio	100.0%	100.0%	100.0%	100.0%	100.0%
Exhibitor Service	61.1%	56.1%	57.9%	57.4%	50.2%
Organizer Service	24.0%	29.7%	28.8%	28.6%	28.6%
Conference & Convention Service (CCS)	-	_	—	1.2%	5.4%
Commercial Space Service	8.2%	5.7%	4.9%	5.3%	6.1%
Digital Marketing Service	-	_	_	-	0.8%
Others	6.6%	8.4%	8.4%	7.5%	8.9%
Orders Received	3,409,854	3,500,406	4,552,757	5,158,257	5,716,095
Exhibitor Service	2,067,423	1,978,198	2,663,482	2,785,525	2,851,922
Organizer Service	967,590	973,560	1,363,086	1,596,484	1,743,499
Conference & Convention Service (CCS)	-	_	—	62,085	280,990
Commercial Space Service	144,227	231,530	195,431	327,687	325,210
Others	230,614	317,118	330,758	386,476	514,474
Order Backlog	748,004	683,863	1,137,563	1,373,322	1,485,198
Net Sales and Ratio of New Businesses	_	_	_	_	687,187 (12.3%)

<Number of Client-Companies, Project Size, Other>

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Unit Price by Project (¥ thousand)	1,845	1,952	2,118	2,686	2,806
Unit Price by Client-Company (¥ thousand)	4,336	5,003	5,301	7,260	8,853
Number of Large Projects	56	72	78	110	127
Number of Client-Companies at End of Period	797	757	749	678	633
Number and Ratio of Repeat Client-Companies	348 (45.6%)	387 (48.6%)	389 (51.9%)	357 (52.7%)	362 (57.2%)
Net Sales and Ratio of Repeat Client-Companies (¥ million)	1,950 (54.6%)	2,390 (71.7%)	2,950 (76.9%)	3,313 (77.5%)	4,280 (87.0%)
Net Sales and Ratio of Sole-Source Orders (¥million)	1,170 (35.1%)	1,460 (38.1%)	1,980 (46.3%)	2,510 (50.9%)	3,200 (57.2%)
<trend by="" client-companies<="" in="" industry="" major="" net="" of="" sales="" td=""><td>></td><td></td><td></td><td></td><td></td></trend>	>				
Information and Communications (¥ thousand)	405,236	426,493	561,734	717,035	854,618
Pharmaceuticals and Medical Products (¥ thousand)	337,146	364,398	265,581	555,395	477,630
Energy, Materials and Machinery (¥ thousand)	432,247	541,717	585,636	758,710	518,272
Automobile and Automobile-Related Parts (¥ thousand)	86,289	57,919	196,492	217,075	440,808
Real Estate and Housing Equipment (¥ thousand)	208,127	216,296	179,745	390,384	414,064

Profitability Indicators

(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Net Sales	3,455	3,787	3,970	4,922	5,604
Gross Profit	1,145	1,229	1,342	1,635	1,766
SG&A Expenses	1,283	1,177	1,178	1,260	1,493
Operating Income	(137)	52	164	375	272
Ordinary Income	(146)	41	192	377	267
Net Income	(197)	22	193	218	164

(%)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Gross Profit Margin	33.1	32.5	33.8	33.2	31.5
SG&A Expenses Ratio	37.1	31.1	29.7	25.6	26.7
Operating Income Margin	-4.0	1.4	4.1	7.6	4.9
Ordinary Income Margin	-4.2	1.1	4.9	7.7	4.8
Net Income Margin	-5.7	0.6	4.9	4.4	2.9
Free Cash Flow (¥ million)	(359)	241	209	99	(45)

Gross Profit Margin = Gross Profit / Net Sales

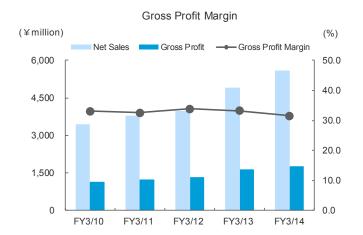
SG&A Expenses Ratio = SG&A Expenses / Net Sales

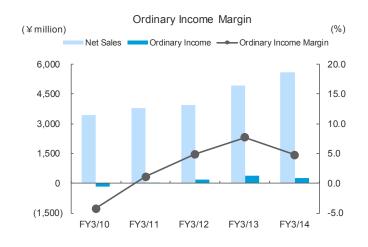
Operating Income Margin = Operating Income / Net Sales

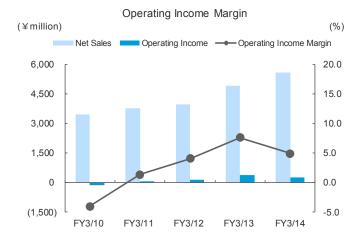
Ordinary Income Margin = Ordinary Income / Net Sales

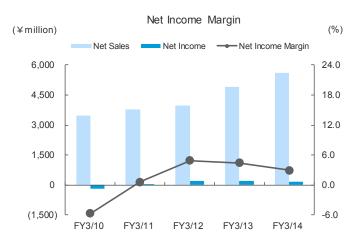
Net Income Margin = Net Income / Net Sales

Free Cash Flow = Cash Flows from Operating Activities + Cash Flows from Investing Activities









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Stability Indicators

(¥ million)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Equity	562	587	783	969	1,108
Total Assets	1,766	1,671	1,984	2,498	2,854
Non-current Assets	395	324	266	278	500
Current Assets	1,370	1,346	1,718	2,220	2,354
Current Liabilities	740	611	840	1,065	1,143
Interest-Bearing Debt	772	743	634	769	907

(%)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Equity Ratio	31.8	35.1	39.5	38.8	38.8
D/E Ratio	137.4	126.6	80.9	79.3	81.9
Non-current Ratio	70.4	55.3	34.0	28.7	45.1
Current Ratio	185.2	220.2	204.4	208.4	205.9
Return on Assets (ROA)	-11.3	1.3	10.6	9.8	6.1
Return on Equity (ROE)	-29.0	4.0	28.2	25.0	15.8

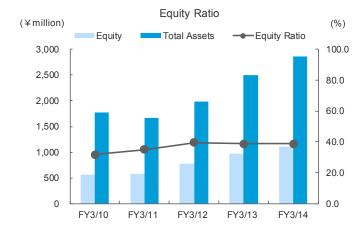
Equity Ratio = Equity / Total Assets

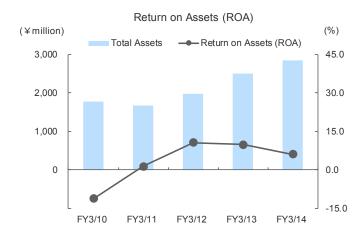
D/E Ratio = Interest-Bearing Debt / Equity

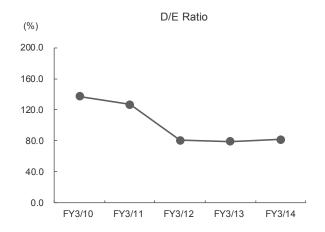
Non-current Ratio = Non-current Assets / Equity

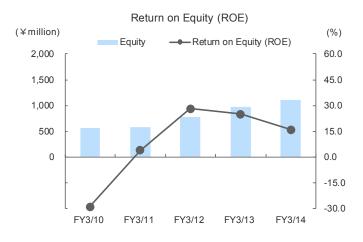
Current Ratio = Current Assets / Current Liabilities

ROA = Net Income / Average Total Assets ROE = Net Income / Average Equity









Efficiency and Other Indicators

(times)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Total Assets Turnover	2.0	2.3	2.0	2.0	2.0
Non-current Assets Turnover	8.7	11.7	14.9	17.7	11.2
Current Assets Turnover	2.5	2.8	2.3	2.2	2.4
Inventories Turnover	73.9	122.8	75.5	69.1	87.3
Accounts Receivable Turnover	4.4	6.4	4.9	4.6	4.9
Accounts Payable Turnover	12.2	26.7	13.3	15.4	11.1

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Number of Employees at End of Period (persons)	210	204	199	197	206
Net Sales per Employee (¥ thousand)	16,456	18,565	19,953	24,987	27,204
Operating Income per Employee (¥ thousand)	(657)	255	825	1,904	1,322
EBITDA (¥ million)	(98)	101	201	403	313

Total Assets Turnover = Net Sales / Total Assets Non-current Assets Turnover = Net Sales / Non-current Assets

Current Assets Turnover = Net Sales / Current Assets

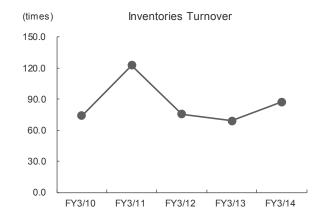
Net Sales per Employee =

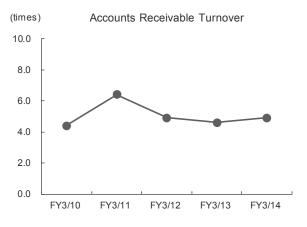
Net Sales / Number of Employees at End of Period

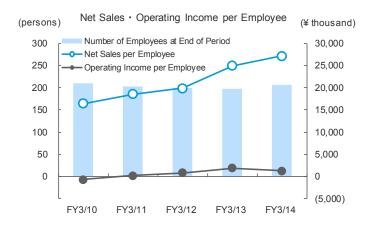
Operating Income per Employee =

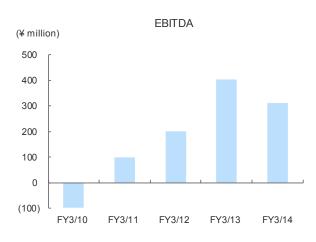
Inventories Turnover = Net Sales / Inventories

Accounts Receivable Turnover = Net Sales / Accounts Receivable Accounts Payable Turnover = Net Sales / Accounts Payable Operating Income / Number of Employees at End of Period EBITDA = Operating Income + Depreciation









Per Share Indicators

(¥)	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Stock Price at Term-End (adjusted)	170	143	430	512	517
Closing Stock Price Range for the Last 12 Months	135-277	123-228	142-661	233-534	457-1,000
Earnings per Share (EPS)	(11,752.33)	6.83 ^(*2)	57.09 ^(*2)	64.23	47.81
Book-value per Share (BPS)	33,523.13	173.65 ^(*2)	230.03 (*2)	283.92	316.94
Dividend per Share (DPS)	—	_	2,000.00	12.00 (*1)	14.00

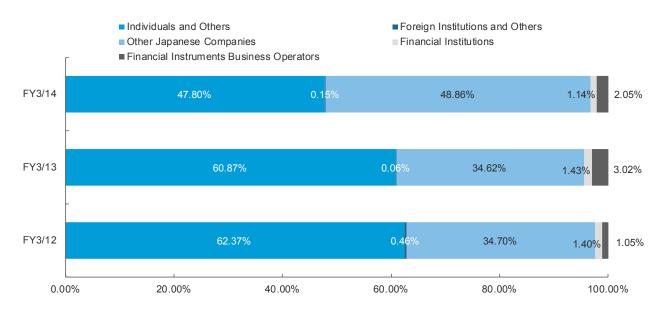
(*1) The Company conducted a 200 for 1 stock split, effective on April 1, 2012.

(*2) The calculations of "Earnings per share" and "Book-value per share" are based on the assumption that the 200 for 1 stock split was conducted at the beginning of the fiscal year ended March 31, 2011.

Status of Major Shareholders

Status of Major Shareholders		as of March 31, 2014
Top 10	Number of Shares (shares)	Shareholding Ratio (%)
T&P Holdings	1,515,000	43.33
Masanori Tanaka	160,700	4.59
TKP Corporation	155,000	4.43
Tokuhisa Taguchi	101,800	2.91
Employee's shareholding	98,600	2.82
Kunio Takagi	73,700	2.10
Yoshitaka Mikami	38,300	1.09
Noriko Tanno	36,400	1.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,000	1.00
Masataka Fukudome	31,400	0.89

Breakdown of Types of Shareholders



Н[,]КUТЕN

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