



Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 [Japan GAAP] (Non-Consolidated)

November 14, 2017

Listed Company:	internet infinity INC.		Stock Exchange Listing: Tokyo Stock Exchange
Code Number	6545	URL: http://iif.jp	
Representative:	(Position) Representative director	(Name) Keiichi Beck	
Contact:	(Position) Director, Head of Administration Divisions	(Name) Kenji Hoshino	TEL: +81-3-5148-2345
Scheduled date for the submission of quarterly financial reports	November 14, 2017	Scheduled date for the commencement of dividend payments	-
Supplementary briefing materials on quarterly results:	Available		
Quarterly results briefing:	Scheduled (for institutional investors and analysts)		

(Numbers are rounded down to the nearest million yen)

1. Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 to September 30, 2017)

(1) Business results (accumulation) (Percentages indicate rates of change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of FY 2018	1,625	-	111	-	108	-	75	-
2Q FY 2017	-	-	-	-	-	-	-	-

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter of FY 2018	15.07	13.52
2Q FY 2017	-	-

Notes: 1. For the second quarter of the fiscal year ended March 31, 2017, no quarterly financial statements were prepared by the Company and no data have therefore been stated for the business results for the second quarter of the fiscal year ended March 31, 2017. Likewise for the second quarter of the fiscal year ending March 31, 2018, no rates of change from the same period of the previous fiscal year have been stated.

2. Dated October 1, 2017, the Company instituted a stock split of common stock at the ratio of 4 shares for 1 share. Net income per share and diluted net income per share have been calculated assuming that the stock split occurred at the start of the fiscal year ending March 31, 2018.

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2Q FY 2018	1,558	561	36.1
FY 2017	1,465	486	33.2

Supplementary information: Equity	2Q FY 2018	561	Million yen	FY 2017	486	Million yen
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2. Dividend Payments

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	End of the fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
FY 2017	-	0.00	-	0.00	0.00
FY 2018	-	0.00	-	-	-
FY 2018 (forecast)	-	-	-	0.00	0.00

Note: Revision of the latest announced dividend forecast: None

3. Business Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Percentages indicate rates of change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	3,300	16.3	278	61.5	270	84.6	171	65.1	34.25

Note: Revision of the latest announced business results forecast: None

Dated October 1, 2017, the Company instituted a stock split of common stock at the ratio of 4 shares for 1 share. The amount of net income per share stated in the business results forecast for the fiscal year ending March 31, 2018 is the amount after the stock split. Consequently, the amount of net income per share of 137.01 yen first announced on May 15, 2017 remains in substance unchanged.

* Notes

(1) Application of notable accounting treatments used in the preparation of the quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and corrections of errors and restatements

(i) Changes in accounting policies due to the revision of accounting standards, etc.: None

(ii) Changes in accounting policies due to reasons other than stated in (i): None

(iii) Changes in accounting estimates: Yes

(iv) Corrections of errors and restatements: None

Note: Details are available in the appended materials, Page 7, Section "2. Quarterly Financial Statements and Major Notes (4) Notes to the quarterly financial statements (Change in accounting estimates)."

(3) Number of shares in issue (shares of common stock)

(i) Number of shares in issue at the end of the period
(including treasury shares)

2Q FY 2018	5,017,600 shares	FY 2017	5,017,600 shares
2Q FY 2018	-	FY 2017	-
2Q FY 2018	5,017,600 shares	2Q FY 2017	-

(ii) Treasury shares held at the end of the period

(iii) Average number of shares in issue during the period
(quarterly accumulation)

Notes: 1. Dated November 28, 2016, the Company instituted a stock split of common stock at the ratio of 200 shares for 1 share. Furthermore, dated October 1, 2017, the Company instituted a stock split of common stock at the ratio of 4 shares for 1 share. The number of shares in issue (common shares) was calculated assuming that the stock splits were instituted at the start of the fiscal year ended March 31, 2017.

2. No quarterly financial statements were prepared by the Company for the second quarter of the fiscal year ended March 31, 2017. Consequently, for the second quarter of the fiscal year ended March 31, 2017, no average number of shares in issue (quarterly accumulation) has been stated.

* Summaries of quarterly financial statements are not subject to quarterly review.

* Disclaimer regarding the appropriate use of business results forecasts and related points of note

(Disclaimer concerning forward looking statements)

Forward looking statements on future business results made in these materials are based on information available to the Company at the time the statement was made and certain assumptions judged reasonable by the Company. None thereof is meant to suggest a promise of the Company that the forecasts will be attained. Actual business results, etc., can materially differ from forecasts due to various factors.

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1. Financial Results and Financial Position in the Period Under Review

(1) Explanation of business results

The Japanese economy in the period under review continued on a moderate recovery course, with the government's economic stimulus measures and the monetary easing policies of the Bank of Japan providing the background for improvements in corporate earnings and conditions surrounding employment and household incomes. However, the outlook remains uncertain in the face of numerous destabilizing factors affecting the global economy overall. Specifically, these include geopolitical risk factors such as the repeated missile test launches and nuclear tests conducted in North Korea, economic risk factors such as the possibility of an economic downturn in China, and political risk factors in Europe.

As to the eldercare industry, May 2017 marked the enactment of the Revised Long-Term Care Insurance Act, which raises the personal cost contribution ratio from 20% to 30% charged to high-income eldercare service users with incomes on a par with working generations. Moreover, the revised act provides for the introduction of total income-based support where the burden charge for long-term care insurance premiums is commensurate with income.

In this environment, in accordance with the "Healthful Future" corporate motto of the Company and committed to the mission of "Resolving the problems of super-aged communities through creative innovation and proactive endeavor," the Company has been concentrating its efforts on expanding its "Record book" care center network for short-term rehabilitation-type daycare services (ambulant eldercare service), enhancing the services of its "Smart Times" care center network engaged in fitness operations for active seniors, and expanding service offerings involving the use of the "Care Management Online" care manager membership network.

As a result, net sales marked 1,625,577 thousand yen, with operating income of 111,856 thousand yen, ordinary income of 108,725 thousand yen, and net income for the period of 75,626 thousand yen.

Business results by segment developed largely as follows.

(Healthcare Solution Business)

In the period under review, regarding the "Record book" care center network for short-term rehabilitation-type daycare services (ambulant eldercare service), the Company established 2 directly managed care centers and 17 franchisee care centers. Including 1 directly managed care center transferred by the Company to a franchisee and 2 franchisee care centers transferred to the Company, directly managed care centers totaled 31 locations and franchisee care centers 44 locations.

Additionally, based on co-funding with Nagoya Railroad Co., Ltd., in June the Company established Meitetsu Life Support Co., Ltd. as a joint-venture company engaged in the provision of short-term rehabilitation type daycare services centered on Aichi prefecture.

As a result, net sales posted 959,868 thousand yen with operating income of 170,064 thousand yen.

(Home-Centered Service Business)

Aiming to achieve business sites' stable operations, the division concentrated its sales and marketing activities on acquiring new customers and raising operating rates.

As a result, net sales posted 665,708 thousand yen with operating income of 179,840 thousand yen.

(2) Explanation of financial position

(i) Assets, liabilities, and net assets

Current assets at the end of the period under review totaled 975,849 thousand yen, reflecting a decrease of 55,401 thousand yen compared with the end of the previous fiscal year. Main factors were an increase of 49,087 thousand yen in notes and accounts receivable-trade and a decrease of 132,722 thousand yen in cash and deposits.

Non-current assets totaled 582,411 thousand yen, reflecting an increase of 148,389 thousand yen compared with the end of the previous fiscal year. Main factors were an increase of 52,598 thousand yen in buildings from additional "Record book" care centers, an increase of 8,125 thousand yen in non-current intangible assets, and an increase of 83,599 thousand yen in investments and other assets.

As a result, total assets at end of the period under review marked 1,558,260 thousand yen, reflecting an increase of 92,987 thousand yen compared with the end of the previous fiscal year.

Current assets at the end of the period under review totaled 651,908 thousand yen, reflecting a decrease of 155,634 thousand yen compared with the end of the previous fiscal year. Main factors were an increase of 62,861 thousand yen in the current portion of long-term loans payable, a decrease of 260,000 thousand yen in short-term loans payable, and a decrease of 11,251 thousand yen in income taxes payable.

Non-current liabilities totaled 344,407 thousand yen, reflecting an increase of 172,995 thousand yen compared with the end

of the previous fiscal year. The main factor was an increase of 187,483 thousand yen in long-term loans payable.

As a result, total liabilities at the end of the period under review marked 996,315 thousand yen, reflecting an increase of 17,361 thousand yen compared with the end of the previous fiscal year.

Net assets at the end of the period under review totaled 561,944 thousand yen, reflecting an increase of 75,626 thousand yen compared with the end of the previous fiscal year. The main factor was an increase in retained earnings due to the recognition of 75,626 thousand yen in income for the period.

(ii) Cash flows

Cash and cash equivalents ("Cash") at the end of the period under review totaled 308,451 thousand yen, which was 132,972 thousand yen less than at the end of the previous fiscal year.

Changes in individual cash flows and contributing factors were as follows.

(Cash flows from operating activities)

In the period under review, Cash provided by operating activities totaled 107,529 thousand yen. Main factors were, on the Cash providing side, 115,524 thousand yen in profit before income taxes, an increase of 55,175 thousand yen in deposits received, 27,043 thousand yen in depreciation, a 20,543 thousand yen increase in provisions for bonuses, and on the Cash using side, an increase of 49,087 thousand yen in notes and accounts receivable-trade and 71,569 thousand yen in income taxes paid, etc., resulting in Cash provided exceeding Cash used.

(Cash flows from investing activities)

In the period under review, Cash used in investing activities totaled 196,055 thousand yen. Main factors were 80,588 thousand yen in purchase of property, plant and equipment, 71,575 thousand yen in payments for guarantee deposits, and 24,682 thousand yen in payments for transfer business.

(Cash flows from financing activities)

In the period under review, Cash used in financing activities totaled 44,447 thousand yen. Main factors were, on the Cash providing side, an increase of 300,000 thousand yen in proceeds from long-term loans payable, and on the Cash using side, a net decrease of 260,000 thousand yen in short-term loans payable, 49,655 thousand yen in repayment of long-term loans payable, 12,047 thousand yen in repayment of installment payables, and 10,194 thousand yen in cost of stock listing, resulting in Cash used exceeding Cash provided.

(3) Explanation of business results forecasts and other future projections

The business results forecasts for the full year announced on May 15, 2017, in the "Summary of Financial Results for the Fiscal Year Ended March 31, 2017" remain intact.

2. Quarterly Financial Statements and Major Notes

(1) Quarterly balance sheet

(Unit: thousand yen)

	FY 2017 (As of March 31, 2017)	2Q FY 2018 (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	442,984	310,261
Notes and accounts receivable-trade	518,466	567,553
Supplies	2,637	24,676
Other current assets	68,588	75,114
Allowance for doubtful accounts	-1,426	-1,757
Total current assets	1,031,250	975,849
Non-current assets		
Property, plant and equipment		
Buildings (net)	234,774	287,372
Other property, plant and equipment (net)	61,142	65,208
Total property, plant and equipment	295,916	352,581
Intangible assets	19,874	28,000
Investments and other assets		
Guarantee deposits	92,043	163,969
Other assets	26,187	37,861
Total investments and other assets	118,231	201,830
Total non-current assets	434,022	582,411
Total assets	1,465,272	1,558,260
Liabilities		
Current liabilities		
Accounts payable-trade	11,267	9,642
Short-term loans payable	350,000	90,000
Current portion of long-term loans payable	91,747	154,608
Current portion of bonds	15,000	10,000
Income taxes payable	71,559	60,307
Provision for bonuses	17,770	38,314
Other current liabilities	250,199	289,035
Total current liabilities	807,542	651,908
Non-current liabilities		
Bonds payable	5,000	-
Long-term loans payable	66,121	253,604
Asset retirement obligations	27,659	30,093
Other current liabilities	72,631	60,710
Total non-current liabilities	171,411	344,407
Total liabilities	978,954	996,315
Net assets		
Shareholders' equity		
Capital stock	211,170	211,170
Capital surplus	196,170	196,170
Retained earnings	78,977	154,604
Total shareholders' equity	486,318	561,944
Total net assets	486,318	561,944
Total liabilities and net assets	1,465,272	1,558,260

(2) Quarterly statement of income
(Second quarter period)

(Unit: thousand yen)

	2Q FY 2018 (From April 1, 2017 to September 30, 2017)
Net sales	1,625,577
Cost of sales	1,106,778
Gross profit	518,799
Selling, general and administrative expenses	406,943
Operating income	111,856
Non-operating income	
Commission fee	319
Fiduciary obligation fee	444
Gain on transfer of business	1,767
Other on-operating income	399
Total non-operating income	2,930
Non-operating expenses	
Interest expenses	4,524
Commission fee	1,476
Other on-operating expenses	60
Total non-operating expenses	6,060
Ordinary income	108,725
Extraordinary income	
Gain on bargain purchase	6,798
Total extraordinary income	6,798
Profit before income taxes	115,524
Income taxes - current	48,747
Income taxes - deferred	-8,849
Total income taxes	39,897
Net income for the period	75,626

(3) Quarterly statement of cash flows

(Unit: thousand yen)

2Q FY 2017 (From April 1, 2017 to September 30, 2017)	
Cash flows from operating activities	
Profit before income taxes	115,524
Depreciation	27,043
Gain on bargain purchase	-6,798
Amortization of goodwill	509
Loss (gain) on transfer of business	-1,767
Increase (decrease) in allowance for doubtful accounts	330
Increase (decrease) in provision for bonuses	20,543
Interest and dividend income	-1
Commission fee	1,476
Interest expenses paid on loans and bonds	4,524
Loss (gain) on sales of property, plant and equipment	-162
Decrease (increase) in notes and accounts receivable-trade	-49,087
Decrease (increase) in inventories	-22,039
Increase (decrease) in notes and accounts payable - trade	-1,624
Increase (decrease) in deposits received	55,175
Increase (decrease) in accounts payable - other	17
Increase (decrease) in accrued expenses	18,799
Increase (decrease) in advances received	1,719
Increase (decrease) in unearned revenue	-660
Increase (decrease) in accrued consumption taxes	9,193
Other cash flows from operating activities	10,729
Subtotal	183,446
Interest and dividend income received	1
Interest expenses paid	-4,348
Income taxes paid	-71,569
Net cash provided by (used in) operating activities	107,529
Cash flows from investing activities	
Payments into time deposits	-250
Proceeds from transfer of business	1,918
Payments for transfer of business	-24,682
Purchase of property, plant and equipment	-80,588
Purchase of intangible assets	-11,526
Purchase of investment securities	-10,000
Payments for guarantee deposits	-71,575
Proceeds from collection of guarantee deposits	650
Net cash provided by (used in) investing activities	-196,055
Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	-260,000
Proceeds from long-term loans payable	300,000
Repayment of long-term loans payable	-49,655
Redemption of bonds	-10,000
Repayments of installment payables	-12,047
Repayments of lease obligations	-2,548
Cost of stock listing	-10,194
Net cash provided by (used in) financing activities	-44,447
Net increase (decrease) in cash and cash equivalents	-132,972
Cash and cash equivalents at beginning of the period	441,424
Cash and cash equivalents at end of period	308,451

- (4) Notes to the quarterly financial statements
(Notes concerning the going concern assumption)
None
(Notes in case of a material change in shareholders' equity)
None
(Changes in accounting estimates)

At the meeting of the board of directors of the Company held on July 14, 2017, it was resolved to relocate the main offices of the Company. As a result, non-current assets rendered unusable due to the relocation had the number of years of their useful life decreased beginning with the current fiscal year. Furthermore, with respect to asset retirement obligations arising from the duty to prior to the relocation restore the property to its original condition in accordance with the property leasing agreement for the premises of the Company's principal offices, the expected usage period for the purposes of amortization also decreased, with adjustments made over future periods.

The effects of these changes on the financial results for the period under review are negligible.

(Segment information, etc.)

[Segment information]

Second quarter of the fiscal year ending March 31, 2018 (April 1, 2017 to September 30, 2017)

1. Information on sales and gains or losses by reportable segment

	Reportable segment			Adjustment amount Note 1	Amounts as stated in the quarterly statement of income and expenditure Note 2
	Healthcare Solution Business	Home-Centered Service Business	Total net sales		
Net sales					
Sales to external customers	959,868	665,708	1,625,577	-	1,625,577
Inter-segment internal sales or transfer amounts	-	-	-	-	-
Total	959,868	665,708	1,625,577	-	1,625,577
Segment income	170,064	179,840	349,904	-238,048	111,856

Notes: 1. The "Adjustment amount" of -238,048 thousand yen in segment income concerns company-wide overhead costs not attributed to the reportable segments consisting mostly of general and administrative expenditures not attributable to reportable segments.

2. Segment income has been adjusted to the operating income stated in the quarterly statement of income.

(Material subsequent events)

(Stock splits and associated partial amendment of the articles of incorporation)

Based on the resolution passed at the meeting of the board of directors convened on August 14, 2017, the Company instituted a stock split on October 1, 2017, and associated with the stock split a partial amendment of the articles of incorporation.

1. Purpose of the stock split

The purpose of the stock split is to reduce the price per stock trading unit so as to increase the liquidity of the shares of the Company and to widen the investor strata of the shares.

2. Summary of the stock split

(1) Method of the stock split

The stock split was instituted at the ratio of 4 shares for 1 share with respect to shares of common stock held by shareholders registered or recorded in the shareholder registry at the close of the base date on September 30, 2017.

(2) Increase in shares due to the stock split

(i) Total number of shares in issue before the stock split: 1,254,400

(ii) Increase in the number of shares due to the stock split: 3,763,200

(iii) Total number of shares in issue after the stock split: 5,017,600

(iv) Total number of authorized shares after the stock split: 17,520,000

(3) Stock split schedule

- (i) Announcement date of the base date: September 14, 2017
- (ii) Base date: September 30, 2017
- (iii) Effective date: October 1, 2017

3. Partial amendment of the articles of incorporation associated with the stock split

(1) Reason for the amendment

Associated with the stock split, article 6 (Total number of authorized shares) of the articles of incorporation of the Company was amended as of October 1, 2017, by resolution of the board of directors in accordance with the stipulations of article 184(2) of the Companies Act.

(2) Content of the amendment of the articles of incorporation

The content of the amendment is as set out below (underlining indicates amended content).

Articles of incorporation before the change	Articles of incorporation after the change
(Total number of authorized shares) Article 6. The total number of authorized shares of the Company shall be <u>4,380,000</u> shares.	(Total number of authorized shares) Article 6. The total number of authorized shares of the Company shall be <u>17,520,000</u> shares.

(3) Schedule of the amendment

Effective date: October 1, 2017

4. Others

(1) Change of the amount of capital

The stock split is associated with no change in the capital amount of the Company.

(2) Adjustment to the exercise price of stock warrants

Associated with the stock split, beginning October 1, 2017, the exercise price of stock warrants in issue is adjusted as follows.

Designation of the new stock warrants	Exercise price before the adjustment	Exercise price after the adjustment
Series 3 Stock Warrants (Resolution of the Board of the Directors' Meeting of March 17, 2016)	725 yen	182 yen