

Note: This document is an English translation of “Kessan Tanshin” for the second quarter of the fiscal year ending March 31, 2017 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese and English versions, the Japanese version will govern.

Consolidated Financial Results for the Second Quarter of the fiscal year ending March 31, 2017 [J-GAAP]

October 31, 2016

Company name: INFORMATION DEVELOPMENT CO., LTD.
 Listing: Tokyo Stock Exchange, 1st Section
 Securities code: 4709
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Scheduled date of filing of Quarterly Business Report: November 10, 2016
 Scheduled date of dividend payment: -
 Preparation of supplementary material on financial results: Yes
 Presentation on quarterly results: Yes (for institutional investors and financial analysts)

(Amounts of less than ¥1 million are truncated)

1. Consolidated Financial Results in Q2 of FY2016 (April 1, 2016 - September 30, 2016)

(1) Consolidated Business Results (cumulative)

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2016 Q2	10,586	8.8	497	147.8	486	133.4	338	252.9
FY2015 Q2	9,729	6.9	200	-51.3	208	-50.8	96	-58.4

Note: Comprehensive income FY2016 Q2 ¥540 million (445.0%) FY2015 Q2 ¥99 million (-66.0%)

	Net income per share	Net income per share(diluted)
	¥	¥
FY2016 Q2	46.80	46.42
FY2015 Q2	13.33	13.20

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
FY2016 Q2	9,853	6,792	68.5
FY2015	10,319	6,509	62.7

Note: Equity FY2016 Q2 ¥6,752 million FY2015 ¥6,471 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	¥	¥	¥	¥	¥
FY2015	—	0.00	—	35.00	35.00
FY2016	—	0.00			
FY2016 (forecast)			—	37.00	37.00

Note: 1. Revision of most recently published dividend forecast: Yes

2. The Company will carry out a 1-for-1.5 stock split with an effective date of January 1, 2017. The dividend for FY2015 will be issued based on the

number of pre-split shares.

3. As for FY2016 (forecast), the Company will not make adjustments due to the stock split, and will set the dividend to ¥37.00 taking into account the increased dividend amount due to the revision to forecast. When converting the pre-stock split year-end dividend forecast per share, the dividend/share will increase from ¥35.00 (previous forecast) to the revised ¥55.50, which is an effective increase of ¥20.50.

3. Forecasts of Consolidated Results for FY2016 (April 1, 2016 - March 31, 2017)

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full-year	21,400	6.6	1,280	31.9	1,260	30.6	830	51.2	76.25

Note: 1. Revision of most recently published results forecast: No
 2. Because the Company intends to execute a 1-for-1.5 stock split with an effective date of January 1, 2017, the Company is stating a full-year “net income per share” amount for FY2016 that takes into account the stock split. The full-year “net income per share” amount for FY2016 is ¥114.38 when leaving out the stock split.

*Notes

(1) Changes in important subsidiaries during the period:
 (changes in specified subsidiaries resulting in the change in consolidation scope) No

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements

(i) Changes in accounting policies due to a revisions of accounting standards etc.: Yes
 (ii) Changes in accounting policies other than (i): No
 (iii) Changes in accounting estimates: No
 (iv) Restatements: No

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding (inclusive of treasury stock)
 (ii) Number of treasury stock
 (iii) Average number of shares during period
 (consolidated total for a quarter)

FY2016 Q2	8,029,535shares	FY2015	8,029,535shares
FY2016 Q2	772,966shares	FY2015	798,777shares
FY2016 Q2	7,240,372shares	FY2015 Q2	7,205,457shares

*Indication regarding execution of quarterly review procedures

This quarterly consolidated financial report is exempt from the quarterly review procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this quarterly consolidated financial results report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Law are incomplete.

*Qualitative Information relating to the appropriate use of results forecasts, and other noteworthy items

Earnings estimates represent forecasts that have been determined using information that was available as of the day the earnings were announced. The Company does not guarantee the achievement of earnings estimates since some information is inherently uncertain. The actual results, etc. may be different from the forecasts because of changes in business conditions, etc. See page 4 of the Attachment, (3) **Qualitative Information on the Consolidated Results Forecast, 1. Qualitative Information for FY2016** and the **Notice on Revision of Earnings Estimate** released on October 27, 2016 regarding the assumptions that form the basis of earnings estimates and other things to remember when using earnings estimates.

The Company has also introduced a board benefit trust (BBT) and Japanese employee stock ownership plan (J-ESOP). The Company's shares are held by Trust & Custody Services Bank, Ltd. (Trust Account E) as the trust property regarding the BBT and J-ESOP plans and include treasury stock.

(Method of obtaining supplementary explanatory materials regarding results and details of the results briefing)

The Company will hold a results briefing for institutional investors and analysts on November 11, 2016. The materials that will be distributed at the briefing will be posted on the Company website promptly after the briefing.

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1. Qualitative Information for the second quarter of the fiscal year ending March 31, 2017

(1) Qualitative Information on the consolidated Business Results

Hiring and income showed signs of improvement in the Japanese economy in the consolidated cumulative second quarter (April 1, 2016 to September 30, 2016), but corporate profits were flat. Further, the business conditions in emerging countries and resource-rich countries slowed down and a strong-yen environment persisted, so it is not clear where things are headed.

According to the **Survey of Selected Service Industries** (published October 19, 2016) conducted by the Ministry of Economy, Trade, and Industry, sales in the information service industry—the area that the Company operates in—have been generally up over the previous year every month, and there are signs that the business environment is improving. The ID Group continues to undertake human resource training as a top priority in this environment, and is actively seeking to improve operational efficiency and develop cross-sectional group sales with existing customers by sharing and leveraging group management resources.

This has led to a rise in net sales in the system administration and management segment, one of the Company's main lines of business. Net sales in the software development segment also rose dramatically, so ID Group net sales in the consolidated cumulative second quarter rose to 10.586 billion yen (+8.8% YoY).

On the revenue side, the Company incurred higher expenses* in the form of business consignment expenses (SG&A expenses) associated with the acquisition of TERRA Corporation. Ltd.'s shares and higher retirement benefit expenses (cost of sales and SG&A expenses) stemming from changes that were made to the retirement benefit plan (shift to a defined contribution pension plan in April 2016), but given the decline in costs stemming from moving the head office in the previous fiscal year (SG&A expenses) and the convergence of some unprofitable projects in the software development segment that arose in the previous fiscal year, operating income rose to 497 million yen (+147.8% YoY) and ordinary income rose to 486 million yen (+133.4% YoY). The reduction in retirement benefit obligations based on changes to the retirement benefits plan (shift to a defined contribution pension plan) led to extraordinary gains, so net income attributable to owners of parent rose to 338 million yen (+252.9% YoY).

*The Company contributed payments of 31 million yen to pension assets and incurred 9 million yen in expenses as retirement benefit obligations every month in the previous fiscal year. The payments to the pension assets have ceased because of the change in the retirement plan this fiscal year, and roughly 27 million yen was recorded as an expense in the form of monthly contributions to the defined contribution pension plan, so by offsetting the monthly 9 million yen expense that the Company incurred up to the preceding fiscal year, the monthly retirement benefit expense rose to roughly 18 million yen, and the cumulative amount for the second quarter rose to 110 million yen. There will be no impact on the consolidated earnings estimate this fiscal year as these figures have already been reflected in consolidated earnings estimate calculations.

The ID Group's segment-by-segment results in the consolidated cumulative second quarter are as follows.

(i) System operation management

The Company concluded some projects regarding existing finance-related operations and management business, but net sales have continued to rise. Net sales in finance-related platform development operations* rose dramatically due to the expansion of efforts to deepen relations and find new opportunities with existing customers, and net sales rose to 5.928 billion yen (+2.9% YoY).

(ii) Software development

Finance-related sales rose significantly due to system integrations and renewals. Public works-related sales also rose due to system changes and statutory revisions. Net sales rose to 4.273 billion yen (+20.2% YoY).

(iii) Others

Consulting sales rose, but security sales fell. Net sales fell to 384 million yen (-6.7% YoY).

*Platform development operations is a service we offer that makes optimal use of hardware, operating systems, and middleware to design and build low-cost, reliable system operational environments.

<Management Policy Initiatives>

The ID Group has sought to incorporate the basic principles of the mid-term management plan—**I-vision 50**—as part of its business strategy: **Thorough structural reforms**, **The creation of new growth areas**, and **Reinforcing consolidated management**. The ID Group is also focused on promoting **Diversity & Inclusion**, **Business Operation Outsourcing***, **Cloud Services**, **Globalization**, and **Improving business processes for more efficient group management**.

Creation of new growth areas: The Company is paying close attention to the Internet of Things (IoT), big data, and artificial intelligence (AI), which are at the core of current trends in the fourth industrial revolution. The Company has also strategically invested in Flow Corporation (US), a company well-equipped to handle high-speed, complex processing of big data, which is linked to the IoT. REALGLOBE INC. (Japan) is a key capital alliance partner of the Company, and tangible progress has been made by working together, as evidenced by receiving orders for **IoT Model Verification Projects in Emergency Medical and Disaster Responses (Life-Saving and Disaster Responses Using Drones)** as proposed by the Ministry of Internal Affairs and Communications.

The Company anticipates that the number of “things” connected to the Internet will increase in the future and that there will be increased security risks because of the spread of the IoT, and the Company group, centered on Information Development America Inc. is looking to fortify data security using AI. The Company is also launching new technological initiatives, such as with testing operational support contents in and outside the company on wearable devices, to make the Company’s existing services more competitive and improve productivity and quality. The Company seeks to help employees improve their skills, harness the strengths of the Company group, and improve corporate value through the above-mentioned initiatives.

Diversity & Inclusion: The Company is looking to stimulate the organization through human resource training and hiring a diversity of personnel to advance its global strategy. The Company is also taking diversity and inclusion initiatives seriously, as evidenced by the proportion of women in management positions (15.1%) and the proportion of non-Japanese employees (8.9%) in the Company’s workforce. The Company has earned the highest “Eruboshi” certification by the Minister of Health, Labour and Welfare, and through “Health and Productivity” initiatives, it is maintaining an environment for advancing the theme of “people can change” and stimulating the organization.

Business Operation Outsourcing: The Company will deepen relations and find new opportunities with existing customers through the provision of existing IT services centering on system administration and management, software development, and platform development operations, as well as through proposing system security services and security consulting.

Globalization and Improving business processes for more efficient group management: The Company acquired all the shares of its affiliate, Infinity Information Development Co., Ltd., in May 2016, and executed a capital increase in Infinity Information Development in June 2016. With advances in democracy in Myanmar, the business environment there is undergoing monumental change. The Company acquired the shares to increase the flexibility and speed of its management, and executed the capital increase to make its service offerings more robust, such as by providing support to obtain IT infrastructure-building technology using Myanmar engineers and by managing IT staffing services for Myanmar and other Southeast Asian countries that are undergoing tremendous economic growth.

***Business Operations Outsourcing (BOO)** refers to the provision of a comprehensive outsourcing service to individual customers, from consulting to software development, system administration and management, cloud security, and BPO.

(2) Qualitative Information on the consolidated Financial Position

(i) Changes in the Company’s financial position

(Assets)

Assets at the end of the second quarter consolidated accounting period fell to 9.853 billion yen, which is a decrease of 465 million yen from 10.319 billion yen at the end of the previous consolidated accounting period, because of a decrease in cash and deposits of 270 million yen and a decrease in accounts receivables of 252 million yen, etc.

(Liabilities)

Liabilities at the end of the second quarter consolidated accounting period fell to 3.061 billion yen, which is a decrease of 749 million yen from 3.810 billion yen at the end of the preceding consolidated accounting period, because of a decrease in liabilities with interest of 412 million yen, an increase in provision for bonuses of 154 million yen, and a decrease of net retirement benefit liability of 522 million yen.

(Net Assets)

Net assets at the end of the second quarter consolidated accounting period rose to 6.792 billion yen, which is a 283 million yen increase from 6.59 billion yen at the end of the previous consolidated accounting period, because of the 338 million yen of net income attributable to owners of parent, the decrease of 264 million yen due to the payment of dividends, and the increase of accumulated other comprehensive income, such as the partial termination of the retirement benefit plan, of 197 million yen, etc..

(ii) Cash flows

The balance of cash and cash equivalents at the end of the second quarter consolidated accounting period (the “cash”) decreased by 319 million yen compared to the consolidated accounting period of the previous quarter and fell to 1.884 billion yen (-14.5% YoY).

The cash flow and factors affecting cash flow for the consolidated cumulative second quarter are as follows.

(Cash flows from operating activities)

Cash from operating activities was 624 million yen (it was 183 million yen in the same period of the preceding year).

This was mainly due to the 582 million yen of net income before income taxes, a decrease of accounts receivable of 279 million yen, and a payment of the corporation tax, etc. of 214 million yen, etc.

(Cash flows from investing activities)

Cash from investing activities was 193 million yen (+335.6% YoY).

This was mainly due to the payment of 106 million yen to purchase of property, plant and equipment and the payment of 92 million yen to acquire shares in subsidiaries due to changes to the scope of consolidated accounting.

(Cash flows from financing activities)

Cash from financing activities was 672 million yen (it was 49 million yen in the same period of the preceding year).

This was mainly due to the net decrease in short-term loans of 380 million yen, the payment of 30 million yen to repay long-term loans, and the payment of dividends of 263 million yen (including the amount of dividends paid to non-controlling interests), etc.

(3) Qualitative Information on the consolidated Results Forecast

The Company revised its earnings estimate for the consolidated cumulative second quarter as indicated in the **Notice on Revision of Earnings Estimate** published on October 27, 2016. As for full-year earnings estimates, the Company will pay close attention to future trends and quickly make an announcement if further revisions are necessary.

2. Matters on Summary Information (Notes)

(1) Change of accounting policy, change of accounting estimate, redisplay of modification

Changes in accounting policies

(Application of Practical Treatment regarding Changes to the Depreciation Method Due to FY 2016 Revisions to the Tax Code)

The Company applied the **Practical Treatment regarding Changes to the Depreciation Method Due to FY 2016 Revisions to the Tax Code** (Practical Solution No. 32, June 17, 2016) attendant to the revision of the Corporation Tax Act to the first quarter consolidated accounting period, and changed the depreciation method for buildings, appurtenant equipment, and structures acquired on and after April 1, 2016 from the fixed-rate method to the straight-line method.

This change led to increases for the consolidated cumulative second quarter of 292,000 yen each in operating income, ordinary income, and net income before taxes.

(2) Additional Information

(Shift to Retirement Benefit Contribution Plan)

The Company shifted part of its retirement benefit corporate pension plan to a defined contribution benefit pension plan on April 1, 2016. It applied the **Accounting for Transfers between Retirement Benefit Plans** (ASBJ Guidance No. 1, January 31, 2002) and the **Practical Treatment of Accounting for Transfers, etc. between Retirement Benefit Plans** (Practical Solution No. 2, February 7, 2007), and treated the retirement benefit plan as partially terminated with respect to the part of the plan that was shifted to the defined contribution corporate pension plan.

An extraordinary gain of 239,063,000 yen was recorded in the consolidated cumulative second quarter due to a reduction in retirement benefit obligations stemming from this shift.

(Application of Applicable Guidelines on Recoverability of Deferred Tax Assets)

The Company applied the **Application Guidelines on Recoverability of Deferred Tax Assets** (ASBJ Guidance No 26, March 28, 2016) from the first quarter consolidated accounting period

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(in thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	2,267,365	1,996,921
Notes and accounts receivable – trade	3,836,114	3,583,709
Works in process	26,753	71,087
Other	421,722	501,215
Allowance for doubtful accounts	-64	-64
Total current assets	6,551,890	6,152,869
Noncurrent assets		
Property, plant and equipment		
Land	1,047,790	938,880
Other, net	1,151,557	1,127,227
Total property, plant and equipment	2,199,347	2,066,107
Intangible assets		
Goodwill	53,230	86,074
Software	100,587	90,740
Other	770	765
Total intangible assets	154,587	177,580
Investments and other assets	1,414,064	1,457,374
Total noncurrent assets	3,768,000	3,701,062
Total assets	10,319,890	9,853,932
Liabilities		
Current liabilities		
Accounts payable – trade	643,294	609,432
Short-term loans payable	860,000	480,000
Current portion of long-term loans payable	60,000	30,000
Income taxes payable	254,426	268,845
Provision for bonuses	556,661	710,872
Provision for directors' bonuses	17,225	12,000
Provision for loss on order received	54,633	26,209
Other	659,008	648,901
Total current liabilities	3,105,249	2,786,262
Noncurrent liabilities		
Net retirement benefit liability	563,124	40,623
Provision for directors' retirements benefit	13,700	3,448
Other	128,725	231,122
Total noncurrent liabilities	705,550	275,194
Total liabilities	3,810,800	3,061,456
Net assets		
Shareholders' equity		
Capital stock	592,344	592,344
Capital surplus	569,688	569,404
Retained earnings	5,789,599	5,857,633
Treasury stock	-562,633	-547,210
Total shareholders' equity	6,388,999	6,472,172
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	209,691	226,410
Foreign currency translation adjustment	150,305	53,903
Remeasurements of retirement benefit plans	-277,597	—
Total accumulated other comprehensive income	82,398	280,314
Subscription rights to shares	16,144	15,510
Non-controlling interests	21,547	24,478
Total net assets	6,509,090	6,792,475
Total liabilities and net assets	10,319,890	9,853,932

(2) Consolidated Statement of Income and Comprehensive Income**Consolidated Statement of Earnings****Consolidated Cumulative second quarter**

(in thousands of yen)

	Previous consolidated cumulative second quarter (April 1, 2015 to September 30, 2015)	Consolidated cumulative second quarter (April 1, 2016 to September 30, 2016)
Net sales	9,729,601	10,586,966
Cost of sales	7,907,358	8,644,668
Gross profit	1,822,242	1,942,297
Selling, general and administrative expenses	1,621,433	1,444,675
Operating income	200,809	497,622
Non-operating income		
Interest income	4,302	4,325
Dividends income	12,675	11,762
Subsidy income	4,386	7,402
Other	7,527	8,870
Total non-operating income	28,891	32,361
Non-operating expense		
Interest expenses	4,203	3,124
Commitment line fees	16,857	16,553
Foreign exchange losses	—	23,576
Other	107	43
Total non-operating expenses	21,168	43,297
Ordinary income	208,532	486,686
Extraordinary income		
Gain on sales of noncurrent assets	5	5
Gain on sales of investment securities	33,983	—
Gain on reversal of subscription rights to shares	345	—
Subsidy income	7,852	—
Gain on abolishment of retirement benefit plan	—	239,063
Gain on step acquisitions	—	5,159
Total extraordinary income	42,186	244,228
Extraordinary loss		
Loss on sales of noncurrent assets	11	25
Loss on retirement of noncurrent assets	4,910	412
Loss on reduction of noncurrent assets	7,852	—
Loss on sales of investment securities	—	178
Impairment loss	1,445	147,772
Other	163	—
Total extraordinary losses	14,382	148,388
Net income before income taxes	236,336	582,525
Income taxes-current	51,142	210,776
Income taxes-deferred	86,818	29,566
Total income taxes	137,960	240,343
Net income	98,375	342,182
Net income attributable to non-controlling interests	2,360	3,361
Net income attributable to owners of parent	96,015	338,821

Consolidated Statement of Comprehensive Income
Consolidated Cumulative second quarter

	Previous consolidated cumulative second quarter (April 1, 2015 to September 30, 2015)	Consolidated cumulative second quarter (April 1, 2016 to September 30, 2016)
Net income	98,375	342,182
Other comprehensive income		
Valuation difference on available-for-sale securities	41,796	16,958
Foreign currency translation adjustment	-9,320	-96,401
Remeasurements of retirement benefit plans	-31,704	277,597
Total other comprehensive income	772	198,154
Comprehensive income	99,148	540,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	96,690	536,736
Comprehensive income to non-controlling interests	2,457	3,600

(3) Consolidated Cash Flow Statement

(in thousands of yen)

	Previous consolidated cumulative second quarter (April 1, 2015 to September 30, 2015)	Consolidated cumulative second quarter (April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Net income before income taxes	236,336	582,525
Depreciation	93,434	102,051
Impairment loss	1,445	147,772
Amortization of goodwill	31,938	38,590
Loss on retirement of noncurrent assets	92	412
Loss (gain) on sales of noncurrent assets	6	19
Loss on reduction of noncurrent assets	7,852	—
Loss (gain) on sales of investment securities	-33,983	178
Loss (gain) on step acquisitions	—	-5,159
Increase (decrease) in provision for bonuses	-71,967	150,064
Increase (decrease) in provision for directors' bonuses	-13,975	-5,225
Increase (decrease) in provision for loss on orders received	17,746	-28,423
Increase (decrease) in net retirement benefit assets and liabilities	-133,501	-269,919
Increase (decrease) in provision for directors' retirement benefits	1,310	-41,151
Interest income and dividends income	-16,978	-16,088
Interest expenses	4,203	3,124
Foreign exchange losses (gains)	-2,329	-23,576
Subsidy income	-7,852	—
Decrease (increase) in notes and accounts receivable-trade	165,492	279,753
Decrease (increase) in inventories	-24,824	-46,837
Increase (decrease) in notes and accounts payable-trade	25,033	-33,030
Increase (decrease) in accounts payable-other	125,697	-48,713
Increase (decrease) in accrued expenses	-15,406	40,672
Increase (decrease) in accrued consumption taxes	-344,658	-14,644
Decrease (increase) in other current assets	-39,008	-12,418
Increase (decrease) in other current liabilities	19,103	18,050
Decrease (increase) in other noncurrent assets	-16,705	-11,425
Increase (decrease) in other noncurrent liabilities	18,144	10,872
Other	10,312	11,319
Subtotal	36,960	828,795
Interest and dividends income received	14,438	13,627
Interest expenses paid	-4,280	-2,847
Income taxes paid	-230,142	-214,879
Net cash provided by (used in) operating activities	-183,023	624,695
Cash flows from investing activities		
Payments into time deposits	—	-3
Proceeds from withdrawal of time deposits	50,000	19,035
Purchase of property, plant and equipment	-152,770	-106,051
Proceeds from sales of property, plant and equipment	7	6
Purchase of intangible assets	-31,777	-8,000
Purchase of investment securities	-5,345	-1,238
Proceeds from sales of investment securities	122,634	1,042
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	-92,011
Payments of loans receivable	-1,464	-680
Collection of loans receivable	962	1,866
Other	-26,700	-7,591
Net cash provided by (used in) investing activities	-44,454	-193,626

(in thousands of yen)

	Previous consolidated cumulative second quarter (April 1, 2015 to September 30, 2015)	Consolidated cumulative second quarter (April 1, 2016 to September 30, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	200,000	-380,000
Repayment of long-term loans payable	-30,000	-30,000
Purchase of treasury stock	-100,164	-241
Proceeds from sales of treasury stock	102,461	3,015
Cash dividends paid	-221,107	-262,354
Cash dividends paid to non-controlling interests	-669	-670
Other	—	-2,103
Net cash provided by (used in) financing activities	-49,479	-672,354
Effect of exchange rate change on cash and cash equivalents	-4,262	-41,177
Net increase (decrease) in cash and cash equivalents	-281,220	-282,462
Cash and cash equivalents at beginning of period	2,485,537	2,167,365
Cash and cash equivalents at end of period	2,204,316	1,884,902

(4) Notes on Consolidated Financial Statements

(Notes on Assumptions regarding Going Concern)

None.

(Notes on Significant Changes (If Any) in Shareholders' Equity Amount)

None.

(Material Subsequent Events)

The Company resolved to carry out a stock split at the board of directors meeting held on October 31, 2016.

1. Purpose of the stock split

To improve the liquidity of the Company's shares and broaden the investor base by lowering the value per investment unit.

2. Method of the stock split

The common shares of the Company held by the shareholders entered or recorded in the final shareholder register on December 31, 2016 (Saturday) will be subject to a 1-for-1.5 stock split.

3. Increase in the number of shares due to the stock split

Number of outstanding shares before the stock split	8,029,535 shares
Increased number of shares due to the split	4,014,767 shares
Number of outstanding shares after the stock split	12,044,302 shares
Total number of authorized shares after the stock split	36,000,000 shares

4. Timing of the stock split (schedule)

Record date and public notice date: December 15, 2016 (Thursday)

Record date: December 31, 2016 (Saturday)

Effective date: January 1, 2017 (Sunday)

5. Impact on per-share data

If the stock split were carried out at the beginning of the previous consolidated accounting period, the per-share data would be as follows.

	Previous consolidated cumulative second quarter (April 1, 2015 to September 30, 2015)	Consolidated cumulative second quarter (April 1, 2016 to September 30, 2016)
net income per share	¥8.88	¥31.20
net income per share (diluted)	¥8.80	¥30.95