Summary of Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2019 (Japanese Standards)

All information contained in this document has been prepared in accordance with generally accepted accounting principles in Japan.
This document has been translated from the Japanese original for reference purpose only.

October 31, 2018

Company name: Duskin Co., Ltd. Shares listed: Tokyo
Code number: 4665 (URL http://www.duskin.co.jp/corp/index.html)
Representative: Teruji Yamamura, President & CEO
Contact: Hiroyuki Okubo, Operating Officer, Manager, Corporate Planning Phone: (06) 6821-5071

Scheduled date of filing quarterly report: November 9, 2018
Scheduled date of dividend payment: December 4, 2018
Preparation of supplemental explanatory materials: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are dropped.)

1. Consolidated financial results for the period from April 1, 2018 to September 30, 2018

(1) Results of operation

(Percentages indicate the change against the same period of the previous fiscal year.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
6 months ended Sept. 30, 2018	78,351	-2.4	4,378	0.7	5,272	0.6	3,394	-4.9
6 months ended Sept. 30, 2017	80,266	-1.0	4,346	72.8	5,240	53.9	3,570	69.6

(Note) Comprehensive income: Sept. 30, 2018: 7,397 million yen (22.4%) Sept. 30, 2017: 6,043 million yen (551.1%)

	Profit per share	Profit per share (fully diluted)
	yen	yen
6 months ended Sept. 30, 2018	63.51	63.50
6 months ended Sept. 30, 2017	66.81	66.81

(Note) The provisional accounting treatment for a business combination was finalized at the end of FY2017. The FY2017 second quarter (six months ended in Sept. 30, 2017) profit per share reflects significant changes in the initial allocation of the acquisition cost resulting from finalization of the provisional accounting treatment.

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets
	millions of yen	millions of yen	%
As of Sept. 30, 2018	194,014	154,059	79.3
As of Mar. 31, 2018	196,058	147,786	75.2

(Reference) Shareholders' equity: Sept. 30, 2018: 153,758 million yen Mar. 31, 2018: 147,415 million yen

2. Dividends

	Dividends per share				
	End of 1st Q	End of 2nd Q	End of 3rd Q	Year-end	Total (Annual)
	yen	yen	yen	yen	yen
Year ended Mar. 31, 2018	—	20.00	—	20.00	40.00
Year ending Mar. 31, 2019	—	30.00			
Year ending Mar. 31, 2019 (Forecast)			—	20.00	50.00

(Note) Revision of forecast for dividend recently announced: None
Dividends to be paid at the end of second quarter of the fiscal year 2018: ordinary dividend 20 yen, commemorative dividend 10 yen

3. Forecast of consolidated financial results for the FY2018 (April 1, 2018 - March 31, 2019)

(Percentages indicate the change against the same period of the previous fiscal year.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Year ending Mar. 31, 2019	163,000	1.2	7,900	4.5	9,000	0.2	5,400	1.4	101.04

(Note) Revision of forecast for consolidated financial results recently announced: None

Notes

(1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries resulting in an adjustment to the scope of consolidation): None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes
Please refer to 2. Consolidated financial statements (3) Notes to consolidated financial statements (Adoption of special accounting methods for preparation of consolidated financial statements) on page 10.

(3) Changes in accounting principles and estimates, and retrospective restatements
1) Changes due to revision of accounting standards: None
2) Changes other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatements: None

(4) Number of shares issued (Common stock)

1)	Number of shares issued at the end of the period (including treasury shares)	6 months ended Sept. 30, 2018	55,194,823	Year ended Mar. 31, 2018	55,194,823
2)	Number of treasury shares at the end of the period	6 months ended Sept. 30, 2018	1,749,778	Year ended Mar. 31, 2018	1,750,262
3)	Average number of shares during the period (during the quarter)	6 months ended Sept. 30, 2018	53,445,054	6 months ended Sept. 30, 2017	53,445,236

This summary of financial statements is exempt from the quarterly review by certified public accountants or audit corporations.

Explanation regarding the appropriate use of business forecasts
(Note for the financial forecast)
The financial forecast contained in this report is based on information available at the time of preparation of the report and certain assumptions considered reasonable, and thus Duskin makes no warranty as to the achievability of the forecast. Readers are advised that actual results may differ significantly from the forecast.

Contents of attachment:

1. Qualitative information

(1) Business results

In the first six months of fiscal 2018 (April 1 to September 30, 2018), Japan’s economy, by and large, recovered as employment and personal income improved because of strong corporate earnings. Consumer spending also started to increase. The economic recovery, however, continued to be slow due to growing global economic uncertainties including intensifying US-China trade friction and the unclear outlook stemming from a series of natural disasters in Japan.

FY 2018 — the first year of Medium-Term Management Policy 2018, the second phase of the ONE DUSKIN long-term strategy — marks the 55th anniversary of Duskin. In this fiscal year, Duskin has started various initiatives to achieve the goals of this policy. At Direct Selling Group (the new name of Clean & Care Group since April 1, 2018), by leveraging the strengths of direct selling, home visiting and onsite services to interact directly with customers to learn their needs, we are developing our businesses into a Daily Life Fine-Tuning Service with the new theme of "Fine-Tune Everyday Life." The group also focused on the new unit openings of Care Service (professional cleaning and technical services) and Health Rent (a separate division of Rent-All since April 1, 2018), which rents assisted-living and health care products. These businesses are expected to grow along with the increasing number of working couples and senior households. As part of the efforts to open new locations, we entered into a capital and business alliance with NAC Co., Ltd., the largest franchisee of Duskin. Food Group is committed to reestablishing the Mister Donut brand under a brand slogan "Something good’s gonna happen. Mister Donut." Mister Donut, the core business of Food Group, is accelerating its shop openings with new concepts and renovations with a focus on its product strategy.

Both Direct Selling Group and Food Group recorded lower sales. As a result, consolidated sales were 78,351 million yen, a 1,915 million yen (2.4%) decrease from one year earlier. Gross profit decreased due to lower sales. Cost of sales decreased due to lower investments in items for rent. Promotional expenses declined. Retirement benefits expenses also decreased, reflecting a change in our corporate pension plan. As a result, operating profit was 4,378 million yen, a 31 million yen (0.7%) increase from the previous year. Ordinary profit was 5,272 million yen, a 31 million yen (0.6%) increase. Profit attributable to owners of parent was 3,394 million yen, a 176 million yen (4.9%) decrease.

(millions of yen)

	6 months ended Sept. 30, 2017	6 months ended Sept. 30, 2018	Increase/decrease	
				%
Consolidated sales	80,266	78,351	-1,915	-2.4
Consolidated operating profit	4,346	4,378	31	0.7
Consolidated ordinary profit	5,240	5,272	31	0.6
Profit attributable to owners of parent	3,570	3,394	-176	-4.9

Result by business segment

Sales

(millions of yen)

	6 months ended Sept. 30, 2017	6 months ended Sept. 30, 2018	Increase/decrease	%
Direct Selling Group	56,278	55,481	-796	-1.4
Food Group	18,340	17,003	-1,337	-7.3
Other Businesses	7,138	7,414	275	3.9
Total	81,758	79,899	-1,859	-2.3
Elimination for inter-segment sales and transfers	-1,492	-1,547	-55	—
Consolidated sales	80,266	78,351	-1,915	-2.4

Sales by segment above include inter-segment sales.

Operating profit (loss)

(millions of yen)

	6 months ended Sept. 30, 2017	6 months ended Sept. 30, 2018	Increase/decrease	%
Direct Selling Group	7,439	7,203	-236	-3.2
Food Group	211	4	-207	-97.8
Other Businesses	164	261	97	59.1
Total	7,815	7,469	-346	-4.4
Elimination for inter-segment sales and transfers, and corporate expense	-3,468	-3,091	377	—
Consolidated operating profit	4,346	4,378	31	0.7

Operating profit or loss above include inter-segment transactions.

i. Direct Selling Group

Care Service businesses, Rent-All (rental service for daily commodities and equipment for various events) and Health Rent continued to record higher sales. While the group focused its efforts on expanding customer contacts, sales of Dust Control products for residential and commercial customers were lower than one year earlier. As a result, sales totaled 55,481 million yen, a 796 million yen (1.4%) decrease from the previous year. Cost of sales decreased due to lower investments in items for rent. Expenses for retirement benefits also declined. Gross profit decreased due to lower sales. Expenses increased due to personnel transfers from other segments and higher outsourcing expenses. Operating profit was 7,203 million yen, a 236 million yen (3.2%) decrease from the same period of the previous year.

Total sales of dust control products for residential use were lower than one year earlier. This is mainly due to the lower sales of Kitchen Sponge, and the Robot Cleaner SiRo, for which sales promotions were conducted in the previous year. The group continued its marketing efforts, including flyers with discount coupons across our business lines, a 55th anniversary campaign for free trials of rental mops, and improving customer contacts by opening a site in online shopping malls. These initiatives contributed to higher sales of Cleaning Basic Three, consisting of the LaLa floor mop, the Shushu handy mop and the Style Cleaner, and door mats for residential use. An ionic air freshener, Fuwarira, introduced this year performed well.

Sales of dust control products for commercial use were lower than one year earlier due to a decrease in sales of general-purpose mats and mops. Our sales efforts focused on sanitary management at various facilities and acquiring national accounts. As the need for highly functional and stylish products stay high, our Inside mat, custom-made indoor mat products and an air purifier, Clear Kukan, posted higher sales. Fan Fragrance Deodorizer, which was introduced this year, also performed well.

Among cleaning and technical services, the air conditioner cleaning service by ServiceMaster (professional cleaning) recorded favorable results. ServiceMaster, Merry Maids (home cleaning and helper services), Terminix (pest control and prevention), Total Green (plant and flower maintenance) and Home Repair (fixing scratches and dents) all posted higher customer-level sales. As a result, total sales were higher than in the same period of the previous year. In FY2018, we are working on franchise recruitment to improve the structure for delivering these services, and our efforts have started to produce results.

Among other businesses of Direct Selling Group, sales of Uniform Services, cosmetic-related businesses and Life Care (rebranded from Home Instead since April 1, 2018), which provides living support services for seniors, were lower. Health Rent continued to perform well. Rent-All also posted higher sales than in the same period of the previous year despite the cancellation of various events due to natural disasters such as earthquakes and typhoons.

ii. Food Group

At Food Group, shorter business hours and temporary closures caused by natural disasters impacted the sales of all business lines. Sales of Mister Donut were lower due to closures of underperforming locations. Food Group recorded lower customer-level sales, royalty income and sales of raw materials to franchisees. As a result, sales were 17,003 million yen, a 1,337 million yen (7.3%) decrease. Although the cost ratio was improved, gross profit decreased due to lower sales. As a result, operating profit was 4 million yen, a 207 million yen (97.8%) decrease from the previous year.

Mister Donut, the core business of Food Group, continued its focus on sales of MISDO Meets and MISDO GOHAN items. As part of MISDO Meets items, which were developed in collaboration with companies with leading techniques and high-quality materials, Mister Donut released Matcha Sweets Premium, using matcha green tea powder of Gion Tsujiri, a Kyoto green tea specialty brand in the first quarter. In the second quarter, Cheese Tardo series, in collaboration with fresh-out-of-oven cheese tarts specialty store, PABLO, was launched. This series were well received by many customers. MISDO GOHAN has light meal selections for customers to enjoy at different times of the day, including breakfast, brunch, lunch and coffee breaks. Mister Donut is building a brand for more than simply a place to enjoy a snack between meals. Yum Cha (dim sum), pasta items, pies and hot dogs were renewed and added in May. To attract customers of all ages, Mister Donut conducted various sales promotions. Included in these promotional activities are Kids Sets with popular characters, Dragon Ball Super and Kirakira Happy HIRAKE COCO TAMA, and popular Halloween items. The Halloween items with the theme of MISDO MUMMY Halloween were introduced this year. Mister Donut continued its marketing activities using campaigns with KDDI Corporation and other companies. As a result, sales per shop in operation were higher than one year earlier. However, total customer-level sales were lower than one year earlier because of the smaller number of shops in operation.

Among other food service businesses, Katsu & Katsu, a pork cutlet specialty restaurant, posted higher sales. The Chiffon & Spoon, a specialty chiffon cake shop, Bakery Factory, a large suburban bakery shop, and Pie Face, a specialty pie store, recorded lower sales. At the end of FY2017, Duskin discontinued the Café Du Monde business. As a result, total sales of other food businesses were lower than one year earlier.

iii. Other Businesses

Among consolidated subsidiaries in Japan, Duskin Kyoeki, a leasing and insurance company, and Duskin Healthcare, which provides management services to medical facilities, recorded higher sales. Among consolidated subsidiaries outside Japan, Mister Donut Shanghai Co., Ltd. recorded lower sales due to the decreased number of locations. Duskin Hong Kong Co., Ltd., which procures raw materials and equipment, posted higher sales due to the higher volume of paper towels. Sales of Duskin Shanghai Co., Ltd. increased due to higher sales of dust control products to commercial customers. Total sales of overseas businesses were therefore higher than one year earlier. As a result, sales of Other Businesses were 7,414 million yen, a 275 million yen (3.9%) increase from one year earlier. Operating profit was 261 million yen, a 97 million yen (59.1%) increase from the previous year. Higher sales of Duskin Healthcare and a lower operating loss at overseas businesses contributed to this result.

With regard to customer-level sales in overseas businesses, Direct Selling businesses posted higher sales than one year earlier in Taiwan, Shanghai, China and South Korea. Among donut businesses, Mister Donut in Thailand, the Philippines and Indonesia recorded higher sales while sales were lower in Taiwan and Shanghai, China. Sales at Big Apple Worldwide Holdings Sdn. Bhd.in Malaysia, which was acquired in February 2017 were about the same level sales as in the previous year.

Segment sales figures do not include consumption tax.

(2) Financial Position

Total assets were 194,014 million yen at the end of the second quarter of FY2018, a 2,044 million yen decrease from the end of the previous fiscal year. This is mainly due to a 2,651 million yen increase in investment securities, a 3,748 million yen decrease in securities, and a 2,113 million yen decrease in deferred tax assets.

Liabilities totaled 39,954 million yen, an 8,317 million yen decrease from the end of the previous fiscal year. Primary factors included decreases of 5,454 million yen in net defined benefit liability and a 1,456 million yen in accounts payable-other.

Net assets totaled 154,059 million yen at the end of the fiscal year, a 6,273 million yen increase from the previous fiscal year. This is primarily attributable to a 3,509 million yen increase in remeasurements of defined benefit plans and a 2,325 million yen increase in retained earnings.

(3) Forecast

No revisions have been made to the forecast for consolidated results of operations for FY2018 (April 1, 2018 - March 31, 2019) that was announced on May 15, 2018.

2. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	18,846	18,991
Notes and accounts receivable - trade	9,950	10,071
Lease receivables and investment assets	1,326	1,275
Securities	24,461	20,713
Merchandise and finished goods	7,738	7,995
Work in process	142	186
Raw materials and supplies	1,598	1,542
Other	3,585	3,609
Allowance for doubtful accounts	-37	-39
Total current assets	67,611	64,347
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,486	43,894
Accumulated depreciation	-26,490	-26,946
Buildings and structures, net	16,996	16,947
Machinery, equipment and vehicles	24,975	25,352
Accumulated depreciation	-18,484	-18,531
Machinery, equipment and vehicles, net	6,491	6,820
Land	22,750	22,702
Construction in progress	178	206
Other	12,405	12,535
Accumulated depreciation	-9,478	-9,757
Other, net	2,927	2,778
Total property, plant and equipment	49,344	49,455
Intangible assets		
Goodwill	549	503
Other	7,925	8,565
Total intangible assets	8,474	9,069
Investments and other assets		
Investment securities	60,523	63,174
Long-term loans receivable	3	5
Deferred tax assets	3,073	959
Guarantee deposits	5,751	5,697
Other	1,310	1,334
Allowance for doubtful accounts	-34	-28
Total investments and other assets	70,627	71,142
Total non-current assets	128,446	129,667
Total assets	196,058	194,014

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,834	6,100
Short-term loans payable	173	—
Income taxes payable	1,403	1,371
Provision for bonuses	3,397	3,152
Asset retirement obligations	18	6
Accounts payable - other	8,112	6,655
Guarantee deposit received for rental products-CL	9,314	9,332
Other	4,731	4,462
Total current liabilities	33,985	31,082
Non-current liabilities		
Net defined benefit liability	12,882	7,428
Asset retirement obligations	578	606
Long-term guarantee deposited	788	793
Long-term accounts payable - other	18	27
Other	18	16
Total non-current liabilities	14,286	8,872
Total liabilities	48,271	39,954
Net assets		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	11,087	11,092
Retained earnings	120,519	122,844
Treasury shares	-3,571	-3,570
Total shareholders' equity	139,388	141,719
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,878	10,455
Deferred gains or losses on hedges	1	11
Foreign currency translation adjustment	-54	-138
Remeasurements of defined benefit plans	-1,798	1,711
Total accumulated other comprehensive income	8,026	12,038
Share acquisition rights	9	12
Non-controlling interests	361	288
Total net assets	147,786	154,059
Total liabilities and net assets	196,058	194,014

(2) Consolidated statements of income and statements of comprehensive income

Consolidated statements of income

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	80,266	78,351
Cost of sales	44,006	42,272
Gross profit	36,259	36,079
Selling, general and administrative expenses	31,913	31,700
Operating profit	4,346	4,378
Non-operating income		
Interest income	181	152
Dividend income	163	174
Rent income on facilities	75	80
Commission fee	105	106
Share of profit of entities accounted for using equity method	149	112
Miscellaneous income	327	435
Total non-operating income	1,003	1,060
Non-operating expenses		
Interest expenses	2	5
Rent expenses on facilities	26	37
Compensation expenses	24	21
Miscellaneous loss	54	101
Total non-operating expenses	108	166
Ordinary profit	5,240	5,272
Extraordinary income		
Gain on sales of non-current assets	2	2
Other	0	0
Total extraordinary income	3	2
Extraordinary losses		
Loss on sales of non-current assets	89	—
Loss on abandonment of non-current assets	73	101
Impairment loss	24	62
Loss on disaster	0	15
Other	0	0
Total extraordinary losses	188	180
Profit before income taxes	5,056	5,094
Income taxes	1,503	1,708
Profit	3,553	3,385
Loss attributable to non-controlling interests	-17	-8
Profit attributable to owners of parent	3,570	3,394

Consolidated statements of comprehensive income

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	3,553	3,385
Other comprehensive income		
Valuation difference on available-for-sale securities	2,272	577
Deferred gains or losses on hedges	6	9
Foreign currency translation adjustment	-24	-23
Remeasurements of defined benefit plans, net of tax	211	3,502
Share of other comprehensive income of entities accounted for using equity method	23	-54
Total other comprehensive income	2,490	4,011
Comprehensive income	6,043	7,397
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,061	7,406
Comprehensive income attributable to non-controlling interests	-17	-9

(3) Notes to consolidated financial statements

(Notes relating to going concern assumption)

None

(Notes on significant changes in shareholders' equity)

None

(Adoption of special accounting methods for preparation of consolidated financial statements)

To determine tax expenses for consolidated subsidiaries, a reasonable estimate is made for the effective tax rate after the application of tax effect accounting for profit before income taxes for the fiscal year, including the second quarter. Tax expenses are then calculated by multiplying quarterly profit before income taxes by this estimated effective tax rate.

(Additional information)

(Application of partial amendments to accounting standard for tax effect accounting)

Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No.28 issued on February 16, 2018) has been applied since the beginning of the first quarter. Deferred tax assets are included in investments and other assets, and deferred tax liabilities are in non-current assets.

(Segment information)

Segment information

I　Six-month period (April 1, 2017-September 30, 2017)

1. Sales, profit (loss) by business segment

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
To outside customers	55,899	18,335	6,032	80,266	－	80,266
Inter-segment sales and transfers	379	5	1,106	1,492	-1,492	－
Total	56,278	18,340	7,138	81,758	-1,492	80,266
Segment income (loss)	7,439	211	164	7,815	-3,468	4,346

(Notes)
1. Other Businesses are comprised of the businesses that are not categorized in reportable business segments, including office equipment and vehicle leasing, insurance agent services, hospital management services, and overseas businesses.
2. Segment loss adjustments of -3,468 million yen include a 32 million yen elimination for inter-segment sales and transfers and -3,501 million yen of corporate expenses that cannot be allocated to a particular business segment.
3. Segment operating profit/loss has been adjusted for consistency with operating profit that is shown in the quarterly consolidated statements of income.
4. Segment information above reflects significant changes in the initial allocation of the acquisition cost arising from finalization of the provisional accounting treatment for a business combination.

2. Impairment loss of non-current assets or goodwill by business segment

(Significant impairment loss on non-current assets)

None

(Significant change in the amount of goodwill)

None

The amortization of goodwill during the second half of FY2018 and the balance of goodwill at the end of the second quarter are as follows:

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization	87	－	3	－	90
Balance　(Notes)	506	－	65	－	571

(Notes)
1. Goodwill at the end of the second quarter includes 506 million yen of goodwill in Direct Selling Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 65 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.
2. The amortization and the balance by business segment reflect significant changes in the initial allocation of the acquisition cost arising from finalization of the provisional accounting treatment for a business combination.

(Significant gains on negative goodwill)

None

II Six-month period (April 1, 2018-September 30, 2018)

1. Sales, profit (loss) by business segment

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
To outside customers	55,120	16,998	6,232	78,351	—	78,351
Inter-segment sales and transfers	361	4	1,181	1,547	-1,547	—
Total	55,481	17,003	7,414	79,899	-1,547	78,351
Segment income (loss)	7,203	4	261	7,469	-3,091	4,378

(Notes) 1. Other Businesses are comprised of the businesses that are not categorized in reportable business segments, including office equipment and vehicle leasing, insurance agent services, hospital management services, and overseas businesses.
2. Segment loss adjustments of -3,091 million yen include a 42 million yen elimination for inter-segment sales and transfers and -3,133 million yen of corporate expenses that cannot be allocated to a particular business segment.
3. Segment operating profit/loss has been adjusted for consistency with operating profit that is shown in the quarterly consolidated statements of income.

2. Impairment loss of non-current assets or goodwill by business segment

(Significant impairment loss on non-current assets)
None

(Significant change in the amount of goodwill)
None
The amortization of goodwill during the second half of FY2018 and the balance of goodwill at the end of the second quarter are as follows:

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization	81	2	6	—	90
Balance (Note)	384	28	90	—	503

(Note) Goodwill at the end of the second quarter includes 384 million yen of goodwill in Direct Selling Group and 28 million yen of goodwill in Food Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 90 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

(Significant gains on negative goodwill)
None

3. Notes relating to change in business segments

(Change of business segment name)

In the first quarter of FY2018, Clean & Care Group was renamed Direct Selling Group. This change has no impact on segment information. The name Direct Selling Group is used for the business segment during the second half of FY2017 (April 1, 2017-September 30, 2017).