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Cookpad Inc.

Consolidated Earnings Results for the Six Months ended June 30, 2016

[IFRS], unaudited

August 9, 2016

Stock listed: Tokyo Stock Exchange
 Securities code: 2193 URL <http://info.cookpad.com/en>
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Scheduled dates
 Filing of the quarterly securities report: August 10, 2016
 Dividend payout: -
 Supplementary materials for earnings results: Yes
 Holding of earnings results briefing: Yes (for institutional investors and analysts)

1. Consolidated Results for the Six Months ended June 30, 2016 (January 1, 2016– June 30, 2016)

(Amounts rounded down to the nearest million yen)

(1) Operational Results

(% as year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Net profit		Profit attributable to shareholders of Cookpad Inc.		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
For six months ended June 30, 2016	8,912	44.3	4,126	57.6	3,795	25.6	2,350	28.8	2,294	24.6	1,743	(2.3)
June 30, 2015	6,175	-	2,619	-	3,023	-	1,824	-	1,841	-	1,785	-

	EPS (Basic)	EPS (Diluted)
	yen	yen
For six months ended June 30, 2016	21.43	21.12
June 30, 2015	17.24	16.92

Notes: 1. Year-on-year change is not presented for 2015, due to the fiscal year-end change in the previous year.
 2. The Company conducted a 1:3 common stock split on July 1, 2015. EPS (Basic) and EPS (Diluted) were calculated assuming that the stock split was effected at the beginning of the fiscal 2015 (January 1, 2015).

(2) Financial Position

	Total assets	Total equity	Equity attributable to shareholders of Cookpad Inc.	Equity attributable to shareholders of Cookpad Inc. to total assets
	million yen	million yen	million yen	%
As of June 30, 2016	27,496	24,094	21,709	79.0
As of December 31, 2015	27,494	23,396	21,078	76.7

2. Dividends

	Dividends per Share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Year ended/ending	Yen	Yen	Yen	Yen	Yen
December 31, 2015	-	0.00	-	10.00	10.00
December 31, 2016	-	0.00			
December 31, 2016 (Forecast)			-	-	-

Notes: 1. No changes were made to the latest release of dividend forecasts.

2. Year-end dividend for FY2016 is yet to be determined.

3. Full Year Forecast of Consolidated Earnings (January 1, 2016 – December 31, 2016)

Sales revenue and profit before tax for the fiscal year ending December 31, 2016 are projected to be higher compared to the fiscal year ended December 31, 2015.

*Notes

(1) Changes in significant subsidiaries during the period: No

(2) Changes in accounting policies and changes in accounting estimates

1) Changes required for the adoption of IFRS: No

2) Changes other than 1): No

3) Changes in accounting estimates: No

(3) Number of shares issued (common stocks)

1) Number of shares issued (including treasury shares)

As of June 30, 2016: 107,145,600 shares

As of December 31, 2015: 106,906,800 shares

2) Number of treasury shares

As of June 30, 2016: 3,956 shares

As of December 31, 2015: 3,956 shares

3) Number of average shares during the period

Six months ended June 30, 2016: 107,063,426 shares

Six months ended June 30, 2015: 106,789,256 shares

*Quarterly Review Status

This report is exempt from the quarterly review of accounts requirements of Japan's Financial Instruments and Exchange Act. As of this report's publication, the quarterly review of the quarterly financial results is under way.

*Appropriate Use of Earnings Results and Other Special Notes

The above forecasts, which constitute forward-looking statements, are based on information available to the Company and the assumptions of management as of the release date of this document. Actual results may differ materially from the above forecasts due to a range of factors.

For the assumptions underlying the forecasts herein, refer to "1. Analysis of Operating Results and Financial Position, (3) Forward-looking information such as consolidated earnings forecasts," on page 5 in the Accompanying Materials.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Overview of consolidated results

The consolidated results for the six months ended June 30, 2016 are as follows:

(Millions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016	YoY change
Sales revenue	6,175	8,912	+44.3%
Operating income	2,619	4,126	+57.6%
Profit before tax	3,023	3,795	+25.6%
Profit attributable to shareholders of Cookpad Inc.	1,841	2,294	+24.6%

Based on the philosophy of “Make Everyday Cooking Fun”, the Company operates Cookpad recipe services in Japan and overseas. Monthly Cookpad users in Japan (calculated for each browser or device) totaled 61.09 million (up 8.2% year-on-year) at the end of June 2016. Cookpad services are used in people’s daily lives and highly compatible with smartphones that allow users to access the Internet in various daily-life situations. Consequently, there has been a steady increase in the number of users accessing from smartphones (including app users with tablets), reaching 46.02 million (up 16.6% year-on-year) at the end of June 2016. The Company will continue to focus on developing services compatible with an ever-increasing range of devices and accompanying new features. The cumulative number of posted recipes has also been increasing and exceeded 2.44 million at the end of June 2016.

Overseas, the Company started global deployment in the fiscal year ended April 2014. The Cookpad service can now be delivered to approximately 1.2 billion people in English, Spanish, Bahasa Indonesia, and Arabic-speaking regions, and monthly users outside Japan totaled 31.71 million (up 165.8% year-on-year) at the end of June 2016. By language, the number of users breaks down as follows: English 0.92 million (up 47.3% year-on-year), Spanish 14.56 million (up 567.3% year-on-year), Bahasa Indonesia 9.86 million (up 286.6% year-on-year), and Arabic 6.35 million (down 3.3% year-on-year). The Company plans to further progress global service development including Japan to boost the number of users and accelerate global expansion of the recipe services.

As a result, sales revenue was 8,912 million yen (up 44.3% year-on-year) in the six months ended June 30, 2016. The growth can be attributed to steady expansion of Premium Services and Advertising businesses and acquisition of Minnano Wedding Co., Ltd. as a consolidated subsidiary in the third quarter last year. SG&A expenses were 3,952 million yen (up 32.5% year-on-year), operating income was 4,126 million yen (up 57.6% year-on-year), and profit attributable to shareholders of Cookpad Inc. was 2,294 million yen (up 24.6% year-on-year).

2) Segment results

Sales revenue for each segment is as follows.

(Millions of yen)

Reportable Segment		Six months ended June 30, 2015	Six months ended June 30, 2016	YoY change
Internet/Media		5,486	8,106	+47.8%
Recipe services	Premium Services	3,006	4,195	+39.6%
	Advertising	2,051	2,514	+22.5%
	Shop Deals Service	84	164	+93.6%
	Other	63	47	(25.5%)
Other Internet/Media		280	1,185	+322.7%
EC		689	701	+1.7%
Other businesses		—	105	—
Total		6,175	8,912	+44.3%

a. Internet/Media

Sales revenue from the Internet/Media segment was 8,106 million yen (up 47.8% year-on-year), and segment profit was 4,187 million yen (up 63.7% year-on-year) for the six months ended June 30, 2016.

(Recipe Services)

This segment includes sales revenue from the Premium Services business of Cookpad and other recipe services in Japan and overseas, Advertising, and Shop Deals Service businesses.

Sales revenue from the Premium Services business was 4,195 million yen (up 39.6% year-on-year) for the six months ended June 30, 2016. Premium Membership continued to rise mainly due to service improvements in the way to attract new members to Premium Services. Sales revenue from telecom carriers has also been increasing (including revenue share) such as NTT DoCoMo, Inc.'s "d gourmet" service.

Sales revenue of the Advertising business was 2,514 million yen (up 22.5% year-on-year). Through enforcing sales and planning teams, the sales of tie-up and display ads in combination has been enhanced, and sales revenue mainly from tie-up ads grew steadily.

Ad products are categorized as below:

Product Name	Contents
Tie-up Ads	To place tie-up ads on web/mobile sites for a certain product of advertiser per direct contract with the advertiser or agent
Display Ads	To have ads placed on certain web/mobile sites per direct contract with the advertiser or agent
Network Ads	To have ads distributed to various websites automatically by ad network

Sales revenue of the Shop Deals Service business was 164 million yen (up 93.6% year-on-year) for the six months ended June 30, 2016. The Company launched the fee-based "Tokubai Joho (shop deals)" service for retailers in March 2015, which has gained approximately 6,000 member stores as of June 30, 2016 and is continuing to grow.

(Other Internet/Media)

Minnano Wedding Co., Ltd. became a consolidated subsidiary in the third quarter of fiscal 2015, which mainly contributed sales revenue of 1,185 million yen (up 322.7% year-on-year) for the six months ended June 30, 2016.

b. EC

In the six months ended June 30, 2016, sales revenue from the EC segment was 701 million yen (up 1.7% year-on-year) and segment profit was 25 million yen (down 52.4% year-on-year). This includes sales revenue of SELECTURE, Inc., which operates online store “Angers” for clothing, kitchenware, and sundry goods.

(2) Analysis of Financial Position

1) Assets, Liabilities, and Equity

(Assets)

As of June 30, 2016, total assets were 27,496 million yen, up 2 million yen as compared with the previous fiscal year-end. Current assets were 17,422 million yen, up 712 million yen, and non-current assets were 10,073 million yen, down 710 million yen.

The main reason for the increase in current assets is a 1,035 million yen increase in cash and cash equivalents and a decrease of 375 million yen in trade and other receivables. The main reason for the decrease in non-current assets is a decrease in goodwill of 532 million yen due in part to the impact of forex rate changes and a 99 million yen decrease in equity-method investment as a result of the sale of shares in an affiliate.

(Liabilities)

As of June 30, 2016, total liabilities were 3,401 million yen, down 696 million yen as compared with the previous fiscal year-end. Current liabilities were 3,088 million yen, down 634 million yen, and non-current liabilities were 313 million yen, down 61 million yen.

The main reason for the decrease in current liabilities was a decrease of 283 million yen in trade and other payables and a decrease of 327 million yen in income tax payable.

(Equity)

As of June 30, 2016, total equity was 24,094 million yen, up 698 million yen as compared with the previous fiscal year-end. This was primarily due to an increase in retained earnings of 1,225 million yen and a decrease in other components of equity such as foreign currency translation adjustment account of 637 million yen.

2) Cash Flows

As of June 30, 2016, cash and cash equivalents (“Funds”) balance was 14,084 million yen, up 1,035 million yen as compared with the previous fiscal year-end, primarily due to the following factors.

(Cash flows from operating activities)

Funds provided by operating activities totaled 2,526 million yen. While profit before tax was 3,795 million yen, there were income taxes paid of 1,823 million yen.

(Cash flows from investing activities)

Funds used in investing activities totaled 14 million yen. This is primarily due to payments of 351 million yen for the purchase of investments, and funds provided by proceeds from sales of investments of 208 million yen and proceeds from sales of affiliates' shares of 105 million yen.

(Cash flows from financing activities)

Funds used in financing activities totaled 1,129 million yen, mainly attributable to cash dividends paid totaling 1,069 million yen.

(3) Forward-looking Information such As Consolidated Earnings Forecasts

With regard to the consolidated results for the fiscal year ending December 2016, sales revenue and profit before tax are projected to be higher than the same period last year. The Company aims to expand the Premium Services business by delivering services centered on “Cookpad” in Japan and overseas to a broader, regular user base and achieve mid-term growth by creating new businesses.

2. Notes to Summary Information

(1) Changes in Significant Subsidiaries

Not applicable

(2) Changes in Accounting Policies and Accounting Estimates

Not applicable

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Thousands of yen)

	As of December 31, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and cash equivalents	13,048,498	14,084,265
Trade and other receivables	3,237,167	2,861,860
Other financial assets	7,527	37,699
Inventories	265,303	273,648
Other current assets	151,348	165,250
Total current assets	16,709,842	17,422,722
Non-current assets		
Property, plant and equipment	552,484	511,296
Goodwill	7,231,099	6,698,358
Intangible assets	329,401	252,856
Investments accounted for using the equity method	99,911	-
Other financial assets	1,980,168	1,965,074
Deferred tax assets	583,781	627,059
Other non-current assets	7,742	19,309
Total non-current assets	10,784,586	10,073,953
Total assets	27,494,429	27,496,675

(Thousands of yen)

	As of December 31, 2015	As of June 30, 2016
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term debt	118,090	114,785
Trade and other payables	1,246,531	963,207
Other financial liabilities	44,762	50,005
Income tax payable	1,837,122	1,509,720
Other current liabilities	476,440	450,337
Total current liabilities	3,722,943	3,088,053
Non-current liabilities		
Long-term debt	130,426	74,951
Other financial liabilities	43,072	36,751
Provisions	201,366	202,194
Deferred tax liabilities	482	21
Total non-current liabilities	375,346	313,917
Total liabilities	4,098,289	3,401,970
Equity		
Capital stock	5,230,172	5,265,222
Capital surplus	5,106,560	5,114,270
Retained earnings	10,597,299	11,822,713
Treasury stock	(2,006)	(2,006)
Other components of equity	146,254	(491,198)
Equity attributable to shareholders of Cookpad Inc.	21,078,279	21,709,001
Non-controlling interests	2,317,861	2,385,704
Total equity	23,396,140	24,094,705
Total equity and liabilities	27,494,429	27,496,675

(2) Condensed Consolidated Income Statements and Statements of Comprehensive Income**Condensed Consolidated Income Statements**

The First Six Months of FY2015 and FY2016

(Thousands of yen)

	Six months ended June 30, 2015 (January 1 - June 30, 2015)	Six months ended June 30, 2016 (January 1 - June 30, 2016)
Sales revenue	6,175,455	8,912,747
Cost of sales	(581,454)	(803,843)
Gross profit	5,594,001	8,108,904
Selling, general and administrative expenses	(2,983,655)	(3,952,136)
Other income	12,508	16,054
Other expense	(3,768)	(45,826)
Operating income	2,619,086	4,126,996
Financial income	406,837	64,293
Financial expense	(1,326)	(394,037)
Share of income (loss) of affiliates accounted for using equity method	(1,507)	(1,533)
Profit before tax	3,023,090	3,795,719
Income tax expense	(1,198,236)	(1,445,675)
Net profit	1,824,854	2,350,045
Profit attributable to:		
Shareholders of Cookpad Inc.	1,841,068	2,294,442
Non-controlling interests	(16,214)	55,603
Net profit	1,824,854	2,350,045
Earnings per share		
Basic (yen)	17.24	21.43
Diluted (yen)	16.92	21.12

The Second Quarter of FY2015 and FY2016

(Thousands of yen)

	Three months ended June 30, 2015 (April 1 - June 30, 2015)	Three months ended June 30, 2016 (April 1 - June 30, 2016)
Sales revenue	3,292,232	4,523,121
Cost of sales	(329,639)	(439,431)
Gross profit	2,962,593	4,083,690
Selling, general and administrative expenses	(1,546,453)	(1,992,601)
Other income	10,096	5,760
Other expense	(2,747)	(40,875)
Operating income	1,423,489	2,055,973
Financial income	271,015	67,860
Financial expense	(733)	(133,609)
Share of income (loss) of affiliates accounted for using equity method	(751)	590
Profit before tax	1,693,020	1,990,814
Income tax expense	(588,943)	(758,996)
Net profit	1,104,077	1,231,818
Profit attributable to:		
Shareholders of Cookpad Inc.	1,109,637	1,210,337
Non-controlling interests	(5,560)	21,481
Net profit	1,104,077	1,231,818
Earnings per share		
Basic (yen)	10.39	11.30
Diluted (yen)	10.19	11.17

Condensed Statements of Comprehensive Income
The First Six Months of FY2015 and FY2016

(Thousands of yen)

	Six months ended June 30, 2015 (January 1 - June 30, 2015)	Six months ended June 30, 2016 (January 1 - June 30, 2016)
Net profit	1,824,854	2,350,045
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(39,836)	(606,202)
Total items that may be reclassified subsequently to profit or loss	(39,836)	(606,202)
Other comprehensive income, net of tax	(39,836)	(606,202)
Comprehensive income	1,785,018	1,743,843
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	1,801,232	1,688,240
Non-controlling interests	(16,214)	55,603
Comprehensive income	1,785,018	1,743,843

The Second Quarter of FY2015 and FY2016

(Thousands of yen)

	Three months ended June 30, 2015 (April 1 - June 30, 2015)	Three months ended June 30, 2016 (April 1 - June 30, 2016)
Net profit	1,104,077	1,231,818
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	112,510	(391,005)
Total items that may be reclassified subsequently to profit or loss	112,510	(391,005)
Other comprehensive income, net of tax	112,510	(391,005)
Comprehensive income	1,216,587	840,813
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	1,222,147	819,332
Non-controlling interests	(5,560)	21,481
Comprehensive income	1,216,587	840,813

(3) Condensed Consolidated Statements of Changes in Equity

The First Six Months ended June 30, 2015 (January 1 – June 30, 2015)

(Thousands of yen)

	Equity attributable to shareholders of Cookpad Inc.						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Equity attributable to shareholders of Cookpad Inc.		
Balance as of January 1, 2015	5,205,096	5,174,677	6,933,775	(1,186)	248,653	17,561,015	70,533	17,631,548
Net profit	-	-	1,841,068	-	-	1,841,068	(16,214)	1,824,854
Other comprehensive income	-	-	-	-	(39,836)	(39,836)	-	(39,836)
Total comprehensive income	-	-	1,841,068	-	(39,836)	1,801,232	(16,214)	1,785,018
Issuance of new shares	4,043	4,043	-	-	-	8,086	-	8,086
Share-based payment transaction	-	1,296	-	-	1,680	2,976	-	2,976
Dividends to shareholders	-	-	(427,123)	-	-	(427,123)	-	(427,123)
Effect of business combination	-	-	-	-	-	-	3,600	3,600
Total transactions with shareholders	4,043	5,339	(427,123)	-	1,680	(416,061)	3,600	(412,461)
Balance as of June 30, 2015	5,209,139	5,180,016	8,347,720	(1,186)	210,497	18,946,186	57,919	19,004,105

The First Six Months of ended June 30, 2016 (January 1 – June 30, 2016)

(Thousands of yen)

	Equity attributable to shareholders of Cookpad Inc.						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Equity attributable to shareholders of Cookpad Inc.		
Balance as of January 1, 2016	5,230,172	5,106,560	10,597,299	(2,006)	146,254	21,078,279	2,317,861	23,396,140
Net profit	-	-	2,294,442	-	-	2,294,442	55,603	2,350,045
Other comprehensive income	-	-	-	-	(606,202)	(606,202)	-	(606,202)
Total comprehensive income	-	-	2,294,442	-	(606,202)	1,688,240	55,603	1,743,843
Issuance of new shares	35,050	35,050	-	-	-	70,100	-	70,100
Share-based payment transaction	-	(5,352)	-	-	(31,251)	(36,603)	-	(36,603)
Dividends to shareholders	-	-	(1,069,028)	-	-	(1,069,028)	-	(1,069,028)
Changes in ownership interests in subsidiaries that do not result in loss of control	-	(21,988)	-	-	-	(21,988)	13,773	(8,215)
Changes that result in loss of control	-	-	-	-	-	-	(1,532)	(1,532)
Total transactions with shareholders	35,050	7,710	(1,069,028)	-	(31,251)	(1,057,519)	12,241	(1,045,278)
Balance as of June 30, 2016	5,265,222	5,114,270	11,822,713	(2,006)	(491,198)	21,709,001	2,385,704	24,094,705

(4) Condensed Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended June 30, 2015 (January 1 - June 30, 2015)	Six months ended June 30, 2016 (January 1 - June 30, 2016)
Cash flows from operating activities		
Profit before tax	3,023,090	3,795,719
Depreciation and amortization	62,308	134,025
Financial (income) expense	(383,478)	275,647
Other income	(10,291)	-
Share of (income) loss of affiliates accounted for using equity method	1,507	1,533
Net (increase) decrease of trade and other receivables	(9,906)	341,151
Net increase (decrease) of trade and other payables	29,493	(212,957)
Other	22,452	11,693
Subtotal	2,735,175	4,346,811
Interest and dividend income received	3,368	4,815
Interest expenses paid	(1,184)	(1,541)
Income taxes paid	(568,010)	(1,823,180)
Net cash and cash equivalents provided by operating activities	2,169,349	2,526,905
Cash flows from investing activities		
Purchase of property, plant and equipment	(44,952)	(27,052)
Proceeds from sales of property, plant and equipment	-	66
Purchase of intangible assets	(9,528)	(42,028)
Purchase of investments	(1,018,360)	(351,934)
Proceeds from sales of investments	4,157	208,667
Purchase of subsidiaries	(2,213,558)	-
Proceeds from sales of subsidiaries	-	163,606
Purchase of affiliates' shares	(2,914,212)	-
Proceeds from sales of affiliates' shares	-	105,500
Other	(1)	(71,416)
Net cash and cash equivalents used in investing activities	(6,196,454)	(14,591)

(Thousands of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term debt	(70,000)	10,000
Repayments of long-term debt	(9,162)	(72,176)
Proceeds from issuance of new shares	6,234	54,962
Repurchase of stock warrants	-	(36,866)
Cash dividends paid	(427,123)	(1,069,028)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(27,552)
Proceeds from non-controlling shareholders	-	13,500
Other	1	(2,467)
Net cash and cash equivalents used in financing activities	(500,050)	(1,129,628)
Net increase (decrease) in cash and cash equivalents	(4,527,155)	1,382,686
Cash and cash equivalents at beginning of period	13,327,038	13,048,498
Effect of exchange rate change on cash and cash equivalents	(8,793)	(346,920)
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(22,987)	-
Cash and cash equivalents at end of period	8,768,103	14,084,265

(5) Notes on the Going Concern Assumption

Not applicable

(6) Notes on the Condensed Consolidated Financial Statements

1. Cookpad Inc.

Cookpad Inc. (the “Company”) is a Japan-based company. Its condensed consolidated financial statements for the six months ended June 30, 2016 comprise results of the Company and its subsidiaries (the “Group”) as well as the Group’s equity in affiliates.

With a corporate mission of “Make Everyday Cooking Fun,” the Group primarily provides recipe services through “Cookpad,” an Internet site which allows users to post and search cooking recipes.

2. Basis for Preparation of Financial Statements

(1) Compliance with International Financial Reporting Standards (IFRS)

The condensed quarterly consolidated financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting,” pursuant to Article 93 of the *Ordinance on the Terminology, Format and Preparation of Quarterly Consolidated Financial Statements* (Cabinet Office Ordinance No. 64, 2007), as either of requirements of “Specified Company” stipulated in Article 1-2 of the Ordinance No. 64 have been fulfilled.

Since these condensed consolidated financial statements do not include all of the information required in the consolidated financial statements for a full financial year, they should be used in combination with the consolidated financial statements for the fiscal year ended December 31, 2015.

(2) Bases of measurement

The condensed consolidated financial statements are prepared on the acquisition cost basis with the exception of specific financial instruments measured at their fair values.

(3) Functional currency and presentation currency

The condensed consolidated financial statements are presented in Japanese yen, which is the Company's functional currency, and all financial information is rounded to the nearest thousand yen.

3. Principal Accounting Policy

Principal accounting policies applied in preparation of the condensed consolidated financial statements are the same with those applied in the consolidated financial statements for the fiscal year ended December 31, 2015, unless otherwise stated.

Income taxes expense for the first six months of the fiscal year ending December 31, 2016 is calculated based on the average effective tax rate expected for the full financial year.

4. Significant Accounting Estimates and Judgments

In preparing the condensed consolidated financial statements, management is required to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. The effect of changes in accounting estimates is recognized in the period in which the estimate is revised and future periods that are affected.

The management's estimates and judgements that have a significant influence on the amounts recognized in these condensed consolidated financial statements are the same with those in the consolidated financial statements for the previous fiscal year ended December 31, 2015.

5. Segment Information

(1) Overview of reportable segments

A reportable segment is a component of the Group for which separate financial information is available that is evaluated regularly by management meeting in deciding how to allocate resources and in assessing performance. Business segment is a component of business activities that includes transactions with other business segments, generates revenues and incurs expenses.

The Group has business divisions and subsidiaries based on product and service categories, and each of them formulates a comprehensive strategy for both domestic and global markets according to the products and services.

The Group's operations are therefore segmented based on the products and services handled by each of the divisions and subsidiaries and classified into two reportable segments, namely, "Internet/Media" and "EC."

The Internet/Media segment primarily provides recipe services through "Cookpad," an Internet site which allows users to post and search cooking recipes.

The EC segment operates "Angers," an online home & kitchen store.

The Other businesses segment comprises businesses that are not included in reportable segments, such as provision of services for expectant/nursing mothers and babies through maternity hospital.

(2) Sales revenue, income or loss, and other amounts by reportable segment

Intersegment revenue is based on prevailing market price.

Sales revenue, income or loss, and other amounts by reportable segment are as follows.

The First Six Months ended June 30, 2015 (January 1 – June 30, 2015)

(Thousands of yen)

	Reportable segments			Other businesses	Total	Adjustments	Consolidated
	Internet/Media	EC	Total				
Sales revenue							
Outside	5,486,273	689,182	6,175,455	-	6,175,455	-	6,175,455
Intersegment revenue	-	-	-	-	-	-	-
Total	5,486,273	689,182	6,175,455	-	6,175,455	-	6,175,455
Segment income*	2,557,754	52,592	2,610,346	-	2,610,346	-	2,610,346
Other income (expense) (net)							8,740
Operating income							2,619,086
Financial income (expense) (net)							405,511
Share of income (loss) of affiliates accounted for using equity method							(1,507)
Profit before tax							3,023,090

*Note: Segment income is calculated by subtracting cost of sales and selling, general and administrative expense from sales revenue.

The First Six Months ended June 30, 2016 (January 1 – June 30, 2016)

(Thousands of yen)

	Reportable segments			Other businesses	Total	Adjustments	Consolidated
	Internet/Media	EC	Total				
Sales revenue							
Outside	8,106,615	701,097	8,807,712	105,035	8,912,747	-	8,912,747
Intersegment revenue	-	-	-	-	-	-	-
Total	8,106,615	701,097	8,807,712	105,035	8,912,747	-	8,912,747
Segment income (loss)*	4,187,015	25,049	4,212,065	(55,296)	4,156,768	-	4,156,768
Other income (expense) (net)							(29,772)
Operating income							4,126,996
Financial income (expense) (net)							(329,744)
Share of income (loss) of affiliates accounted for using equity method							(1,533)
Profit before tax							3,795,719

*Note: Segment income (loss) is calculated by subtracting cost of sales and selling, general and administrative expense from sales revenue.

The Three Months ended June 30, 2015 (April 1 – June 30, 2015)

(Thousands of yen)

	Reportable segments			Other businesses	Total	Adjustments	Consolidated
	Internet/Media	EC	Total				
Sales revenue							
Outside	2,891,723	400,509	3,292,232	-	3,292,232	-	3,292,232
Intersegment revenue	-	-	-	-	-	-	-
Total	2,891,723	400,509	3,292,232	-	3,292,232	-	3,292,232
Segment income*	1,375,666	40,474	1,416,140	-	1,416,140	-	1,416,140
Other income (expense) (net))							7,349
Operating income							1,423,489
Financial income (expense) (net)							270,282
Share of income (loss) of affiliates accounted for using equity method							(751)
Profit before tax							1,693,020

*Note: Segment income is calculated by subtracting cost of sales and selling, general and administrative expense from sales revenue.

The Three Months ended June 30, 2016 (April 1 – June 30, 2016)

(Thousands of yen)

	Reportable segments			Other businesses	Total	Adjustments	Consolidated
	Internet/Media	EC	Total				
Sales revenue							
Outside	4,055,527	410,796	4,466,323	56,799	4,523,121	-	4,523,121
Intersegment revenue	-	-	-	-	-	-	-
Total	4,055,527	410,796	4,466,323	56,799	4,523,121	-	4,523,121
Segment income (loss)*	2,088,633	27,247	2,115,879	(24,791)	2,091,089	-	2,091,089
Other income(expense) (net)							(35,116)
Operating income							2,055,973
Financial income (expense) (net)							(65,749)
Share of income (loss) of affiliates accounted for using equity method							590
Profit before tax							1,990,814

*Note: Segment income (loss) is calculated by subtracting cost of sales and selling, general and administrative expense from sales revenue.

6. Subsequent Events

Not applicable