

March 31, 2015

Company name: Aucfan Co., Ltd.
Representative: Shuichi Takenaga, President and Representative Director
(Stock code: 3674, TSE Mothers)
Contact: Junji Hamada, Director and Manager of the Business
Administration Department
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Notice Concerning the Recording of Extraordinary Income Following Stock Transfer of Consolidated Subsidiary

Grand Design & Company Co., Ltd., a consolidated subsidiary of Aucfan Co., Ltd., has transferred a portion of the shares that it holds in Grand Design Co., Ltd., its consolidated subsidiary, to three outside operating companies. The expected amount of the increase in consolidated net income for the fiscal year ending in September 2015 due to the recording of extraordinary income following the stock transfer is more than 30% higher than the amount of net income recorded in the fiscal year ended September 2014. Details are as follows.

I . Recording of Extraordinary Income and Its Impact on Earnings

As a result of this sale of stock, Aucfan Co., Ltd. expects to record an approximate ¥80 million as “gain on the sale of its subsidiary’s stock” under Extraordinary Income in the consolidated results of Aucfan Co., Ltd. for the fiscal year ending September 2015. Considering tax expenses including tax effects, consolidated net income is expected to increase by about ¥80 million.

II . Reason for Sale of Stock

Grand Design Co., Ltd. was established through an incorporation-type company split on November 18, 2014 as a specialized operating entity of the Omni-Channel platform business. Grand Design Co., Ltd. is linking up with a variety of channels (store, product, website, e-commerce, etc.) of participating companies and increasing the number of new customers by providing them the chance to acquire active coupon incentives via capsule toys (commonly known as denshi-gacha) in popular store and famous brand apps. Further, the various incentives acquired by breaking the seal of the capsule toy denshi-gacha support the furtherance of Omni-Channel* policies by linking up with the POS data of participating companies.

By seeking to increase the capital of the outside operating companies through Grand Design’s stock transfer, Grand Design aims to accelerate the expansion of participating companies for its services.

* Omni-Channel integrates a variety of sales and distribution channels including brick-and-mortar stores and online stores. As a concept, by establishing such an integrated sales channel, Omni-Channel seeks to establish an environment in which any product can be purchased in the same way as it can be from any other channel.

III. Overview of Grand Design Co., Ltd.

(1) Company name	Grand Design Co., Ltd.	
(2) Address	Sumitomo Fudosan Shibuya Humax Building 6F, 1-14-6 Dogenzaka, Shibuya-ku, Tokyo	
(3) Representative	Kazuya Ogawa CEO	
(4) Capital	¥20 million	
(5) Main lines of business	Omni-Channel platform	
(6) Established	November 18, 2014	
(7) Principal shareholder and shareholding ratio	Grand Design & Company Co., Ltd.	
(8) Relationship between listed company and company in question	Capital relationship	Grand Design & Company Co., Ltd., a consolidated subsidiary of Aucfan Co., Ltd., holds shares in Grand Design Co., Ltd. and has been made a consolidated subsidiary of Aucfan Co., Ltd.
	Personal relationships	Three Aucfan Co., Ltd. directors have been dispatched to Grand Design Co., Ltd. as directors and one Aucfan auditor has been dispatch to Grand Design as an auditor.
	Business relationships	N/A
(9) Earnings results of Grand Design Co., Ltd. for the most recent three year period and its financial position	Not applicable as Grand Design Co., Ltd. was established on November 18, 2014.	

IV. Overview of Transferor of Stock Transfer (Grand Design & Company Co., Ltd.)

(1) Company name	Grand Design & Company Co., Ltd.
(2) Address	Sumitomo Fudosan Shibuya Humax Building 6F, 1-14-6 Dogenzaka, Shibuya-ku, Tokyo
(3) Representative	Kazuya Ogawa CEO
(4) Capital	¥134 million
(5) Main lines of business	Digital marketing
(6) Established	July 22, 2004
(7) Principal shareholder and shareholding ratio	Aucfan Co., Ltd. 100%

Grand Design & Company Co., Ltd., currently in the process of merging with Aucfan Co., Ltd., plans to conduct an absorption-type merger with Aucfan Co., Ltd. effective April 1, 2015.

V. Overview of Transferees of Stock Transfer

(1) Company Names	REAL WORLD, inc., Vector Group International Limited, Adways Inc.
(2) Relationship between listed company and business partners in question	The listed company and REAL WORLD, inc. have capital and business alliance relationships. There are no relationships between the other parties to report.

VI. Number of Shares Transferred, Transfer Price, and Shares Held Before and After the Transfer

(1) Number of shares held before transfer	1,600 shares (number of voting rights: 1,600; percentage of voting rights: 80%)*
(2) Number of shares transferred	359 shares (number of voting rights: 359; percentage of voting rights: 17.95%; transfer price: ¥280,000)
(3) Number of shares held after transfer	1,241 shares (number of voting rights: 1,241; percentage of voting rights: 62.05%)

* 20% of Grand Design Co., Ltd. shares were transferred to its management team on November 18, 2014.

VII. Transfer Schedule (Transfer Schedule of Grand Design & Company Co., Ltd.)

(1) Resolution date of the board of directors	February 18, 2015
(2) Execution date of share transfer agreement	February 25, 2015
(3) Execution date of share transfer	February 25, 2015

VIII. Outlook

The impact this will have on the consolidated earnings forecast for the fiscal year ending September 2015 is now being carefully studied. Should it become necessary to revise the earnings forecast, we will announce once it has been decided.

(Reference) Earnings forecast for the fiscal year ending September 2015 (announced on November 13, 2014) and results for the fiscal year ended September 2014

	Net sales	Operating income	Ordinary income	Net income
Earnings forecast (consolidated) for fiscal year ending September 2015	¥1,500 million	¥170 million	¥171 million	¥100 million
Previous fiscal year's earnings (nonconsolidated), the fiscal year ended September 2014	¥1,006 million	¥406 million	¥412 million	¥250 million