

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2016 (Based on Japanese GAAP)

July 29, 2016

Company name: DOSHISHA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 7483 URL <http://www.doshisha.co.jp>
 Representative: President and Chief Operating Officer Masayuki Nomura
 Director Executive Officer In Charge of
 Inquiries: Financial & Accounting Foreign Trade Takahiro Matsumoto TEL 06-6121-5669
 Operation Business Management
 Scheduled date to file Quarterly Securities Report: August 12, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2016	25,775	(0.3)	1,955	9.6	1,906	2.5	1,256	6.5
Three months ended June 30, 2015	25,853	8.8	1,784	16.8	1,859	16.4	1,180	19.4

Note: Comprehensive income Three months ended June 30, 2016 ¥(300) million [(127.3)%]
 Three months ended June 30, 2015 ¥1,099 million [45.5 %]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	34.41		34.25	
Three months ended June 30, 2015	31.69		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	77,658	57,005	71.7	1,524.27
As of March 31, 2016	76,806	58,163	74.0	1,557.17

Reference: Equity As of June 30, 2016: ¥55,661 million
 As of March 31, 2016: ¥56,863 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2016	–	20.00	–	25.00	45.00
Year ending March 31, 2017	–	–	–	–	–
Year ending March 31, 2017 (Forecast)	–	25.00	–	25.00	50.00

Notes: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	56,700	7.8	4,150	12.8	4,150	9.2	2,800	15.2	76.68
Full year	120,000	8.3	9,500	8.7	9,500	6.5	6,400	11.2	175.26

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- | | |
|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | No |
| Restatement of prior period financial statements: | No |

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2016	∴	37,375,636 shares	As of March 31, 2016	∴	37,375,636 shares
---------------------	---	-------------------	----------------------	---	-------------------

Number of treasury shares at the end of the period

As of June 30, 2016	∴	858,658 shares	As of March 31, 2016	∴	858,658 shares
---------------------	---	----------------	----------------------	---	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2016	∴	36,516,978 shares	Three months ended June 30, 2015	∴	37,234,200 shares
----------------------------------	---	-------------------	----------------------------------	---	-------------------

* Indication regarding execution of quarterly review procedures

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

* Proper use of forecasts of financial results, and other special matters

Caution concerning forward-looking statements

The forward-looking statements, including the earnings forecasts shown in this document, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	32,993	29,053
Notes and accounts receivable - trade	15,616	17,995
Electronically recorded monetary claims - operating	789	961
Merchandise and finished goods	9,332	11,345
Short-term loans receivable	19	15
Other	1,673	2,080
Allowance for doubtful accounts	(1)	(3)
Total current assets	60,423	61,447
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,597	7,569
Accumulated depreciation	(3,746)	(3,783)
Buildings and structures, net	3,851	3,786
Land	9,174	9,174
Other	1,891	1,959
Accumulated depreciation	(1,326)	(1,361)
Other, net	565	597
Total property, plant and equipment	13,591	13,558
Intangible assets	119	112
Investments and other assets		
Investment securities	1,475	1,281
Long-term loans receivable	32	28
Other	1,182	1,254
Allowance for doubtful accounts	(19)	(26)
Total investments and other assets	2,671	2,539
Total non-current assets	16,382	16,210
Total assets	76,806	77,658
Liabilities		
Current liabilities		
Accounts payable - trade	4,816	6,011
Income taxes payable	1,881	569
Provision for directors' bonuses	73	16
Provision for bonuses	40	12
Other	3,936	6,140
Total current liabilities	10,747	12,750
Non-current liabilities		
Long-term loans payable	7,000	7,000
Net defined benefit liability	550	555
Asset retirement obligations	56	56
Other	287	289
Total non-current liabilities	7,894	7,902
Total liabilities	18,642	20,652

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,043	6,043
Retained earnings	48,803	49,147
Treasury shares	(1,777)	(1,777)
Total shareholders' equity	58,063	58,406
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	188	60
Deferred gains or losses on hedges	(1,255)	(2,573)
Foreign currency translation adjustment	81	(25)
Remeasurements of defined benefit plans	(215)	(206)
Total accumulated other comprehensive income	(1,199)	(2,745)
Subscription rights to shares	402	457
Non-controlling interests	897	885
Total net assets	58,163	57,005
Total liabilities and net assets	76,806	77,658

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	25,853	25,775
Cost of sales	19,517	18,973
Gross profit	6,335	6,801
Selling, general and administrative expenses	4,551	4,845
Operating income	1,784	1,955
Non-operating income		
Interest income	0	0
Dividend income	7	10
Foreign exchange gains	68	-
Other	14	11
Total non-operating income	91	22
Non-operating expenses		
Interest expenses	1	1
Commission fee	4	7
Foreign exchange losses	-	61
Loss on valuation of investment securities	3	-
Other	6	1
Total non-operating expenses	17	72
Ordinary income	1,859	1,906
Profit before income taxes	1,859	1,906
Income taxes - current	547	494
Income taxes - deferred	66	78
Total income taxes	614	573
Profit	1,244	1,332
Profit attributable to non-controlling interests	64	76
Profit attributable to owners of parent	1,180	1,256

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	1,244	1,332
Other comprehensive income		
Valuation difference on available-for-sale securities	88	(128)
Deferred gains or losses on hedges	(275)	(1,318)
Foreign currency translation adjustment	37	(194)
Remeasurements of defined benefit plans, net of tax	4	8
Total other comprehensive income	(145)	(1,633)
Comprehensive income	1,099	(300)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,019	(288)
Comprehensive income attributable to non-controlling interests	80	(11)

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Cash flows from operating activities		
Profit before income taxes	1,859	1,906
Depreciation	120	102
Increase (decrease) in provision for directors' bonuses	(43)	(56)
Increase (decrease) in provision for bonuses	(34)	(27)
Increase (decrease) in allowance for doubtful accounts	(0)	8
Increase (decrease) in net defined benefit liability	(10)	17
Interest and dividend income	(8)	(11)
Interest expenses	1	1
Loss (gain) on valuation of investment securities	3	-
Decrease (increase) in notes and accounts receivable - trade	(1,460)	(2,577)
Decrease (increase) in inventories	(1,987)	(2,035)
Increase (decrease) in notes and accounts payable - trade	1,439	1,213
Increase (decrease) in accrued consumption taxes	(445)	107
Decrease (increase) in other current assets	(100)	(5)
Increase (decrease) in other current liabilities	411	213
Other, net	59	49
Subtotal	(194)	(1,091)
Interest and dividend income received	8	11
Interest expenses paid	(1)	(0)
Income taxes paid	(1,514)	(1,776)
Net cash provided by (used in) operating activities	(1,702)	(2,858)
Cash flows from investing activities		
Purchase of property, plant and equipment	(67)	(64)
Purchase of investment securities	(4)	(4)
Purchase of shares of subsidiaries and associates	(1)	-
Payments of loans receivable	(0)	-
Collection of loans receivable	3	7
Other payments	(6)	(4)
Other proceeds	2	0
Net cash provided by (used in) investing activities	(74)	(65)
Cash flows from financing activities		
Purchase of treasury shares	(278)	-
Repayments of lease obligations	(23)	(22)
Repayments of installment payables	(9)	(9)
Cash dividends paid	(726)	(891)
Net cash provided by (used in) financing activities	(1,037)	(923)
Effect of exchange rate change on cash and cash equivalents	18	(92)
Net increase (decrease) in cash and cash equivalents	(2,796)	(3,940)
Cash and cash equivalents at beginning of period	26,736	32,993
Cash and cash equivalents at end of period	23,940	29,053