

Translation

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

October 31, 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: November 11, 2016
 Scheduled date to commence dividend payments: December 7, 2016
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 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	%
Six months ended September 30, 2016	50,921	(3.2)	3,455	(6.1)	3,327	(12.5)	2,211	(9.0)
Six months ended September 30, 2015	52,603	7.9	3,678	28.0	3,800	25.7	2,429	22.2

Note: Comprehensive income Six months ended September 30, 2016 ¥1,041 million [(32.3)%]
 Six months ended September 30, 2015 ¥1,537 million [(44.9)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	60.73		60.47	
Six months ended September 30, 2015	65.53		65.39	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	78,465	57,145	71.3	1,553.94
As of March 31, 2016	76,806	58,163	74.0	1,557.17

Reference: Equity As of September 30, 2016: ¥55,929 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	–	25.00			
Year ending March 31, 2017 (Forecast)			–	25.00	50.00

Note: 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
Full year	114,000	2.8	8,600	(1.6)	8,500	(4.7)	5,760	0.1	159.03

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 30, 2016	37,375,636 shares	As of March 31, 2016	37,375,636 shares
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Number of treasury shares at the end of the period

As of September 30, 2016	1,383,658 shares	As of March 31, 2016	858,658 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	36,416,063 shares	Six months ended September 30, 2015	37,076,652 shares
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* 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 September 30, 2016
Assets		
Current assets		
Cash and deposits	32,993	33,794
Notes and accounts receivable - trade	15,616	15,538
Electronically recorded monetary claims - operating	789	1,364
Merchandise and finished goods	9,332	9,783
Short-term loans receivable	19	14
Other	1,673	1,801
Allowance for doubtful accounts	(1)	(3)
Total current assets	60,423	62,294
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,597	7,572
Accumulated depreciation	(3,746)	(3,826)
Buildings and structures, net	3,851	3,745
Land	9,174	9,174
Other	1,891	1,994
Accumulated depreciation	(1,326)	(1,416)
Other, net	565	578
Total property, plant and equipment	13,591	13,498
Intangible assets	119	113
Investments and other assets		
Investment securities	1,475	1,307
Long-term loans receivable	32	25
Other	1,182	1,250
Allowance for doubtful accounts	(19)	(23)
Total investments and other assets	2,671	2,559
Total non-current assets	16,382	16,171
Total assets	76,806	78,465
Liabilities		
Current liabilities		
Accounts payable - trade	4,816	5,761
Income taxes payable	1,881	1,056
Provision for directors' bonuses	73	30
Provision for bonuses	40	27
Other	3,936	5,560
Total current liabilities	10,747	12,435
Non-current liabilities		
Long-term loans payable	7,000	8,000
Net defined benefit liability	550	562
Asset retirement obligations	56	57
Other	287	264
Total non-current liabilities	7,894	8,884
Total liabilities	18,642	21,319

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,043	6,043
Retained earnings	48,803	50,102
Treasury shares	(1,777)	(2,825)
Total shareholders' equity	58,063	58,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	188	76
Deferred gains or losses on hedges	(1,255)	(2,224)
Foreign currency translation adjustment	81	(38)
Remeasurements of defined benefit plans	(215)	(197)
Total accumulated other comprehensive income	(1,199)	(2,384)
Subscription rights to shares	402	457
Non-controlling interests	897	758
Total net assets	58,163	57,145
Total liabilities and net assets	76,806	78,465

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	52,603	50,921
Cost of sales	39,908	37,898
Gross profit	12,694	13,023
Selling, general and administrative expenses	9,016	9,567
Operating income	3,678	3,455
Non-operating income		
Interest income	3	0
Dividend income	8	11
Gain on adjustment of account payable	33	35
Foreign exchange gains	58	–
Other	45	40
Total non-operating income	150	89
Non-operating expenses		
Interest expenses	3	2
Commission fee	10	14
Foreign exchange losses	–	194
Loss on valuation of investment securities	3	–
Other	10	7
Total non-operating expenses	28	218
Ordinary income	3,800	3,327
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	7	–
Total extraordinary losses	7	–
Profit before income taxes	3,793	3,327
Income taxes - current	1,244	973
Income taxes - deferred	8	25
Total income taxes	1,253	998
Profit	2,540	2,328
Profit attributable to non-controlling interests	110	116
Profit attributable to owners of parent	2,429	2,211

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	2,540	2,328
Other comprehensive income		
Valuation difference on available-for-sale securities	12	(112)
Deferred gains or losses on hedges	(987)	(969)
Foreign currency translation adjustment	(36)	(223)
Remeasurements of defined benefit plans, net of tax	8	17
Total other comprehensive income	(1,002)	(1,287)
Comprehensive income	1,537	1,041
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,435	1,027
Comprehensive income attributable to non-controlling interests	101	14

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	3,793	3,327
Depreciation	242	211
Increase (decrease) in provision for directors' bonuses	(25)	(43)
Increase (decrease) in provision for bonuses	(20)	(12)
Increase (decrease) in allowance for doubtful accounts	(0)	5
Increase (decrease) in net defined benefit liability	3	37
Interest and dividend income	(12)	(12)
Interest expenses	3	2
Decrease (increase) in notes and accounts receivable - trade	367	(464)
Decrease (increase) in inventories	(1,206)	(478)
Increase (decrease) in notes and accounts payable - trade	1,066	965
Increase (decrease) in accrued consumption taxes	(457)	172
Decrease (increase) in other current assets	(369)	94
Increase (decrease) in other current liabilities	596	145
Other, net	127	54
Subtotal	4,109	4,005
Interest and dividend income received	12	12
Interest expenses paid	(3)	(2)
Income taxes paid	(1,534)	(1,813)
Net cash provided by (used in) operating activities	2,583	2,201
Cash flows from investing activities		
Purchase of property, plant and equipment	(92)	(112)
Purchase of investment securities	(8)	(9)
Purchase of shares of subsidiaries and associates	(1)	-
Payments of loans receivable	(0)	-
Collection of loans receivable	8	11
Other payments	(10)	(12)
Other proceeds	3	1
Net cash provided by (used in) investing activities	(102)	(121)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	1,000
Purchase of treasury shares	(1,545)	(1,048)
Repayments of lease obligations	(46)	(44)
Repayments of installment payables	(19)	(19)
Cash dividends paid	(745)	(912)
Dividends paid to non-controlling interests	(61)	(152)
Net cash provided by (used in) financing activities	(2,419)	(1,177)
Effect of exchange rate change on cash and cash equivalents	(24)	(102)
Net increase (decrease) in cash and cash equivalents	37	800
Cash and cash equivalents at beginning of period	26,736	32,993
Cash and cash equivalents at end of period	26,774	33,794