

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

January 31, 2017

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: February 13, 2017
 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 nine months ended December 31, 2016 (from April 1, 2016 to December 31, 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	%
Nine months ended December 31, 2016	85,100	(3.3)	6,267	(15.1)	6,323	(16.6)	4,234	(13.9)
Nine months ended December 31, 2015	88,011	8.2	7,378	33.2	7,587	27.1	4,916	28.4

Note: Comprehensive income
 Nine months ended December 31, 2016 ¥5,594 million [43.3%]
 Nine months ended December 31, 2015 ¥3,904 million [(38.1)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2016	116.98		116.46	
Nine months ended December 31, 2015	133.18		132.55	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2016	78,974	59,847	74.0	1,645.88
As of March 31, 2016	76,806	58,163	74.0	1,557.17

Reference: Equity
 As of December 31, 2016: ¥58,460 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	Yen	Yen	Yen	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	106,000	(4.4)	6,900	(21.0)	7,000	(21.5)	4,600	(20.1)	127.64

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

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2016	1,856,408 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)

Nine months ended December 31, 2016	36,194,278 shares	Nine months ended December 31, 2015	36,916,819 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 December 31, 2016
Assets		
Current assets		
Cash and deposits	32,993	26,413
Notes and accounts receivable - trade	15,616	24,599
Electronically recorded monetary claims - operating	789	1,644
Merchandise and finished goods	9,332	8,403
Short-term loans receivable	19	14
Other	1,673	1,290
Allowance for doubtful accounts	(1)	(4)
Total current assets	60,423	62,362
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,597	7,595
Accumulated depreciation	(3,746)	(3,877)
Buildings and structures, net	3,851	3,717
Land	9,174	9,174
Other	1,891	2,392
Accumulated depreciation	(1,326)	(1,497)
Other, net	565	895
Total property, plant and equipment	13,591	13,787
Intangible assets	119	121
Investments and other assets		
Investment securities	1,475	1,501
Long-term loans receivable	32	22
Other	1,182	1,203
Allowance for doubtful accounts	(19)	(23)
Total investments and other assets	2,671	2,703
Total non-current assets	16,382	16,612
Total assets	76,806	78,974
Liabilities		
Current liabilities		
Accounts payable - trade	4,816	5,422
Income taxes payable	1,881	938
Provision for directors' bonuses	73	54
Provision for bonuses	40	35
Other	3,936	3,801
Total current liabilities	10,747	10,252
Non-current liabilities		
Long-term loans payable	7,000	8,000
Net defined benefit liability	550	568
Asset retirement obligations	56	57
Other	287	248
Total non-current liabilities	7,894	8,874
Total liabilities	18,642	19,126

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,043	6,043
Retained earnings	48,803	51,224
Treasury shares	(1,777)	(3,777)
Total shareholders' equity	58,063	58,484
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	188	193
Deferred gains or losses on hedges	(1,255)	(67)
Foreign currency translation adjustment	81	37
Remeasurements of defined benefit plans	(215)	(188)
Total accumulated other comprehensive income	(1,199)	(24)
Subscription rights to shares	402	457
Non-controlling interests	897	929
Total net assets	58,163	59,847
Total liabilities and net assets	76,806	78,974

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	88,011	85,100
Cost of sales	66,572	63,992
Gross profit	21,438	21,107
Selling, general and administrative expenses	14,060	14,840
Operating income	7,378	6,267
Non-operating income		
Interest income	4	1
Dividend income	16	20
Gain on adjustment of account payable	33	35
Foreign exchange gains	130	-
Other	63	51
Total non-operating income	248	109
Non-operating expenses		
Interest expenses	6	3
Commission fee	15	19
Foreign exchange losses	-	17
Loss on valuation of investment securities	3	-
Other	13	12
Total non-operating expenses	39	52
Ordinary income	7,587	6,323
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	7	-
Total extraordinary losses	7	-
Profit before income taxes	7,579	6,323
Income taxes - current	2,476	1,851
Income taxes - deferred	8	37
Total income taxes	2,485	1,888
Profit	5,094	4,435
Profit attributable to non-controlling interests	177	201
Profit attributable to owners of parent	4,916	4,234

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	5,094	4,435
Other comprehensive income		
Valuation difference on available-for-sale securities	60	4
Deferred gains or losses on hedges	(1,192)	1,188
Foreign currency translation adjustment	(92)	(60)
Remeasurements of defined benefit plans, net of tax	34	26
Total other comprehensive income	(1,189)	1,159
Comprehensive income	3,904	5,594
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,742	5,409
Comprehensive income attributable to non-controlling interests	161	185

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Cash flows from operating activities		
Profit before income taxes	7,579	6,323
Depreciation	368	334
Increase (decrease) in provision for directors' bonuses	7	(18)
Increase (decrease) in provision for bonuses	(9)	(4)
Increase (decrease) in allowance for doubtful accounts	0	6
Increase (decrease) in net defined benefit liability	12	56
Interest and dividend income	(20)	(21)
Interest expenses	6	3
Loss on valuation of shares of subsidiaries and associates	7	-
Loss (gain) on sales and valuation of investment securities	0	(0)
Decrease (increase) in notes and accounts receivable - trade	(9,237)	(9,763)
Decrease (increase) in inventories	(1,399)	937
Increase (decrease) in notes and accounts payable - trade	1,036	598
Increase (decrease) in accrued consumption taxes	(419)	454
Decrease (increase) in other current assets	(327)	(219)
Increase (decrease) in other current liabilities	755	1,065
Other, net	176	56
Subtotal	(1,461)	(186)
Interest and dividend income received	20	21
Interest expenses paid	(6)	(2)
Income taxes paid	(2,671)	(2,781)
Net cash provided by (used in) operating activities	(4,119)	(2,949)
Cash flows from investing activities		
Purchase of property, plant and equipment	(121)	(490)
Purchase of investment securities	(13)	(13)
Proceeds from sales of investment securities	6	0
Purchase of shares of subsidiaries and associates	(1)	-
Payments of loans receivable	(4)	(0)
Collection of loans receivable	16	15
Other payments	(16)	(18)
Other proceeds	3	1
Net cash provided by (used in) investing activities	(130)	(506)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	1,000
Purchase of treasury shares	(1,696)	(2,000)
Repayments of lease obligations	(68)	(66)
Repayments of installment payables	(25)	(25)
Cash dividends paid	(1,476)	(1,809)
Dividends paid to non-controlling interests	(61)	(152)
Net cash provided by (used in) financing activities	(3,329)	(3,054)
Effect of exchange rate change on cash and cash equivalents	(72)	(69)
Net increase (decrease) in cash and cash equivalents	(7,651)	(6,580)
Cash and cash equivalents at beginning of period	26,736	32,993
Cash and cash equivalents at end of period	19,085	26,413