

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

July 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: August 10, 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 three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2017	25,331	(1.7)	2,194	12.2	2,230	17.0	1,521	21.1
Three months ended June 30, 2016	25,775	(0.3)	1,955	9.6	1,906	2.5	1,256	6.5

Note: Comprehensive income Three months ended June 30, 2017 ¥1,943 million [–%]
 Three months ended June 30, 2016 ¥(300) million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	42.82		42.60	
Three months ended June 30, 2016	34.41		34.25	

(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, 2017	80,020	61,453	75.0	1,686.62
As of March 31, 2017	78,659	60,255	74.8	1,657.39

Reference: Equity As of June 30, 2017: ¥60,036 million
 As of March 31, 2017: ¥58,869 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, 2017	–	25.00	–	25.00	50.00
Year ending March 31, 2018	–				
Year ending March 31, 2018 (Forecast)		25.00	–	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, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2017	52,500	3.1	3,700	7.1	3,700	11.2	2,450	10.8	68.98
Full year	110,000	2.8	8,000	13.0	8,000	12.3	5,350	12.1	150.62

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, 2017
(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: No
- 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, 2017	∴	37,375,636 shares	As of March 31, 2017	∴	37,375,636 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	∴	1,780,108 shares	As of March 31, 2017	∴	1,856,408 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2017	∴	35,544,403 shares	Three months ended June 30, 2016	∴	36,516,978 shares
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* This quarterly financial results report is exempt from the quarterly review.

* 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, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	32,207	30,271
Notes and accounts receivable - trade	17,796	18,693
Electronically recorded monetary claims - operating	1,206	1,448
Merchandise and finished goods	8,247	10,282
Short-term loans receivable	14	17
Other	871	896
Allowance for doubtful accounts	(2)	(1)
Total current assets	60,342	61,608
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,568	7,566
Accumulated depreciation	(3,903)	(3,939)
Buildings and structures, net	3,665	3,626
Land	9,174	9,174
Construction in progress	2,008	2,008
Other	2,109	2,078
Accumulated depreciation	(1,522)	(1,540)
Other, net	586	538
Total property, plant and equipment	15,434	15,347
Intangible assets	123	120
Investments and other assets		
Investment securities	1,525	1,722
Long-term loans receivable	29	55
Other	1,210	1,169
Allowance for doubtful accounts	(7)	(3)
Total investments and other assets	2,758	2,943
Total non-current assets	18,317	18,411
Total assets	78,659	80,020
Liabilities		
Current liabilities		
Accounts payable - trade	5,008	6,266
Income taxes payable	1,156	701
Provision for directors' bonuses	64	19
Provision for bonuses	43	17
Other	3,186	2,627
Total current liabilities	9,459	9,633
Non-current liabilities		
Long-term loans payable	8,000	8,000
Net defined benefit liability	589	599
Asset retirement obligations	57	58
Provision for environmental measures	52	56
Other	243	219
Total non-current liabilities	8,944	8,933
Total liabilities	18,403	18,566

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,043	6,053
Retained earnings	51,761	52,395
Treasury shares	(3,777)	(3,621)
Total shareholders' equity	59,021	59,820
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	211	345
Deferred gains or losses on hedges	(193)	1
Foreign currency translation adjustment	18	48
Remeasurements of defined benefit plans	(189)	(180)
Total accumulated other comprehensive income	(152)	215
Subscription rights to shares	456	434
Non-controlling interests	929	983
Total net assets	60,255	61,453
Total liabilities and net assets	78,659	80,020

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, 2016	Three months ended June 30, 2017
Net sales	25,775	25,331
Cost of sales	18,973	18,212
Gross profit	6,801	7,118
Selling, general and administrative expenses	4,845	4,924
Operating profit	1,955	2,194
Non-operating income		
Interest income	0	0
Dividend income	10	12
Foreign exchange gains	–	2
Other	11	34
Total non-operating income	22	50
Non-operating expenses		
Interest expenses	1	1
Commission fee	7	7
Foreign exchange losses	61	–
Other	1	5
Total non-operating expenses	72	14
Ordinary profit	1,906	2,230
Extraordinary income		
Gain on reversal of subscription rights to shares	–	3
Total extraordinary income	–	3
Extraordinary losses		
Provision for environmental measures	–	3
Total extraordinary losses	–	3
Profit before income taxes	1,906	2,230
Income taxes - current	494	632
Income taxes - deferred	78	22
Total income taxes	573	654
Profit	1,332	1,575
Profit attributable to non-controlling interests	76	53
Profit attributable to owners of parent	1,256	1,521

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	1,332	1,575
Other comprehensive income		
Valuation difference on available-for-sale securities	(128)	133
Deferred gains or losses on hedges	(1,318)	195
Foreign currency translation adjustment	(194)	29
Remeasurements of defined benefit plans, net of tax	8	9
Total other comprehensive income	(1,633)	367
Comprehensive income	(300)	1,943
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(288)	1,889
Comprehensive income attributable to non-controlling interests	(11)	53

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	1,906	2,230
Depreciation	102	102
Increase (decrease) in provision for directors' bonuses	(56)	(45)
Increase (decrease) in provision for bonuses	(27)	(26)
Increase (decrease) in allowance for doubtful accounts	8	(5)
Increase (decrease) in net defined benefit liability	17	22
Increase (decrease) in provision for environmental measures	–	3
Interest and dividend income	(11)	(12)
Interest expenses	1	1
Decrease (increase) in notes and accounts receivable - trade	(2,577)	(1,142)
Decrease (increase) in inventories	(2,035)	(2,036)
Increase (decrease) in notes and accounts payable - trade	1,213	1,259
Increase (decrease) in accrued consumption taxes	107	(215)
Decrease (increase) in other current assets	(5)	(81)
Increase (decrease) in other current liabilities	213	(166)
Other, net	49	5
Subtotal	(1,091)	(106)
Interest and dividend income received	11	12
Interest expenses paid	(0)	(0)
Income taxes paid	(1,776)	(1,063)
Net cash provided by (used in) operating activities	(2,858)	(1,157)
Cash flows from investing activities		
Purchase of property, plant and equipment	(64)	(9)
Purchase of investment securities	(4)	(4)
Payments of loans receivable	–	(33)
Collection of loans receivable	7	3
Other payments	(4)	(12)
Other proceeds	0	0
Net cash provided by (used in) investing activities	(65)	(54)
Cash flows from financing activities		
Proceeds from sales of treasury shares	–	145
Repayments of lease obligations	(22)	(22)
Repayments of installment payables	(9)	(9)
Cash dividends paid	(891)	(867)
Net cash provided by (used in) financing activities	(923)	(753)
Effect of exchange rate change on cash and cash equivalents	(92)	29
Net increase (decrease) in cash and cash equivalents	(3,940)	(1,936)
Cash and cash equivalents at beginning of period	32,993	32,207
Cash and cash equivalents at end of period	29,053	30,271