

Translation

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

October 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: November 13, 2017
 Scheduled date to commence dividend payments: December 11, 2017
 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, 2017 (from April 1, 2017 to September 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	%
Six months ended September 30, 2017	50,426	(1.0)	3,769	9.1	3,882	16.7	2,645	19.6
Six months ended September 30, 2016	50,921	(3.2)	3,455	(6.1)	3,327	(12.5)	2,211	(9.0)

Note: Comprehensive income Six months ended September 30, 2017 ¥3,222 million [209.5%]
 Six months ended September 30, 2016 ¥1,041 million [(32.3)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	74.08		73.61	
Six months ended September 30, 2016	60.73		60.47	

(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, 2017	83,675	63,784	75.0	1,729.82
As of March 31, 2017	78,659	60,255	74.8	1,657.39

Reference: Equity As of September 30, 2017: ¥62,725 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	–	25.00	–	–	–
Year ending March 31, 2018 (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, 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
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 six months ended September 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 September 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 September 30, 2017	1,114,408 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)

Six months ended September 30, 2017	35,716,413 shares	Six months ended September 30, 2016	36,416,063 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 September 30, 2017
Assets		
Current assets		
Cash and deposits	32,207	34,923
Notes and accounts receivable - trade	17,796	15,970
Electronically recorded monetary claims - operating	1,206	2,395
Merchandise and finished goods	8,247	8,747
Short-term loans receivable	14	24
Other	871	1,243
Allowance for doubtful accounts	(2)	(1)
Total current assets	60,342	63,304
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,568	7,574
Accumulated depreciation	(3,903)	(3,984)
Buildings and structures, net	3,665	3,590
Land	9,174	9,174
Construction in progress	2,008	4,008
Other	2,109	2,090
Accumulated depreciation	(1,522)	(1,587)
Other, net	586	503
Total property, plant and equipment	15,434	17,276
Intangible assets	123	127
Investments and other assets		
Investment securities	1,525	1,758
Long-term loans receivable	29	54
Other	1,210	1,156
Allowance for doubtful accounts	(7)	(1)
Total investments and other assets	2,758	2,967
Total non-current assets	18,317	20,371
Total assets	78,659	83,675
Liabilities		
Current liabilities		
Accounts payable - trade	5,008	6,927
Income taxes payable	1,156	1,268
Provision for directors' bonuses	64	34
Provision for bonuses	43	32
Other	3,186	2,702
Total current liabilities	9,459	10,965
Non-current liabilities		
Long-term loans payable	8,000	8,000
Net defined benefit liability	589	606
Asset retirement obligations	57	58
Provision for environmental measures	52	56
Other	243	204
Total non-current liabilities	8,944	8,925
Total liabilities	18,403	19,891

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,043	6,140
Retained earnings	51,761	53,519
Treasury shares	(3,777)	(2,267)
Total shareholders' equity	59,021	62,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	211	367
Deferred gains or losses on hedges	(193)	107
Foreign currency translation adjustment	18	36
Remeasurements of defined benefit plans	(189)	(171)
Total accumulated other comprehensive income	(152)	340
Subscription rights to shares	456	264
Non-controlling interests	929	794
Total net assets	60,255	63,784
Total liabilities and net assets	78,659	83,675

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, 2016	Six months ended September 30, 2017
Net sales	50,921	50,426
Cost of sales	37,898	36,956
Gross profit	13,023	13,469
Selling, general and administrative expenses	9,567	9,700
Operating profit	3,455	3,769
Non-operating income		
Interest income	0	1
Dividend income	11	13
Gain on sales of investment securities	–	10
Gain on adjustment of account payable	35	20
Foreign exchange gains	–	41
Other	40	53
Total non-operating income	89	139
Non-operating expenses		
Interest expenses	2	2
Commission fee	14	13
Foreign exchange losses	194	–
Other	7	10
Total non-operating expenses	218	26
Ordinary profit	3,327	3,882
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	3,327	3,882
Income taxes - current	973	1,175
Income taxes - deferred	25	(18)
Total income taxes	998	1,157
Profit	2,328	2,725
Profit attributable to non-controlling interests	116	79
Profit attributable to owners of parent	2,211	2,645

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	2,328	2,725
Other comprehensive income		
Valuation difference on available-for-sale securities	(112)	155
Deferred gains or losses on hedges	(969)	301
Foreign currency translation adjustment	(223)	22
Remeasurements of defined benefit plans, net of tax	17	18
Total other comprehensive income	(1,287)	497
Comprehensive income	1,041	3,222
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,027	3,138
Comprehensive income attributable to non-controlling interests	14	84

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	3,327	3,882
Depreciation	211	205
Increase (decrease) in provision for directors' bonuses	(43)	(29)
Increase (decrease) in provision for bonuses	(12)	(11)
Increase (decrease) in allowance for doubtful accounts	5	(7)
Increase (decrease) in net defined benefit liability	37	43
Increase (decrease) in provision for environmental measures	–	3
Loss (gain) on sales of investment securities	–	(10)
Interest and dividend income	(12)	(14)
Interest expenses	2	2
Decrease (increase) in notes and accounts receivable - trade	(464)	637
Decrease (increase) in inventories	(478)	(499)
Increase (decrease) in notes and accounts payable - trade	965	1,918
Increase (decrease) in accrued consumption taxes	172	(314)
Decrease (increase) in other current assets	94	(331)
Increase (decrease) in other current liabilities	145	129
Other, net	54	10
Subtotal	4,005	5,613
Interest and dividend income received	12	14
Interest expenses paid	(2)	(0)
Income taxes paid	(1,813)	(1,087)
Net cash provided by (used in) operating activities	2,201	4,539
Cash flows from investing activities		
Purchase of property, plant and equipment	(112)	(2,025)
Purchase of investment securities	(9)	(9)
Proceeds from sales of investment securities	–	10
Payments of loans receivable	–	(43)
Collection of loans receivable	11	8
Other payments	(12)	(26)
Other proceeds	1	1
Net cash provided by (used in) investing activities	(121)	(2,084)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,000	–
Purchase of treasury shares	(1,048)	–
Proceeds from exercise of share options	–	1,416
Repayments of lease obligations	(44)	(42)
Repayments of installment payables	(19)	(15)
Cash dividends paid	(912)	(886)
Dividends paid to non-controlling interests	(152)	(219)
Net cash provided by (used in) financing activities	(1,177)	251
Effect of exchange rate change on cash and cash equivalents	(102)	8
Net increase (decrease) in cash and cash equivalents	800	2,716
Cash and cash equivalents at beginning of period	32,993	32,207
Cash and cash equivalents at end of period	33,794	34,923