

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

July 31, 2018

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
 Executive Officer
 Director In Charge Of Financial & Takahiro Matsumoto
 Inquiries: Accounting, Foreign Trade Operation, TEL 06-6121-5669
 Investigation, Business Management
 Scheduled date to file Quarterly Securities Report: August 10, 2018
 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, 2018 (from April 1, 2018 to June 30, 2018)

(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, 2018	24,998	(1.3)	1,985	(9.5)	2,064	(7.4)	1,337	(12.1)
Three months ended June 30, 2017	25,331	(1.7)	2,194	12.2	2,230	17.0	1,521	21.1

Note: Comprehensive income Three months ended June 30, 2018 ¥1,779 million [(8.4)%]
 Three months ended June 30, 2017 ¥1,943 million [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	36.09		36.02	
Three months ended June 30, 2017	42.82		42.60	

(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, 2018	89,568	68,327	75.1	1,804.47
As of March 31, 2018	86,985	66,594	75.5	1,778.84

Reference: Equity As of June 30, 2018: ¥67,253 million
 As of March 31, 2018: ¥65,687 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, 2018	–	25.00	–	25.00	50.00
Year ending March 31, 2019	–				
Year ending March 31, 2019 (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, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	52,500	4.1	3,900	3.5	3,900	0.5	2,700	2.0	73.12
Full year	110,000	6.2	8,400	8.1	8,500	6.2	5,800	5.6	157.07

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, 2018 (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, 2018	37,375,636 shares	As of March 31, 2018	37,375,636 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	105,408 shares	As of March 31, 2018	448,808 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, 2018	37,060,178 shares	Three months ended June 30, 2017	35,544,403 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	35,986	34,575
Notes and accounts receivable - trade	15,828	17,937
Electronically recorded monetary claims - operating	3,226	2,850
Merchandise and finished goods	8,368	10,846
Short-term loans receivable	273	249
Other	1,016	1,290
Allowance for doubtful accounts	(5)	(5)
Total current assets	64,694	67,743
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,896	12,775
Accumulated depreciation	(4,145)	(4,144)
Buildings and structures, net	8,751	8,630
Land	9,174	9,174
Other	2,585	2,585
Accumulated depreciation	(1,596)	(1,614)
Other, net	989	971
Total property, plant and equipment	18,914	18,775
Intangible assets	127	127
Investments and other assets		
Investment securities	1,776	1,711
Long-term loans receivable	36	3
Other	1,449	1,219
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	3,249	2,921
Total non-current assets	22,291	21,824
Total assets	86,985	89,568
Liabilities		
Current liabilities		
Accounts payable - trade	6,259	8,313
Income taxes payable	1,534	582
Provision for directors' bonuses	34	15
Provision for bonuses	26	16
Provision for loss on removal of fixed assets	—	73
Other	3,238	3,013
Total current liabilities	11,093	12,014
Non-current liabilities		
Long-term loans payable	8,000	8,000
Net defined benefit liability	582	587
Asset retirement obligations	58	9
Provision for environmental measures	55	48
Other	600	580
Total non-current liabilities	9,297	9,226
Total liabilities	20,391	21,240

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,226	6,270
Retained earnings	55,458	55,872
Treasury shares	(913)	(214)
Total shareholders' equity	65,763	66,921
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	380	328
Deferred gains or losses on hedges	(320)	125
Foreign currency translation adjustment	(11)	(5)
Remeasurements of defined benefit plans	(124)	(116)
Total accumulated other comprehensive income	(76)	331
Share acquisition rights	94	6
Non-controlling interests	812	1,067
Total net assets	66,594	68,327
Total liabilities and net assets	86,985	89,568

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, 2017	Three months ended June 30, 2018
Net sales	25,331	24,998
Cost of sales	18,212	17,721
Gross profit	7,118	7,276
Selling, general and administrative expenses	4,924	5,290
Operating profit	2,194	1,985
Non-operating income		
Interest income	0	1
Dividend income	12	56
Foreign exchange gains	2	0
Other	34	28
Total non-operating income	50	86
Non-operating expenses		
Interest expenses	1	1
Commission fee	7	4
Other	5	2
Total non-operating expenses	14	7
Ordinary profit	2,230	2,064
Extraordinary income		
Gain on reversal of share acquisition rights	3	–
Total extraordinary income	3	–
Extraordinary losses		
Provision for loss on removal of fixed assets	–	73
Impairment loss	–	33
Provision for environmental measures	3	–
Total extraordinary losses	3	107
Profit before income taxes	2,230	1,957
Income taxes - current	632	536
Income taxes - deferred	22	54
Total income taxes	654	590
Profit	1,575	1,366
Profit attributable to non-controlling interests	53	28
Profit attributable to owners of parent	1,521	1,337

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	1,575	1,366
Other comprehensive income		
Valuation difference on available-for-sale securities	133	(52)
Deferred gains or losses on hedges	195	446
Foreign currency translation adjustment	29	11
Remeasurements of defined benefit plans, net of tax	9	8
Total other comprehensive income	367	413
Comprehensive income	1,943	1,779
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,889	1,746
Comprehensive income attributable to non-controlling interests	53	33

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	2,230	1,957
Depreciation	102	152
Increase (decrease) in provision for directors' bonuses	(45)	(19)
Increase (decrease) in provision for bonuses	(26)	(9)
Increase (decrease) in allowance for doubtful accounts	(5)	0
Increase (decrease) in net defined benefit liability	22	16
Increase (decrease) in provision for environmental measures	3	-
Increase (decrease) in provision for loss on removal of fixed assets	-	73
Impairment loss	-	33
Interest and dividend income	(12)	(57)
Interest expenses	1	1
Decrease (increase) in notes and accounts receivable - trade	(1,142)	(1,723)
Decrease (increase) in inventories	(2,036)	(2,463)
Increase (decrease) in notes and accounts payable - trade	1,259	2,045
Increase (decrease) in accrued consumption taxes	(215)	56
Decrease (increase) in other current assets	(81)	(77)
Increase (decrease) in other current liabilities	(166)	39
Other, net	5	(1)
Subtotal	(106)	22
Interest and dividend income received	12	57
Interest expenses paid	(0)	(1)
Income taxes paid	(1,063)	(1,426)
Net cash provided by (used in) operating activities	(1,157)	(1,348)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9)	(39)
Purchase of investment securities	(4)	(5)
Payments of loans receivable	(33)	(9)
Collection of loans receivable	3	67
Other payments	(12)	(9)
Other proceeds	0	0
Net cash provided by (used in) investing activities	(54)	3
Cash flows from financing activities		
Proceeds from exercise of share options	145	655
Repayments of lease obligations	(22)	(28)
Repayments of installment payables	(9)	(9)
Cash dividends paid	(867)	(901)
Proceeds from share issuance to non-controlling shareholders	-	220
Net cash provided by (used in) financing activities	(753)	(63)
Effect of exchange rate change on cash and cash equivalents	29	(2)
Net increase (decrease) in cash and cash equivalents	(1,936)	(1,411)
Cash and cash equivalents at beginning of period	32,207	35,986
Cash and cash equivalents at end of period	30,271	34,575