

Translation

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

October 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 & Accounting, Foreign Trade Operation, Investigation, Business Management Takahiro Matsumoto TEL 06-6121-5669
 Inquiries: TEL 06-6121-5669
 Scheduled date to file Quarterly Securities Report: November 12, 2018
 Scheduled date to commence dividend payments: December 10, 2018
 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, 2018 (from April 1, 2018 to September 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	%
Six months ended September 30, 2018	48,477	(3.9)	2,758	(26.8)	2,845	(26.7)	1,861	(29.7)
Six months ended September 30, 2017	50,426	(1.0)	3,769	9.1	3,882	16.7	2,645	19.6

Note: Comprehensive income Six months ended September 30, 2018 ¥2,515 million [(22.0)%]
 Six months ended September 30, 2017 ¥3,222 million [209.5%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	50.08		50.03	
Six months ended September 30, 2017	74.08		73.61	

(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, 2018	88,919	69,114	76.5	1,823.44
As of March 31, 2018	86,985	66,594	75.5	1,778.84

Reference: Equity As of September 30, 2018: ¥68,009 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	-	25.00	-	-	-
Year ending March 31, 2019 (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, 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
Full year	104,000	0.4	6,900	(11.2)	7,000	(12.5)	4,650	(15.3)	124.92

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, 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 September 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 September 30, 2018	78,408 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)

Six months ended September 30, 2018	37,161,770 shares	Six months ended September 30, 2017	35,716,413 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 September 30, 2018
Assets		
Current assets		
Cash and deposits	35,986	38,529
Notes and accounts receivable - trade	15,828	14,101
Electronically recorded monetary claims - operating	3,226	3,089
Merchandise and finished goods	8,368	9,063
Short-term loans receivable	273	175
Other	1,016	1,930
Allowance for doubtful accounts	(5)	(18)
Total current assets	64,694	66,872
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,896	12,786
Accumulated depreciation	(4,145)	(4,229)
Buildings and structures, net	8,751	8,556
Land	9,174	9,174
Construction in progress	–	279
Other	2,585	2,648
Accumulated depreciation	(1,596)	(1,676)
Other, net	989	972
Total property, plant and equipment	18,914	18,982
Intangible assets	127	122
Investments and other assets		
Investment securities	1,776	1,758
Long-term loans receivable	36	4
Other	1,449	1,193
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	3,249	2,942
Total non-current assets	22,291	22,046
Total assets	86,985	88,919
Liabilities		
Current liabilities		
Accounts payable - trade	6,259	6,598
Income taxes payable	1,534	877
Provision for directors' bonuses	34	21
Provision for bonuses	26	25
Provision for loss on removal of fixed assets	–	73
Other	3,238	2,963
Total current liabilities	11,093	10,560
Non-current liabilities		
Long-term loans payable	8,000	8,000
Net defined benefit liability	582	588
Asset retirement obligations	58	9
Provision for environmental measures	55	48
Other	600	597
Total non-current liabilities	9,297	9,244
Total liabilities	20,391	19,804

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,226	6,273
Retained earnings	55,458	56,396
Treasury shares	(913)	(159)
Total shareholders' equity	65,763	67,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	380	354
Deferred gains or losses on hedges	(320)	216
Foreign currency translation adjustment	(11)	43
Remeasurements of defined benefit plans	(124)	(108)
Total accumulated other comprehensive income	(76)	506
Share acquisition rights	94	–
Non-controlling interests	812	1,104
Total net assets	66,594	69,114
Total liabilities and net assets	86,985	88,919

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, 2017	Six months ended September 30, 2018
Net sales	50,426	48,477
Cost of sales	36,956	35,208
Gross profit	13,469	13,268
Selling, general and administrative expenses	9,700	10,510
Operating profit	3,769	2,758
Non-operating income		
Interest income	1	2
Dividend income	13	57
Gain on sales of investment securities	10	–
Gain on adjustment of account payable	20	8
Foreign exchange gains	41	11
Other	53	45
Total non-operating income	139	125
Non-operating expenses		
Interest expenses	2	2
Commission fee	13	9
Other	10	26
Total non-operating expenses	26	37
Ordinary profit	3,882	2,845
Extraordinary income		
Gain on reversal of share acquisition rights	3	–
Insurance income	–	24
Total extraordinary income	3	24
Extraordinary losses		
Provision for loss on removal of fixed assets	–	73
Impairment loss	–	33
Provision for environmental measures	3	–
Loss on disaster	–	20
Total extraordinary losses	3	127
Profit before income taxes	3,882	2,741
Income taxes - current	1,175	797
Income taxes - deferred	(18)	27
Total income taxes	1,157	825
Profit	2,725	1,916
Profit attributable to non-controlling interests	79	55
Profit attributable to owners of parent	2,645	1,861

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	2,725	1,916
Other comprehensive income		
Valuation difference on available-for-sale securities	155	(26)
Deferred gains or losses on hedges	301	537
Foreign currency translation adjustment	22	70
Remeasurements of defined benefit plans, net of tax	18	16
Total other comprehensive income	497	598
Comprehensive income	3,222	2,515
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,138	2,444
Comprehensive income attributable to non-controlling interests	84	71

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,882	2,741
Depreciation	205	306
Increase (decrease) in provision for directors' bonuses	(29)	(13)
Increase (decrease) in provision for bonuses	(11)	(0)
Increase (decrease) in allowance for doubtful accounts	(7)	12
Increase (decrease) in net defined benefit liability	43	29
Increase (decrease) in provision for environmental measures	3	–
Increase (decrease) in provision for loss on removal of fixed assets	–	73
Impairment loss	–	33
Loss of disaster	–	20
Loss (gain) on sales of investment securities	(10)	–
Interest and dividend income	(14)	(60)
Interest expenses	2	2
Decrease (increase) in notes and accounts receivable - trade	637	1,881
Decrease (increase) in inventories	(499)	(688)
Increase (decrease) in notes and accounts payable - trade	1,918	323
Increase (decrease) in accrued consumption taxes	(314)	136
Decrease (increase) in other current assets	(331)	(588)
Increase (decrease) in other current liabilities	129	(24)
Other, net	10	3
Subtotal	5,613	4,189
Interest and dividend income received	14	60
Interest expenses paid	(0)	(2)
Income taxes paid	(1,087)	(1,429)
Net cash provided by (used in) operating activities	4,539	2,817
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,025)	(355)
Purchase of investment securities	(9)	(9)
Proceeds from sales of investment securities	10	–
Payments of loans receivable	(43)	(13)
Collection of loans receivable	8	143
Other payments	(26)	(14)
Other proceeds	1	0
Net cash provided by (used in) investing activities	(2,084)	(248)
Cash flows from financing activities		
Proceeds from exercise of share options	1,416	707
Repayments of lease obligations	(42)	(55)
Repayments of installment payables	(15)	(19)
Cash dividends paid	(886)	(923)
Dividends paid to non-controlling interests	(219)	–
Proceeds from share issuance to non-controlling shareholders	–	220
Net cash provided by (used in) financing activities	251	(69)
Effect of exchange rate change on cash and cash equivalents	8	45
Net increase (decrease) in cash and cash equivalents	2,716	2,543
Cash and cash equivalents at beginning of period	32,207	35,986
Cash and cash equivalents at end of period	34,923	38,529