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TSE 1st Section

DOSHISHA CORPORATION

Summary of Business Results for the Second Quarter of the Fiscal Year ending March 31, 2012

On November 16, 2011, DOSHISHA CORPORATION (hereinafter DOSHISHA or the Company) held its Business Results Meeting for Q2 FY3/12. The following is a summary of the meeting.

Consolidated Business Results for 1H FY3/12

As seen in Table 1, consolidated net sales and income in 1H FY3/12 exceeded that reported in 1H FY3/11. Net sales of the Company's Product Development Model business, which features a higher gross margin rate than its Wholesale Model, grew 30.8% year-on-year (y/y), contributing to profit growth. Compared to the increase in sales, moreover, its SG&A expenses ratio decreased as promotional expenses and workforce payroll were kept under control.

【Table 1】1H FY3/12 Consolidated Business Results Summary

Consolidated (¥ million)	FY3/11 1H Actual	FY3/11 1H Ratio to Net Sales	FY3/12 1H May 10 Forecast	FY3/12 1H Actual	FY3/12 1H Ratio to Net Sales	FY3/12 1H Y/Y Chg
Net Sales	**41,718**	**100.0%**	**44,600**	**50,940**	**100.0%**	**22.1%**
Product Development Model	20,971	50.3%	22,500	27,428	53.8%	30.8%
Wholesale Model	19,743	47.3%	21,100	22,399	44.0%	13.5%
Others	1,003	2.4%	1,000	1,112	2.2%	10.9%
Gross Proft	10,634	25.5%	11,200	12,461	24.5%	17.2%
SG&A Expenses	7,555	18.1%	8,000	8,293	16.3%	9.8%
Operating Income	**3,079**	**7.4%**	**3,200**	**4,167**	**8.2%**	**35.3%**
Ordinary Income	**3,041**	**7.3%**	**3,200**	**4,167**	**8.2%**	**37.0%**
Net Sales	**1,768**	**4.2%**	**1,900**	**2,424**	**4.8%**	**37.1%**

Note: All tables prepared by Trias Corp. with the data disclosed by DOSHISHA CORPORATION.

The Product Development Model business saw special replacement demand for LCD TVs take off in 2H FY3/11 as a result of the government's eco-point incentive system and transition from analog to digital TV broadcasting from July 2011. But in 1H FY3/12, the business reported even stronger LCD TV sales. This was due to two factors—the first being that carry-over demand for LCD TVs remained robust. Secondly, manufacturers, projecting a major shift in consumer needs as a result of the post-March 11 calamity and subsequent energy shortage, began rolling out products that emphasize superior energy conservation and other temperature-control features. This trend was particularly evident from the increase in sales of electric fans, LED lighting units and other energy conservation products. As for such new products as perspiration wipes and mist fans introduced in the first half, DOSHISHA was able to ramp up smoothly in meeting special demand generated following the calamity because the volume production regime for these products had already been prepared, paving the way to the sales increase. Moreover, 1H sales growth was driven by the commencement of licensed production of products related to *One Piece*, a popular animated TV feature, thereby pushing up sales of character goods in general. Sales of special-function shampoos, sportswear and clothes hangers specially designed to maximize limited storage space also rose as steps were taken to reinforce marketing efforts that targeted niche markets.

The Wholesale Model business reported a sizeable increase in sales of get-well gifts and other hospitality presents following the March 11 calamity. The Tohoku region, which was hit hardest by the earthquake and tsunami, saw a gain of 130% in sales of such gifts. Sales of gift packages of beer also performed well. Sales of handbags and wristwatches continued to grow as well, a trend that carried over from the previous term.

As for sales by channel, sales to home centers grew by 29.0% y/y due to the special post-March 11 demand, while sales to volume consumer electronics discounters grew by 41.6% y/y, driven by LCD TV sales. In addition, sales to drug store chains, Internet marketing, 100-yen shops and foreign markets also posted increases.

DOSHISHA's consolidated balance sheets posted a special note on merchandise and finished goods, which decreased by 230 million yen versus FY3/11 end. This was due to initiatives to control inventory, resulting in a smaller inventory even as sales grew.

As for cash flows, depreciation increased by 77 million yen, which was due to the acquisition of the new Tokyo head office costing 4.6 billion yen, including tax, in February 2011. The Company believes the new facility, given its strategic location, will enable better communication between its sales force and clients, thereby contributing indirectly to improved performance.

FY3/12 Business Forecast

Table 2 presents DOSHISHA's FY3/12 business forecast, which does not deviate from the revised forecast issued on October 6, 2011. While there is some concern regarding the sustainability of the 1H surge in sales of LCD TVs and products meeting special reconstruction demand in 2H, the truth is that sales on a monthly basis in the current half reveals that it is performing at a pace well beyond that reported in the previous fiscal year. It should also be noted that the Company has already factored that special reconstruction demand will slump in 2H in its forecast. Sales of audiovisual products in 2H are projected to decline by 2.0 billion yen versus the 3.6 billion yen increase in sales in 1H, for example.

【Table 2】FY3/12 Business Forecast

Consolidated (¥ million)	FY3/11 (Actual) 1H	2H	FY	FY3/12 1H (Actual)	2H (Fcst)	FY (Fcst)	Y/Y chg
Net Sales	**41,718**	**51,776**	**93,494**	**50,940**	**52,060**	**103,000**	**10.2%**
Product Development Model	20,971	28,310	49,281	27,428	27,930	55,358	12.3%
Wholesale Model	19,743	22,248	41,991	22,399	22,910	45,309	7.9%
Others･Affiliates	1,003	1,218	2,221	1,112	1,220	2,332	5.0%
Gross Profit	10,634	12,495	23,129	12,461	12,939	25,400	9.8%
SG&A Expenses	7,555	7,876	15,431	8,293	8,107	16,400	6.3%
Operating Income	**3,079**	**4,619**	**7,698**	**4,167**	**4,833**	**9,000**	**16.9%**
Ordinary Income	**3,041**	**4,573**	**7,614**	**4,167**	**4,833**	**9,000**	**18.2%**
Net Income	**1,768**	**2,627**	**4,395**	**2,424**	**2,876**	**5,300**	**20.6%**

Note: FY3/12 forecasts announced on Oct 6, 2011

In its Product Development Model business, DOSHISHA has chosen to specialize in smaller LCD TVs with screens smaller than 21 inches rather than large-screen units, out of the belief that second-unit demand was sure to follow demand for the larger TVs. The Company also believes that consumer preferences will continue to evolve in the aftermath of the March 11 calamity and has bolstered its product development regime in order to cater to consumer demand for products boasting superior energy conservation and for meals eaten at home rather than out. In addition, it is planning to upgrade its design capabilities and develop such products as humidifiers and heaters that will excel both in terms of design and function, which should lead to higher sales. And because the variety and type of products being sold to 100-yen shops are on the increase, DOSHISHA is upgrading marketing efforts to this channel.

In its Wholesale Model Business, the Company aims to expand sales of gifts and premier brand products by creating new markets that do not depend on conventional retail outlets.

【Table 3】Select Goods from 2H FY3/12 Product Lineup

Business Model	Division	Main Category	New Products Example	Project Theme, etc
Product Development Model	Home Living	Storage interior	LED lighting	Power saving
	Life Style	Houseware	Pressure pans, Hollow ware pots	Energy saving
		Design home appliances	Ceramic heater	Energy saving
	Audio&Visual	Small-medium sized LCD TVs	Digital signage	New field
			Mini-TV for car/bathroom	By use
			Portable battery	Energy storage
	Foods･Liquor	Confectioneries	Decorating chocolate pencil	New project
Wholesale Model	Gifts	Original gifts		Sales floor project
	Famous Brands	Watch, Bag, Jewelry		Sales floor project

Approach to FY3/13 and Beyond

DOSHISHA expects net sales will surpass 100 billion yen in FY3/12 and recognizes that it represents the start of a new phase in its development. Among the competitive advantages of the Company's business model are:

1) Its ability to develop or procure niche market merchandise that are too difficult for major retailers and manufacturers to develop or handle; 2) With over 3,500 business partners, its ability manufacture a broad range of products on either a small-lot or large-volume basis at low cost; 3) It is a fabless maker with over 1,500 suppliers; 4) It has a fast product development regime and scheme that can meet the needs of a wide variety of businesses and clients; 5) It has strengthened such in-house manufacturing functions as quality control and analyses testing; and 6) It is committed to low-cost management

By capitalizing on these six competitive advantages, the Company has begun to set out towards a corporate vision that calls for annual sales of 5 billion yen per department and a 50-department structure. To achieve this, DOSHISHA has been reinforcing its overseas marketing regime from 2010 and plans to enter the European market first, followed by China, Korea and other markets. The goal is to reach net sales of some 1 billion yen at the earliest possible date.

Q&A Session

Q1: Regarding the forecast for the current fiscal year, are you taking a somewhat conservative position by taking into account that the special demand recorded in 2H is likely to contract?

A1: Sales in October 2011 are exceeding both the forecast and that sales posted in the same month last year, with no indication that it is slowing down. The forecast not only incorporates a decline in special demand in audiovisual products, it also includes added sales generated from the rollout of other new products.

Q2: Does DOSHISHA plan to issue mid-term goals, initiatives or strategies by the time it releases its full-year business results?

A2: We are currently working on it.

Q3: How will DOSHISHA be exploiting the high yen rate from 2H?

A3: Profits are not a direct result of the strong yen. A high yen rate will help lower prices of products sold in stores, or allow us to expand the range of foreign products that were previously too expensive to procure, which in turn could generate higher sales and greater profit.

Q4: Gross margin is expected to improve because the ratio of LCD TV sales will fall after the next term. To what extent will it improve?

A4: As of now, we believe it will improve from 25%, which is the level recorded before the special demand phase, to about 25.5%.

Key Stock Indicators and Financial Data

No. of Shares Issued	Sept. 2011	18,687,818
No. of Treasury Stock	Sept. 2011	538,117
Market Value (¥million)	Nov. 28, 2011	37,133
BPS (¥)	Mar. 2011	2,226.15
ROE (%)	Mar. 2011	10.9
ROA (%)	Mar. 2011	8.3
PER (times)	FY3/12 fcst.	6.8
PCFR(times)	Mar. 2011	7.8
PBR (times)	Mar. 2011	0.9
Share Price (¥)	Nov. 28, 2011	1,987
Unit Share (shares)	Nov. 28, 2011	100
Average Daily Volume (shares)	Nov. 28, 2011	64,650

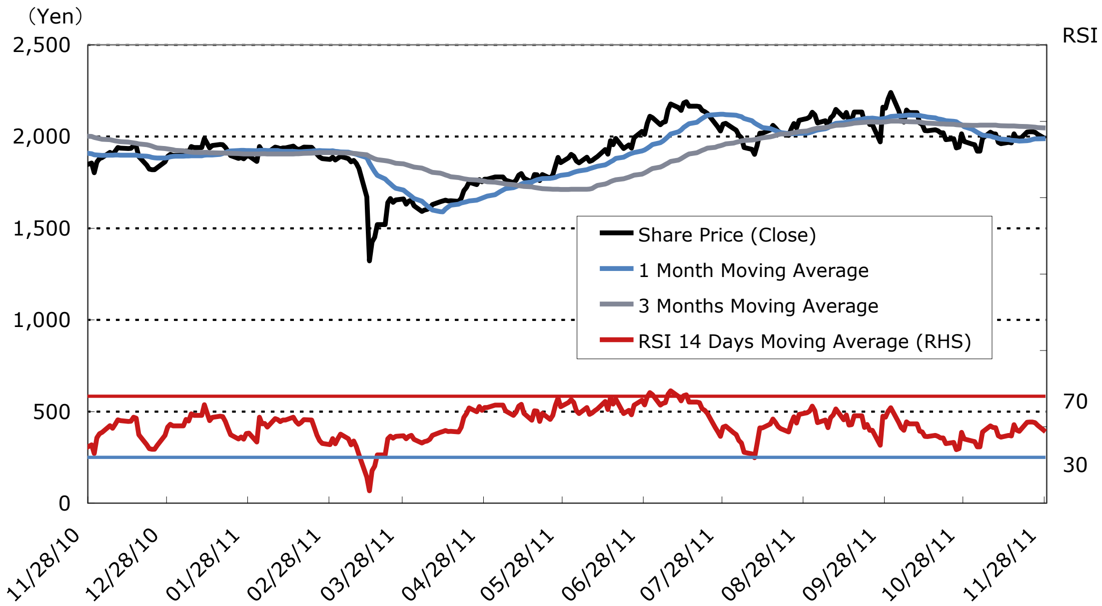
Total Assets (¥million)	Mar. 2011	53,154
Shareholders' Equity (¥million)	Mar. 2011	40,403
Interest-Bearing Debt (¥million)	Mar. 2011	5,095
Equity Ratio (%)	Mar. 2011	76.0
Ratio of Interest-Bearing Debt (%)	Mar. 2011	12.6
Free Cash Flows (¥million)	Sept. 2011	3,996

ROE=Current Net Income÷Averaged Shareholders' Equity of beginning of term and term end
ROA=Current Net Income÷Averaged Total Assets of beginning of term and term end
PCFR=Maket Value÷(Current Net Income+Depreciation)
Average Daily Volume=Ave. Daily Volume for the last 12 months
Ratio=Interest-Bearing Debts÷Shareholders' Equity
Free Cash Flows=Operating CF+Investment CF

Consolidated (¥million)	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (¥)	DPS (¥)
FY3/08	83,140	5,143	5,183	2,849	154.42	45.00
FY3/09	80,898	5,014	5,131	2,558	140.94	45.00
FY3/10	86,629	7,701	7,593	4,293	236.54	55.00
FY3/11	93,494	7,698	7,614	4,395	242.20	55.00
1H FY3/12	50,940	4,167	4,167	2,424	133.57	30.00
FY3/12 fcst.	103,000	9,000	9,000	5,300	292.02	60.00

Note: FY3/12 forecast announced on Oct. 6, 2011

Share Price Charts and RSI



Source: Prepared by Trias Corp. with Bloomberg data.
Note: RSI, Relative Strength Index, is the index representing the ratio of overbought or oversold share prices.
In general, over 70 in RSI shows overbought share price range, while below 30 shows oversold share price range.
RSI=averaged share price appreciation for N days÷(averaged share price appreciation for N days +averaged share price decline for N days) x100