

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

October 31, 2016

Company name: TOSHO CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8920 URL <http://www.to-sho.net/>
 Representative: President & COO Yuichiro Kutsuna
 Inquiries: Managing Director & CFO Naoya Kuwazoe TEL 0566-79-3111
 Scheduled date to file Quarterly Securities Report: November 4, 2016
 Scheduled date to commence dividend payments: December 9, 2016
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2016	10,480	11.0	3,019	14.2	3,040	17.0	1,800	17.8
Six months ended September 30, 2015	9,438	–	2,642	–	2,597	–	1,528	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	94.02	–
Six months ended September 30, 2015	79.80	–

(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, 2016	44,707	21,691	46.1	1,076.04
As of March 31, 2016	43,110	19,999	44.1	993.03

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	–	10.00	–	11.00	21.00
Year ending March 31, 2017	–	11.00	–	–	–
Year ending March 31, 2017 (Forecast)	–	–	–	11.00	22.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	20,700	7.7	5,760	5.7	5,720	6.3	3,330	5.5	173.85

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2016
(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: Yes
- 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, 2016	19,157,500 shares	As of March 31, 2016	19,157,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2016	3,927 shares	As of March 31, 2016	3,852 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, 2016	19,153,619 shares	Six months ended September 30, 2015	19,153,815 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	10,389,815	10,501,953
Accounts receivable - trade	108,358	116,877
Operating accounts receivable	164,801	200,397
Merchandise	5,182	8,095
Supplies	48,770	55,530
Deferred tax assets	133,590	75,092
Other	263,490	414,696
Allowance for doubtful accounts	(1,000)	(40)
Total current assets	11,113,009	11,372,603
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,201,262	35,467,724
Accumulated depreciation	(12,867,161)	(13,471,289)
Buildings and structures, net	20,334,100	21,996,434
Machinery, equipment and vehicles	977,348	1,067,576
Accumulated depreciation	(543,769)	(581,415)
Machinery, equipment and vehicles, net	433,579	486,161
Tools, furniture and fixtures	944,116	1,017,276
Accumulated depreciation	(757,811)	(800,566)
Tools, furniture and fixtures, net	186,305	216,710
Land	4,317,244	4,474,735
Leased assets	2,136,000	2,553,583
Accumulated depreciation	(246,161)	(319,401)
Leased assets, net	1,889,839	2,234,182
Construction in progress	2,086,139	1,136,341
Total property, plant and equipment	29,247,208	30,544,565
Intangible assets	58,116	56,072
Investments and other assets		
Deferred tax assets	303,209	333,044
Other	2,386,904	2,402,917
Allowance for doubtful accounts	(12,570)	(11,870)
Total investments and other assets	2,677,544	2,724,092
Total non-current assets	31,982,868	33,324,729
Deferred assets		
Share issuance cost	1,044	474
Bond issuance cost	13,206	10,149
Total deferred assets	14,251	10,624
Total assets	43,110,129	44,707,957

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	716	434
Current portion of bonds	501,200	451,200
Current portion of long-term loans payable	3,147,248	3,114,488
Income taxes payable	1,645,351	1,178,269
Other	2,129,609	1,967,323
Total current liabilities	7,424,126	6,711,714
Non-current liabilities		
Bonds payable	1,061,800	861,200
Long-term loans payable	11,007,754	11,473,690
Lease obligations	1,828,739	2,152,380
Provision for directors' retirement benefits	998,850	1,014,550
Asset retirement obligations	432,429	515,239
Deferred tax liabilities	20,857	8,888
Other	336,526	279,013
Total non-current liabilities	15,686,957	16,304,961
Total liabilities	23,111,083	23,016,676
Net assets		
Shareholders' equity		
Capital stock	1,580,817	1,580,817
Capital surplus	1,875,494	1,875,494
Retained earnings	15,568,519	17,158,810
Treasury shares	(4,645)	(4,987)
Total shareholders' equity	19,020,186	20,610,134
Non-controlling interests	978,859	1,081,145
Total net assets	19,999,045	21,691,280
Total liabilities and net assets	43,110,129	44,707,957

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	9,438,688	10,480,547
Cost of sales	6,009,375	6,442,693
Gross profit	3,429,313	4,037,854
Selling, general and administrative expenses		
Directors' compensations	165,810	180,622
Salaries and bonuses	146,856	189,128
Other	473,990	649,062
Total selling, general and administrative expenses	786,657	1,018,814
Operating income	2,642,655	3,019,040
Non-operating income		
Interest income	2,620	2,471
Dividend income	14	11
Commission fee	74,063	98,391
Miscellaneous income	8,565	21,943
Total non-operating income	85,263	122,818
Non-operating expenses		
Interest expenses	96,257	89,794
Miscellaneous loss	34,000	11,642
Total non-operating expenses	130,257	101,436
Ordinary income	2,597,661	3,040,421
Extraordinary income		
Gain on sales of non-current assets	–	554
Total extraordinary income	–	554
Extraordinary losses		
Loss on retirement of non-current assets	1,062	1,835
Total extraordinary losses	1,062	1,835
Profit before income taxes	2,596,599	3,039,141
Income taxes - current	1,041,079	1,110,864
Income taxes - deferred	(76,007)	16,693
Total income taxes	965,071	1,127,558
Profit	1,631,527	1,911,582
Profit attributable to non-controlling interests	102,975	110,601
Profit attributable to owners of parent	1,528,552	1,800,980

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	1,631,527	1,911,582
Comprehensive income	1,631,527	1,911,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,528,552	1,800,980
Comprehensive income attributable to non-controlling interests	102,975	110,601

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	2,596,599	3,039,141
Depreciation	739,245	769,750
Increase (decrease) in allowance for doubtful accounts	532	(1,660)
Increase (decrease) in provision for directors' retirement benefits	25,810	15,700
Interest and dividend income	(2,635)	(2,482)
Interest expenses	96,257	89,794
Amortization of bond issuance cost	4,529	3,057
Amortization of share issuance cost	1,247	569
Loss (gain) on sales of property, plant and equipment	–	(554)
Loss on retirement of property, plant and equipment	1,062	1,835
Decrease (increase) in notes and accounts receivable - trade	(60,752)	(44,114)
Decrease (increase) in inventories	257	(9,672)
Increase (decrease) in notes and accounts payable - trade	8,129	(282)
Decrease/increase in consumption taxes receivable/payable	(214,398)	(264,725)
Decrease (increase) in other assets	23,189	(74,667)
Increase (decrease) in other liabilities	58,061	64,800
Subtotal	3,277,135	3,586,489
Interest and dividend income received	905	903
Interest expenses paid	(97,661)	(89,993)
Income taxes paid	(569,211)	(1,596,837)
Net cash provided by (used in) operating activities	2,611,168	1,900,561
Cash flows from investing activities		
Payments into time deposits	(65,072)	(66,092)
Purchase of property, plant and equipment	(1,774,284)	(1,533,399)
Proceeds from sales of property, plant and equipment	–	3,032
Purchase of memberships	(2,250)	–
Payments for guarantee deposits	(40,984)	(67,689)
Other, net	(8,552)	19,521
Net cash provided by (used in) investing activities	(1,891,143)	(1,644,628)
Cash flows from financing activities		
Proceeds from long-term loans payable	4,300,000	2,200,000
Repayments of long-term loans payable	(1,527,614)	(1,766,824)
Redemption of bonds	(350,600)	(250,600)
Purchase of treasury shares	(823)	(342)
Cash dividends paid	(191,425)	(210,538)
Dividends paid to non-controlling interests	(8,400)	(8,316)
Payments for installment payables - property and equipment	(197,162)	(108,861)
Repayments of lease obligations	(49,461)	(64,406)
Net cash provided by (used in) financing activities	1,974,514	(209,888)
Net increase (decrease) in cash and cash equivalents	2,694,538	46,045
Cash and cash equivalents at beginning of period	6,386,176	9,003,494
Cash and cash equivalents at end of period	9,080,715	9,049,540