

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2014 (Based on Japanese GAAP)

August 7, 2014

Company name: SRG TAKAMIYA Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2445 URL <http://www.srg.jp/>
 Representative: President KAZUMASA TAKAMIYA
 Inquiries: General Manager, Accounting Department TOMOYA TATSUMI TEL 06-6375-3918
 Scheduled date to file Quarterly Securities Report: August 11, 2014
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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, 2014 (from April 1, 2014 to June 30, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2014	7,925	15.2	433	9.9	459	10.8	253	19.8
Three months ended June 30, 2013	6,876	14.2	394	1,274.0	415	–	211	–

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended June 30, 2014	11.38		10.97	
Three months ended June 30, 2013	9.89		9.58	

(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, 2014	39,262	9,779	24.3	427.67
As of March 31, 2014	37,245	9,758	25.5	426.48

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, 2014	–	5.00	–	8.00	13.00
Year ending March 31, 2015	–	–	–	–	–
Year ending March 31, 2015 (Forecast)	–	7.00	–	13.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2014	16,640	13.9	1,460	25.4	1,410	20.2	804	24.7	36.04
Full year	36,030	11.1	3,840	25.8	3,700	23.1	2,227	25.9	99.82

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2014
 (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 June 30, 2014	22,312,000 shares	As of March 31, 2014	22,312,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2014	1,954 shares	As of March 31, 2014	1,954 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, 2014	22,310,046 shares	Three months ended June 30, 2013	21,436,786 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	4,420,271	4,748,764
Notes and accounts receivable - trade	7,862,006	7,177,007
Merchandise and finished goods	1,522,813	2,094,018
Work in process	799,379	906,832
Raw materials and supplies	746,100	860,088
Deferred tax assets	211,967	221,400
Other	441,719	1,828,795
Allowance for doubtful accounts	(112,179)	(108,707)
Total current assets	15,892,077	17,728,200
Non-current assets		
Property, plant and equipment		
Assets For Rent	27,250,383	27,965,946
Accumulated depreciation - Assets For Rent	(16,489,449)	(16,900,120)
Assets For Rent, net	10,760,933	11,065,826
Buildings and structures	3,869,655	3,961,977
Accumulated depreciation and impairment loss	(2,217,558)	(2,316,773)
Buildings and structures, net	1,652,096	1,645,203
Machinery, equipment and vehicles	647,182	775,121
Accumulated depreciation	(405,304)	(418,028)
Machinery, equipment and vehicles, net	241,878	357,092
Land	3,921,717	3,934,396
Leased assets	1,095,377	1,125,527
Accumulated depreciation	(611,566)	(668,649)
Leased assets, net	483,811	456,878
Construction in progress	24,071	312,764
Other	543,482	551,624
Accumulated depreciation	(414,202)	(426,020)
Other, net	129,279	125,603
Total property, plant and equipment	17,213,789	17,897,766
Intangible assets		
Leasehold right	392,472	392,472
Goodwill	27,258	46,720
Leased assets	118,365	139,436
Other	192,813	183,085
Total intangible assets	730,910	761,715
Investments and other assets		
Investment securities	1,309,527	1,172,511
Guarantee deposits	496,660	502,112
Membership	43,879	44,079
Net defined benefit asset	62,056	83,336
Deferred tax assets	138,380	199,159
Other	1,457,524	982,928
Allowance for doubtful accounts	(99,692)	(109,388)
Total investments and other assets	3,408,335	2,874,738
Total non-current assets	21,353,036	21,534,220
Total assets	37,245,114	39,262,421

(Thousands of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,975,072	6,049,957
Short-term loans payable	1,200,785	1,673,390
Current portion of bonds	340,000	340,000
Current portion of long-term loans payable	4,877,924	4,926,992
Lease obligations	210,463	231,156
Income taxes payable	892,264	261,037
Deferred tax liabilities	786	1,783
Provision for bonuses	201,472	94,798
Provision for directors' bonuses	31,218	-
Notes payable - facilities	112,136	240,791
Other	1,514,175	1,921,019
Total current liabilities	15,356,299	15,740,928
Non-current liabilities		
Bonds payable	810,000	760,000
Long-term loans payable	9,376,941	11,120,370
Lease obligations	472,388	461,969
Deferred tax liabilities	138,220	82,734
Provision for directors' retirement benefits	40,335	41,920
Net defined benefit liability	579,473	584,055
Asset retirement obligations	13,058	13,138
Other	699,835	677,676
Total non-current liabilities	12,130,252	13,741,863
Total liabilities	27,486,552	29,482,791
Net assets		
Shareholders' equity		
Capital stock	679,750	679,750
Capital surplus	1,164,904	1,164,904
Retained earnings	7,025,405	7,095,452
Treasury shares	(630)	(691)
Total shareholders' equity	8,869,429	8,939,415
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	511,883	422,637
Deferred gains or losses on hedges	(10,274)	(29,818)
Foreign currency translation adjustment	137,349	191,924
Remeasurements of defined benefit plans	6,457	17,073
Total accumulated other comprehensive income	645,416	601,817
Subscription rights to shares	125,293	125,293
Minority interests	118,422	113,103
Total net assets	9,758,561	9,779,629
Total liabilities and net assets	37,245,114	39,262,421

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	6,876,720	7,925,144
Cost of sales	4,847,740	5,588,768
Gross profit	2,028,980	2,336,375
Selling, general and administrative expenses	1,634,093	1,902,395
Operating income	394,887	433,980
Non-operating income		
Interest income	1,243	3,729
Dividend income	1,410	1,939
Rent income	17,278	18,238
Contribution for Assets for rent	9,964	2,993
Gain on sales of Scrap	36,071	16,464
Share of profit of entities accounted for using equity method	2,745	20,843
Gain on valuation of derivatives	9,215	15,182
Other	28,494	28,518
Total non-operating income	106,425	107,909
Non-operating expenses		
Interest expenses	61,501	52,925
Commission fee	12,323	13,595
Other	12,401	15,512
Total non-operating expenses	86,226	82,033
Ordinary income	415,086	459,856
Extraordinary income		
Gain on sales of non-current assets	-	3,010
Gain on sales of investment securities	3,220	-
Total extraordinary income	3,220	3,010
Extraordinary losses		
Loss on sales of non-current assets	1,019	-
Loss on retirement of non-current assets	4,270	322
Impairment loss	-	7,984
Total extraordinary losses	5,289	8,307
Income before income taxes and minority interests	413,016	454,559
Income taxes - current	213,979	281,743
Income taxes - deferred	(11,829)	(75,754)
Total income taxes	202,149	205,989
Income before minority interests	210,866	248,570
Minority interests in loss	(1,066)	(5,326)
Net income	211,933	253,897

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	210,866	248,570
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,885)	(89,237)
Deferred gains or losses on hedges	4,316	(19,544)
Foreign currency translation adjustment	7,413	54,575
Remeasurements of defined benefit plans, net of tax	-	10,615
Total other comprehensive income	7,845	(43,591)
Comprehensive income	218,711	204,978
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	219,802	210,298
Comprehensive income attributable to minority interests	(1,090)	(5,319)