

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

November 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: November 13, 2014  
 Scheduled date to commence dividend payments: December 10, 2014  
 Preparation of supplementary material on quarterly financial results: Yes  
 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, 2014 (from April 1, 2014 to September 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	%
Six months ended September 30, 2014	16,361	12.0	1,555	33.6	1,624	38.5	987	53.1
Six months ended September 30, 2013	14,605	14.0	1,163	145.6	1,172	169.0	644	222.7

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2014	44.16		42.61	
Six months ended September 30, 2013	29.69		28.75	

(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, 2014	40,900		10,675		25.4		461.94	
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				
Year ended March 31, 2014	-	5.00	-	8.00	13.00
Year ending March 31, 2015	-	7.00	-	-	-
Year ending March 31, 2015 (Forecast)	-	-	-	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
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 six months ended September 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 September 30, 2014	22,482,000 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 September 30, 2014	2,035 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)

Six months ended September 30, 2014	22,365,058 shares	Six months ended September 30, 2013	21,721,461 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,420,271	4,271,343
Notes and accounts receivable - trade	7,862,006	7,669,389
Merchandise and finished goods	1,522,813	2,596,629
Work in process	799,379	987,800
Raw materials and supplies	746,100	844,005
Deferred tax assets	211,967	202,417
Other	441,719	1,416,354
Allowance for doubtful accounts	(112,179)	(116,372)
<b>Total current assets</b>	<b>15,892,077</b>	<b>17,871,569</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Assets For Rent	27,250,383	28,479,289
Accumulated depreciation-Assets For Rent	(16,489,449)	(16,916,267)
Assets For Rent, net	10,760,933	11,563,021
Buildings and structures	3,869,655	4,408,539
Accumulated depreciation and impairment loss	(2,217,558)	(2,317,954)
Buildings and structures, net	1,652,096	2,090,584
Machinery, equipment and vehicles	647,182	980,601
Accumulated depreciation	(405,304)	(432,375)
Machinery, equipment and vehicles, net	241,878	548,226
Land	3,921,717	3,943,836
Leased assets	1,095,377	1,199,701
Accumulated depreciation	(611,566)	(722,325)
Leased assets, net	483,811	477,375
Construction in progress	24,071	228,400
Other	543,482	668,500
Accumulated depreciation	(414,202)	(374,345)
Other, net	129,279	294,155
<b>Total property, plant and equipment</b>	<b>17,213,789</b>	<b>19,145,600</b>
<b>Intangible assets</b>		
Leasehold right	392,472	392,472
Goodwill	27,258	39,772
Leased assets	118,365	143,638
Other	192,813	184,508
<b>Total intangible assets</b>	<b>730,910</b>	<b>760,392</b>
<b>Investments and other assets</b>		
Investment securities	1,309,527	1,230,697
Guarantee deposits	496,660	637,606
Membership	43,879	44,079
Net defined benefit asset	62,056	97,565
Deferred tax assets	138,380	252,797
Other	1,457,524	947,085
Allowance for doubtful accounts	(99,692)	(87,199)
<b>Total investments and other assets</b>	<b>3,408,335</b>	<b>3,122,631</b>
<b>Total non-current assets</b>	<b>21,353,036</b>	<b>23,028,623</b>
<b>Total assets</b>	<b>37,245,114</b>	<b>40,900,193</b>

(Thousands of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,975,072	5,813,939
Short-term loans payable	1,200,785	1,768,895
Current portion of bonds	340,000	340,000
Current portion of long-term loans payable	4,877,924	4,862,887
Lease obligations	210,463	242,704
Income taxes payable	892,264	708,884
Deferred tax liabilities	786	1,748
Provision for bonuses	201,472	232,415
Provision for directors' bonuses	31,218	–
Notes payable - facilities	112,136	414,889
Other	1,514,175	2,135,667
<b>Total current liabilities</b>	<b>15,356,299</b>	<b>16,522,033</b>
<b>Non-current liabilities</b>		
Bonds payable	810,000	640,000
Long-term loans payable	9,376,941	11,177,737
Lease obligations	472,388	489,053
Deferred tax liabilities	138,220	125,058
Provision for directors' retirement benefits	40,335	40,455
Net defined benefit liability	579,473	600,023
Asset retirement obligations	13,058	13,217
Other	699,835	616,691
<b>Total non-current liabilities</b>	<b>12,130,252</b>	<b>13,702,237</b>
<b>Total liabilities</b>	<b>27,486,552</b>	<b>30,224,270</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	679,750	697,217
Capital surplus	1,164,904	1,182,372
Retained earnings	7,025,405	7,829,132
Treasury shares	(630)	(754)
<b>Total shareholders' equity</b>	<b>8,869,429</b>	<b>9,707,966</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	511,883	459,067
Deferred gains or losses on hedges	(10,274)	(27,453)
Foreign currency translation adjustment	137,349	220,009
Remeasurements of defined benefit plans	6,457	24,769
<b>Total accumulated other comprehensive income</b>	<b>645,416</b>	<b>676,393</b>
Subscription rights to shares	125,293	182,413
Minority interests	118,422	109,148
<b>Total net assets</b>	<b>9,758,561</b>	<b>10,675,922</b>
<b>Total liabilities and net assets</b>	<b>37,245,114</b>	<b>40,900,193</b>

**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, 2013	Six months ended September 30, 2014
Net sales	14,605,070	16,361,091
Cost of sales	10,109,563	10,921,428
Gross profit	4,495,507	5,439,662
Selling, general and administrative expenses	3,331,686	3,884,231
Operating income	1,163,820	1,555,431
Non-operating income		
Interest income	3,906	11,261
Dividend income	11,479	20,795
Rent income	34,647	36,418
Contribution for Assets for rent	24,953	10,850
Gain on sales of Scrap	53,759	30,978
Share of profit of entities accounted for using equity method	6,289	43,933
Gain on valuation of derivatives	31,069	25,313
Reversal of allowance for doubtful accounts	4,000	–
Other	52,264	56,195
Total non-operating income	222,368	235,747
Non-operating expenses		
Interest expenses	122,701	107,599
Commission fee	25,345	29,710
Share issuance cost	40,645	–
Other	24,551	28,874
Total non-operating expenses	213,244	166,184
Ordinary income	1,172,945	1,624,993
Extraordinary income		
Gain on sales of non-current assets	–	5,589
Gain on sales of investment securities	3,220	–
Total extraordinary income	3,220	5,589
Extraordinary losses		
Loss on sales of non-current assets	5,596	–
Loss on retirement of non-current assets	5,083	2,712
Impairment loss	–	7,984
Total extraordinary losses	10,680	10,696
Income before income taxes and minority interests	1,165,485	1,619,886
Income taxes - current	520,675	738,362
Income taxes - deferred	(3,159)	(96,715)
Total income taxes	517,516	641,646
Income before minority interests	647,969	978,239
Minority interests in income (loss)	3,017	(9,304)
Net income	644,951	987,544

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	647,969	978,239
Other comprehensive income		
Valuation difference on available-for-sale securities	223,327	(52,784)
Deferred gains or losses on hedges	4,258	(17,179)
Foreign currency translation adjustment	36,551	82,659
Remeasurements of defined benefit plans, net of tax	–	18,311
Total other comprehensive income	264,137	31,007
Comprehensive income	912,106	1,009,247
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	909,106	1,018,521
Comprehensive income attributable to minority interests	3,000	(9,274)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	1,165,485	1,619,886
Depreciation	1,673,729	1,742,275
Impairment loss	–	7,984
Amortization of goodwill	11,256	13,897
Loss on retirement of Assets For Rent	109,715	95,037
Loss on sales of Assets For Rent	51,674	108,767
Purchase of assets for lease	(637,841)	(577,887)
Contribution for Assets for rent	(24,953)	(10,850)
Increase (decrease) in allowance for doubtful accounts	(83,340)	(13,826)
Increase (decrease) in provision for bonuses	23,072	30,942
Increase (decrease) in provision for directors' bonuses	(10,235)	(31,218)
Increase (decrease) in provision for retirement benefits	27,208	–
Increase (decrease) in net defined benefit liability	–	20,550
Increase (decrease) in provision for directors' retirement benefits	810	(2,620)
Share-based compensation expenses	63,232	57,205
Interest and dividend income	(15,385)	(32,057)
Interest expenses	122,701	107,599
Loss (gain) on sales of property, plant and equipment	–	(5,589)
Loss on retirement of property, plant and equipment	5,080	2,611
Loss on retirement of intangible assets	3	100
Share of (profit) loss of entities accounted for using equity method	(6,289)	(43,933)
Loss (gain) on valuation of derivatives	(31,069)	(25,313)
Decrease (increase) in notes and accounts receivable - trade	846,523	311,445
Decrease (increase) in inventories	(1,136,996)	(2,641,799)
Increase (decrease) in notes and accounts payable - trade	56,083	(220,696)
Other, net	(350,276)	9,185
Subtotal	1,860,187	521,697
Interest and dividend income received	15,062	33,501
Interest expenses paid	(129,842)	(100,064)
Income taxes paid	(592,914)	(921,018)
Net cash provided by (used in) operating activities	1,152,492	(465,883)

(Thousands of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from investing activities		
Payments into time deposits	(109,800)	(220,200)
Proceeds from withdrawal of time deposits	115,230	217,200
Purchase of property, plant and equipment	(201,565)	(832,838)
Proceeds from sales of property, plant and equipment	1,928	13,627
Purchase of intangible assets	(9,553)	(27,327)
Purchase of investment securities	(1,993)	(2,774)
Proceeds from sales of investment securities	48,300	–
Payments for investments in capital of subsidiaries and associates	(329,894)	(21,900)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	20,961
Payments of loans receivable	(450,000)	(1,700,900)
Collection of loans receivable	32,430	784,909
Net cash provided by (used in) investing activities	(904,918)	(1,769,242)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	324,911	522,617
Repayments of lease obligations	(92,270)	(112,669)
Proceeds from long-term loans payable	2,112,500	4,310,000
Repayments of long-term loans payable	(2,626,286)	(2,733,750)
Redemption of bonds	(323,200)	(170,000)
Proceeds from issuance of common shares	–	34,850
Purchase of treasury shares	–	(123)
Proceeds from disposal of treasury shares	630,125	–
Cash dividends paid	(215,285)	(178,948)
Net cash provided by (used in) financing activities	(189,505)	1,671,976
Effect of exchange rate change on cash and cash equivalents	(9,076)	(2,027)
Net increase (decrease) in cash and cash equivalents	48,992	(565,177)
Cash and cash equivalents at beginning of period	3,076,771	3,979,498
Increase in cash and cash equivalents from newly consolidated subsidiary	–	431,135
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(17,886)
Cash and cash equivalents at end of period	3,125,763	3,827,570