

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 6, 2015

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 12, 2015  
 Scheduled date to commence dividend payments: December 10, 2015  
 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, 2015 (from April 1, 2015 to September 30, 2015)

(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, 2015	16,802	2.7	1,125	(27.6)	1,133	(30.3)	684	(30.6)
Six months ended September 30, 2014	16,361	12.0	1,555	33.6	1,624	38.5	987	53.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2015	15.19		14.73	
Six months ended September 30, 2014	22.08		21.30	

(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, 2015	48,121	11,902	24.1	256.72
As of March 31, 2015	43,520	11,762	26.3	253.95

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, 2015	–	7.00	–	9.00	16.00
Year ending March 31, 2016	–	3.50			
Year ending March 31, 2016 (Forecast)			–	6.50	10.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

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	39,000	13.8	3,800	22.7	3,700	11.3	2,330	12.5	51.66

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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, 2015	45,104,000 shares	As of March 31, 2015	45,104,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	4,070 shares	As of March 31, 2015	4,070 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, 2015	45,099,930 shares	Six months ended September 30, 2014	44,730,116 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	4,680,047	4,893,386
Notes and accounts receivable - trade	8,258,799	8,484,621
Merchandise and finished goods	2,822,506	3,030,970
Work in process	851,177	852,820
Raw materials and supplies	1,026,943	956,679
Deferred tax assets	206,050	172,996
Other	463,744	763,663
Allowance for doubtful accounts	(95,435)	(192,012)
Total current assets	18,213,835	18,963,125
Non-current assets		
Property, plant and equipment		
Assets For Rent	30,695,244	33,422,479
Accumulated depreciation-Assets For Rent	(17,562,996)	(17,548,474)
Assets For Rent, net	13,132,248	15,874,005
Buildings and structures	4,607,185	5,029,773
Accumulated depreciation and impairment loss	(2,442,662)	(2,566,975)
Buildings and structures, net	2,164,522	2,462,797
Machinery, equipment and vehicles	1,411,934	1,586,962
Accumulated depreciation	(511,896)	(581,899)
Machinery, equipment and vehicles, net	900,038	1,005,062
Land	4,264,978	4,954,937
Leased assets	940,785	1,008,781
Accumulated depreciation	(556,696)	(608,815)
Leased assets, net	384,088	399,965
Construction in progress	68,547	157,269
Other	797,119	803,699
Accumulated depreciation	(404,923)	(437,186)
Other, net	392,195	366,512
Total property, plant and equipment	21,306,620	25,220,550
Intangible assets		
Leasehold right	392,472	327,821
Goodwill	25,874	188,411
Leased assets	122,524	108,283
Other	183,738	157,880
Total intangible assets	724,610	782,396
Investments and other assets		
Investment securities	1,317,380	1,183,342
Guarantee deposits	579,350	623,064
Membership	44,079	47,556
Net defined benefit asset	117,031	118,811
Deferred tax assets	326,652	345,360
Other	973,348	915,794
Allowance for doubtful accounts	(82,054)	(78,434)
Total investments and other assets	3,275,787	3,155,494
Total non-current assets	25,307,018	29,158,441
Total assets	43,520,853	48,121,567

(Thousands of yen)

	As of March 31, 2015	As of September 30, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,934,733	6,177,668
Short-term loans payable	3,168,979	4,837,872
Current portion of bonds	302,500	702,500
Current portion of long-term loans payable	5,131,838	5,219,086
Lease obligations	237,749	252,912
Income taxes payable	812,190	477,047
Deferred tax liabilities	1,121	–
Provision for bonuses	233,905	220,852
Notes payable - facilities	244,377	290,303
Other	2,003,133	2,156,289
<b>Total current liabilities</b>	<b>18,070,529</b>	<b>20,334,533</b>
<b>Non-current liabilities</b>		
Bonds payable	757,500	156,250
Long-term loans payable	10,913,319	12,813,588
Lease obligations	374,707	348,141
Deferred tax liabilities	127,026	45,339
Provision for directors' retirement benefits	42,865	41,970
Net defined benefit liability	641,617	670,268
Asset retirement obligations	13,377	12,015
Other	817,348	1,797,025
<b>Total non-current liabilities</b>	<b>13,687,761</b>	<b>15,884,599</b>
<b>Total liabilities</b>	<b>31,758,290</b>	<b>36,219,133</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	704,445	704,445
Capital surplus	1,189,599	1,189,599
Retained earnings	8,754,905	9,033,939
Treasury shares	(754)	(754)
<b>Total shareholders' equity</b>	<b>10,648,195</b>	<b>10,927,229</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	527,812	436,109
Deferred gains or losses on hedges	(33,242)	(49,341)
Foreign currency translation adjustment	282,045	238,005
Remeasurements of defined benefit plans	28,419	26,103
<b>Total accumulated other comprehensive income</b>	<b>805,036</b>	<b>650,876</b>
Subscription rights to shares	182,378	243,548
Non-controlling interests	126,953	80,779
<b>Total net assets</b>	<b>11,762,563</b>	<b>11,902,434</b>
<b>Total liabilities and net assets</b>	<b>43,520,853</b>	<b>48,121,567</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, 2014	Six months ended September 30, 2015
Net sales	16,361,091	16,802,182
Cost of sales	10,921,428	11,473,184
Gross profit	5,439,662	5,328,997
Selling, general and administrative expenses	3,884,231	4,203,392
Operating income	1,555,431	1,125,605
Non-operating income		
Interest income	11,261	7,113
Dividend income	20,795	18,699
Rent income	36,418	37,368
Contribution for Assets for rent	10,850	3,362
Gain on sales of Scrap	30,978	25,037
Share of profit of entities accounted for using equity method	43,933	32,867
Gain on valuation of derivatives	25,313	–
Other	56,195	99,228
Total non-operating income	235,747	223,677
Non-operating expenses		
Interest expenses	107,599	109,255
Commission fee	29,710	34,849
Loss on valuation of derivatives	–	6,828
Other	28,874	65,118
Total non-operating expenses	166,184	216,052
Ordinary income	1,624,993	1,133,230
Extraordinary income		
Gain on sales of non-current assets	5,589	254
Settlement received	–	80,665
Total extraordinary income	5,589	80,919
Extraordinary losses		
Loss on retirement of non-current assets	2,712	1,516
Impairment loss	7,984	68,076
Total extraordinary losses	10,696	69,593
Income before income taxes and minority interests	1,619,886	1,144,557
Income taxes - current	738,362	518,404
Income taxes - deferred	(96,715)	(12,576)
Total income taxes	641,646	505,828
Profit	978,239	638,729
Loss attributable to non-controlling interests	(9,304)	(46,204)
Profit attributable to owners of parent	987,544	684,933

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

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	978,239	638,729
Other comprehensive income		
Valuation difference on available-for-sale securities	(52,784)	(91,672)
Deferred gains or losses on hedges	(17,179)	(16,099)
Foreign currency translation adjustment	82,659	(44,039)
Remeasurements of defined benefit plans, net of tax	18,311	(2,316)
Total other comprehensive income	31,007	(154,128)
Comprehensive income	1,009,247	484,600
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,018,521	530,774
Comprehensive income attributable to non-controlling interests	(9,274)	(46,173)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	1,619,886	1,144,557
Depreciation	1,742,275	1,966,519
Impairment loss	7,984	68,076
Amortization of goodwill	13,897	13,897
Loss on retirement of Assets For Rent	95,037	62,332
Loss on sales of Assets For Rent	108,767	44,495
Purchase of assets for lease	(577,887)	(1,134,859)
Contribution for Assets for rent	(10,850)	(3,362)
Increase (decrease) in allowance for doubtful accounts	(13,826)	2,086
Increase (decrease) in provision for bonuses	30,942	(13,052)
Increase (decrease) in provision for directors' bonuses	(31,218)	(1,000)
Increase (decrease) in net defined benefit liability	20,550	25,632
Increase (decrease) in provision for directors' retirement benefits	(2,620)	(895)
Share-based compensation expenses	57,205	61,169
Interest and dividend income	(32,057)	(25,812)
Interest expenses	107,599	109,255
Loss (gain) on sales of property, plant and equipment	(5,589)	(254)
Loss on retirement of property, plant and equipment	2,611	240
Loss on retirement of intangible assets	100	–
Settlement received	–	(80,665)
Share of (profit) loss of entities accounted for using equity method	(43,933)	(32,867)
Loss (gain) on valuation of derivatives	(25,313)	(6,828)
Decrease (increase) in notes and accounts receivable - trade	311,445	(16,872)
Decrease (increase) in inventories	(2,641,799)	(2,254,462)
Increase (decrease) in notes and accounts payable - trade	(220,696)	51,540
Other, net	9,185	93,896
Subtotal	521,697	72,768
Interest and dividend income received	33,501	26,123
Interest expenses paid	(100,064)	(110,712)
Settlement package received	–	80,665
Income taxes paid	(921,018)	(860,078)
Net cash provided by (used in) operating activities	(465,883)	(791,233)

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from investing activities		
Payments into time deposits	(220,200)	(17,700)
Proceeds from withdrawal of time deposits	217,200	15,637
Purchase of property, plant and equipment	(832,838)	(868,725)
Proceeds from sales of property, plant and equipment	13,627	832
Purchase of intangible assets	(27,327)	(39,229)
Purchase of investment securities	(2,774)	(1,892)
Proceeds from sales of investment securities	–	797
Purchase of memberships	–	(3,650)
Payments for investments in capital of subsidiaries and associates	(21,900)	(50,700)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(946,419)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	20,961	–
Payments of loans receivable	(1,700,900)	(100,500)
Collection of loans receivable	784,909	181,500
Net cash provided by (used in) investing activities	(1,769,242)	(1,830,048)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	522,617	1,588,559
Repayments of lease obligations	(112,669)	(130,834)
Proceeds from long-term loans payable	4,310,000	4,603,800
Repayments of long-term loans payable	(2,733,750)	(2,637,536)
Redemption of bonds	(170,000)	(201,250)
Proceeds from issuance of common shares	34,850	–
Purchase of treasury shares	(123)	–
Cash dividends paid	(178,948)	(405,149)
Net cash provided by (used in) financing activities	1,671,976	2,817,588
Effect of exchange rate change on cash and cash equivalents	(2,027)	14,969
Net increase (decrease) in cash and cash equivalents	(565,177)	211,276
Cash and cash equivalents at beginning of period	3,979,498	4,233,268
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	3,827,570	4,444,544