

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2016 (Based on Japanese GAAP)

August 5, 2016

Company name: SRG TAKAMIYA Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 2445 URL <http://www.srg.jp/>  
 Representative: President KAZUMASA TAKAMIYA  
 Executive Officer and General Manager,  
 Inquiries: Finance & Accounting Department TOMOYA TATSUMI TEL 06-6375-3918  
 Scheduled date to file Quarterly Securities Report: August 9, 2016  
 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, 2016 (from April 1, 2016 to June 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	%
Three months ended June 30, 2016	8,142	4.5	272	7.5	92	(69.9)	(37)	–
Three months ended June 30, 2015	7,791	(1.7)	253	(41.6)	307	(33.1)	175	(30.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	(0.86)		–	
Three months ended June 30, 2015	3.90		3.79	

#### (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, 2016	49,390	11,679	23.0	259.52
As of March 31, 2016	50,091	12,097	23.5	269.09

### 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, 2016	–	3.50	–	6.50	10.00
Year ending March 31, 2017	–	–	–	–	–
Year ending March 31, 2017 (Forecast)	–	3.50	–	6.50	10.00

### 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
Six months ending September 30, 2016	18,000	7.1	820	(27.2)	700	(38.2)	289	(57.8)	6.61
Full year	38,800	13.0	3,380	13.3	3,100	13.5	1,950	(9.4)	44.60

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 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 June 30, 2016	45,304,000 shares	As of March 31, 2016	45,304,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2016	1,578,070 shares	As of March 31, 2016	1,578,070 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, 2016	43,725,930 shares	Three months ended June 30, 2015	45,099,930 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	4,642,513	4,192,469
Notes and accounts receivable - trade	9,371,995	8,709,120
Merchandise and finished goods	2,824,914	3,415,746
Work in process	1,097,900	902,825
Raw materials and supplies	980,850	869,668
Deferred tax assets	181,154	152,496
Other	834,068	735,255
Allowance for doubtful accounts	(163,754)	(106,498)
Total current assets	19,769,642	18,871,084
Non-current assets		
Property, plant and equipment		
Assets For Rent	35,774,153	36,021,731
Accumulated depreciation-Assets For Rent	(18,401,079)	(18,493,310)
Assets For Rent, net	17,373,073	17,528,421
Buildings and structures	5,310,171	5,505,350
Accumulated depreciation and impairment loss	(2,654,718)	(2,650,572)
Buildings and structures, net	2,655,453	2,854,778
Machinery, equipment and vehicles	1,740,343	1,798,087
Accumulated depreciation	(656,632)	(665,711)
Machinery, equipment and vehicles, net	1,083,711	1,132,375
Land	4,937,789	4,927,176
Leased assets	1,070,683	1,087,311
Accumulated depreciation	(655,188)	(687,007)
Leased assets, net	415,495	400,303
Construction in progress	188,104	35,227
Other	884,974	868,362
Accumulated depreciation	(487,146)	(475,518)
Other, net	397,828	392,843
Total property, plant and equipment	27,051,456	27,271,126
Intangible assets		
Leasehold right	327,821	327,821
Goodwill	156,604	141,487
Leased assets	88,714	80,259
Other	168,147	166,054
Total intangible assets	741,287	715,622
Investments and other assets		
Investment securities	295,939	288,391
Guarantee deposits	624,031	619,610
Membership	47,476	47,476
Net defined benefit asset	87,356	105,531
Deferred tax assets	519,513	521,462
Other	1,032,505	1,030,098
Allowance for doubtful accounts	(77,697)	(79,991)
Total investments and other assets	2,529,123	2,532,579
Total non-current assets	30,321,867	30,519,328
Total assets	50,091,509	49,390,412

(Thousands of yen)

	As of March 31, 2016	As of June 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	6,110,151	6,072,038
Short-term loans payable	4,958,800	5,165,800
Current portion of bonds	632,500	632,500
Current portion of long-term loans payable	5,639,278	5,565,530
Lease obligations	235,261	218,525
Income taxes payable	796,920	167,012
Provision for bonuses	227,085	107,131
Notes payable - facilities	504,491	531,382
Asset retirement obligations	35,000	–
Other	2,225,882	2,278,342
<b>Total current liabilities</b>	<b>21,365,371</b>	<b>20,738,261</b>
<b>Non-current liabilities</b>		
Bonds payable	175,000	143,750
Long-term loans payable	13,304,389	13,676,232
Lease obligations	326,426	308,553
Deferred tax liabilities	3,053	–
Provision for directors' retirement benefits	43,910	45,110
Net defined benefit liability	744,248	781,747
Asset retirement obligations	12,160	12,235
Other	2,019,031	2,005,198
<b>Total non-current liabilities</b>	<b>16,628,220</b>	<b>16,972,827</b>
<b>Total liabilities</b>	<b>37,993,591</b>	<b>37,711,089</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	714,770	714,770
Capital surplus	1,208,857	1,208,857
Retained earnings	10,344,515	10,022,889
Treasury shares	(703,066)	(703,066)
<b>Total shareholders' equity</b>	<b>11,565,075</b>	<b>11,243,449</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	18,571	12,737
Deferred gains or losses on hedges	(78,778)	(86,000)
Foreign currency translation adjustment	292,320	194,644
Remeasurements of defined benefit plans	(31,081)	(17,154)
<b>Total accumulated other comprehensive income</b>	<b>201,030</b>	<b>104,226</b>
Subscription rights to shares	243,498	243,498
Non-controlling interests	88,312	88,149
<b>Total net assets</b>	<b>12,097,917</b>	<b>11,679,323</b>
<b>Total liabilities and net assets</b>	<b>50,091,509</b>	<b>49,390,412</b>

**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, 2015	Three months ended June 30, 2016
Net sales	7,791,633	8,142,851
Cost of sales	5,438,436	5,759,603
Gross profit	2,353,197	2,383,248
Selling, general and administrative expenses	2,099,780	2,110,945
Operating income	253,416	272,302
Non-operating income		
Interest income	2,122	2,656
Dividend income	17,941	8,949
Rent income	20,743	30,031
Contribution for Assets for rent	4,131	5,266
Gain on sales of Scrap	14,338	7,359
Share of profit of entities accounted for using equity method	12,801	8,794
Gain on valuation of derivatives	1,885	-
Other	57,890	18,696
Total non-operating income	131,854	81,755
Non-operating expenses		
Interest expenses	52,264	54,772
Commission fee	16,452	18,342
Loss on valuation of derivatives	-	6,670
Foreign exchange losses	-	168,442
Other	9,133	13,228
Total non-operating expenses	77,850	261,456
Ordinary income	307,420	92,601
Extraordinary income		
Gain on sales of non-current assets	253	3,552
Total extraordinary income	253	3,552
Extraordinary losses		
Loss on retirement of non-current assets	96	3,617
Total extraordinary losses	96	3,617
Profit before income taxes	307,577	92,536
Income taxes - current	170,014	90,599
Income taxes - deferred	(2,438)	39,506
Total income taxes	167,576	130,105
Profit (loss)	140,001	(37,569)
Loss attributable to non-controlling interests	(35,961)	(161)
Profit (loss) attributable to owners of parent	175,963	(37,407)

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

(Thousands of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit (loss)	140,001	(37,569)
Other comprehensive income		
Valuation difference on available-for-sale securities	(57,128)	(5,835)
Deferred gains or losses on hedges	2,475	(7,221)
Foreign currency translation adjustment	(18,140)	(97,676)
Remeasurements of defined benefit plans, net of tax	9,201	13,927
Total other comprehensive income	(63,592)	(96,806)
Comprehensive income	76,408	(134,375)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	112,344	(134,211)
Comprehensive income attributable to non-controlling interests	(35,936)	(163)