

Translation

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

November 14, 2014

Company name: NISHIO RENT ALL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9699 URL <http://www.nishio-rent.co.jp/>
 Representative: PRESIDENT MASASHI NISHIO
 Inquiries: MANAGING DIRECTOR, managing KAZUSO NITTA TEL 06-6251-7302
 Administrative Divisions in Head Quarters
 Scheduled date of ordinary general meeting of shareholders: December 19, 2014
 Scheduled date to file Securities Report: December 22, 2014
 Scheduled date to commence dividend payments: December 22, 2014
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2014 (from October 1, 2013 to September 30, 2014)

(1) Consolidated financial results

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	%
Year ended September 30, 2014	104,094	12.8	14,033	51.2	14,334	48.2	8,881	63.7
Year ended September 30, 2013	92,294	8.3	9,282	52.6	9,675	59.5	5,426	91.7

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2014	332.28	332.04	15.8	11.1	13.5
Year ended September 30, 2013	203.02	202.90	10.9	8.5	10.1

(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	137,987	62,275	43.7	2,254.83
As of September 30, 2013	120,006	54,097	43.5	1,955.04

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2014	16,821	(694)	(8,019)	29,895
Year ended September 30, 2013	11,376	(962)	(8,055)	21,830

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2013	—	0.00	—	30.00	30.00	801	14.8	1.6
Year ended September 30, 2014	—	0.00	—	50.00	50.00	1,336	15.0	2.4
Year ending September 30, 2015 (Forecast)	—	0.00	—	40.00	40.00		11.9	

3. Forecast of consolidated financial results for the year ending September 30, 2015 (from October 1, 2014 to September 30, 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 March 31, 2015	61,093	10.8	10,733	10.7	10,671	8.3	6,369	11.0	238.29
Full year	114,011	9.5	15,299	9.0	14,949	4.3	8,982	1.1	336.04

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2014

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) 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:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements after error corrections:

No

(3) 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	27,089,764 shares	As of September 30, 2013	27,089,764 shares
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Number of treasury shares at the end of the period

As of September 30, 2014	360,868 shares	As of September 30, 2013	359,564 shares
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Average number of shares during the period

Year ended September 30, 2014	26,729,507 shares	Year ended September 30, 2013	26,730,496 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2013	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	20,841,147	28,905,842
Notes and accounts receivable - trade	25,200,400	29,733,276
Lease investment assets	23,745	3,555
Securities	1,000,000	1,000,000
Merchandise and finished goods	461,528	620,933
Work in process	707,484	926,957
Raw materials and supplies	604,134	776,922
Deferred tax assets	1,071,823	1,297,820
Other	5,242,413	5,472,141
Allowance for doubtful accounts	(428,871)	(380,857)
Total current assets	54,723,807	68,356,593
Non-current assets		
Property, plant and equipment		
Assets for rent, net	32,035,556	38,987,437
Buildings and structures, net	5,710,015	5,997,074
Machinery, equipment and vehicles, net	507,797	544,445
Land	17,573,865	18,618,394
Leased assets, net	711,951	752,083
Construction in progress	297,976	590,706
Other, net	214,037	301,106
Total property, plant and equipment	57,051,199	65,791,249
Intangible assets		
Goodwill	18,186	58,340
Leased assets	5,914	2,275
Other	392,987	457,401
Total intangible assets	417,088	518,017
Investments and other assets		
Investment securities	5,333,396	529,226
Long-term loans receivable	214,910	288,854
Deferred tax assets	289,938	386,566
Other	2,357,323	2,485,341
Allowance for doubtful accounts	(381,385)	(368,003)
Total investments and other assets	7,814,182	3,321,985
Total non-current assets	65,282,469	69,631,251
Total assets	120,006,277	137,987,844

(Thousands of yen)

	As of September 30, 2013	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,887,315	15,886,257
Short-term loans payable	2,920,000	2,480,000
Current portion of long-term loans payable	4,191,268	4,334,470
Current portion of bonds	1,570,000	1,011,500
Lease obligations	4,427,395	6,286,936
Income taxes payable	2,618,570	2,959,876
Deferred tax liabilities	3	7
Provision for bonuses	1,510,414	1,746,641
Provision for directors' bonuses	77,647	113,129
Accounts payable - facilities	7,623,611	8,996,770
Other	2,829,060	4,546,993
Total current liabilities	41,655,285	48,362,581
Non-current liabilities		
Bonds payable	3,657,500	3,314,000
Long-term loans payable	5,373,977	4,824,346
Lease obligations	14,097,627	17,761,605
Deferred tax liabilities	194,917	190,255
Provision for retirement benefits	293,105	–
Provision for directors' retirement benefits	110,120	127,890
Net defined benefit liability	–	527,425
Asset retirement obligations	357,834	403,230
Other	168,195	200,681
Total non-current liabilities	24,253,278	27,349,436
Total liabilities	65,908,564	75,712,017
Net assets		
Shareholders' equity		
Capital stock	6,045,761	6,045,761
Capital surplus	7,355,589	7,355,589
Retained earnings	39,371,725	47,451,463
Treasury shares	(674,251)	(678,531)
Total shareholders' equity	52,098,825	60,174,283
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	95,190	119,042
Deferred gains or losses on hedges	–	(5,443)
Foreign currency translation adjustment	64,512	(18,846)
Total accumulated other comprehensive income	159,703	94,752
Subscription rights to shares	13,295	17,665
Minority interests	1,825,889	1,989,125
Total net assets	54,097,713	62,275,827
Total liabilities and net assets	120,006,277	137,987,844

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Net sales		
Rent income	79,597,800	88,835,373
Net sales of merchandise and finished goods	12,697,023	15,258,884
Total net sales	92,294,824	104,094,258
Cost of sales		
Rent cost	46,380,231	50,183,590
Cost of merchandise and finished goods sold	8,237,204	9,835,665
Total cost of sales	54,617,435	60,019,256
Gross profit	37,677,388	44,075,002
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	272,673	66,360
Salaries and bonuses	11,238,022	11,693,172
Provision for bonuses	1,456,293	1,583,243
Provision for directors' bonuses	78,728	110,873
Retirement benefit expenses	261,372	267,890
Provision for directors' retirement benefits	21,847	19,034
Depreciation	1,083,004	1,131,003
Insurance expenses	1,600,291	1,842,747
Rent expenses	3,399,476	3,507,472
Amortization of goodwill	18,430	21,890
Other	8,964,848	9,797,952
Total selling, general and administrative expenses	28,394,988	30,041,640
Operating income	9,282,399	14,033,362
Non-operating income		
Interest income	39,686	50,626
Dividend income	5,787	6,980
Commission fee	83,846	100,258
Foreign exchange gains	378,177	253,194
Share of profit of entities accounted for using equity method	102,215	117,922
Other	435,267	452,899
Total non-operating income	1,044,980	981,882
Non-operating expenses		
Interest expenses	558,480	605,607
Bond issuance cost	17,969	8,757
Other	75,248	66,185
Total non-operating expenses	651,697	680,550
Ordinary income	9,675,682	14,334,693
Extraordinary income		
Gain on sales of non-current assets	14,429	11,231
Gain on step acquisitions	–	312,771
Gain on bargain purchase	–	62,550
Compensation income	34,078	11,319
Total extraordinary income	48,508	397,872

(Thousands of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Extraordinary losses		
Loss on sales and retirement of non-current assets	82,812	127,091
Loss on liquidation of subsidiaries and associates	–	39,636
Total extraordinary losses	82,812	166,728
Income before income taxes and minority interests	9,641,378	14,565,838
Income taxes - current	4,069,827	5,606,762
Income taxes - deferred	(137,917)	(239,715)
Total income taxes	3,931,910	5,367,046
Income before minority interests	5,709,468	9,198,791
Minority interests in income	282,536	317,146
Net income	5,426,931	8,881,644

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Income before minority interests	5,709,468	9,198,791
Other comprehensive income		
Valuation difference on available-for-sale securities	59,715	35,069
Deferred gains or losses on hedges	–	(5,443)
Foreign currency translation adjustment	305,147	(169,627)
Share of other comprehensive income of entities accounted for using equity method	9,887	(10,692)
Total other comprehensive income	374,750	(150,694)
Comprehensive income	6,084,218	9,048,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,723,414	8,816,687
Comprehensive income attributable to minority interests	360,803	231,409

Consolidated statements of changes in net assets

Fiscal year ended September 30, 2013

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045,761	7,355,589	34,345,753	(673,440)	47,073,664
Changes of items during period					
Dividends of surplus			(400,959)		(400,959)
Net income			5,426,931		5,426,931
Purchase of treasury shares				(811)	(811)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	5,025,971	(811)	5,025,160
Balance at end of current period	6,045,761	7,355,589	39,371,725	(674,251)	52,098,825

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	26,750	–	(163,530)	(136,779)	6,083	1,536,013	48,478,981
Changes of items during period							
Dividends of surplus							(400,959)
Net income							5,426,931
Purchase of treasury shares							(811)
Net changes of items other than shareholders' equity	68,440	–	228,043	296,483	7,211	289,876	593,570
Total changes of items during period	68,440	–	228,043	296,483	7,211	289,876	5,618,731
Balance at end of current period	95,190	–	64,512	159,703	13,295	1,825,889	54,097,713

Fiscal year ended September 30, 2014

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045,761	7,355,589	39,371,725	(674,251)	52,098,825
Changes of items during period					
Dividends of surplus			(801,906)		(801,906)
Net income			8,881,644		8,881,644
Purchase of treasury shares				(4,280)	(4,280)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	8,079,738	(4,280)	8,075,458
Balance at end of current period	6,045,761	7,355,589	47,451,463	(678,531)	60,174,283

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	95,190	–	64,512	159,703	13,295	1,825,889	54,097,713
Changes of items during period							
Dividends of surplus							(801,906)
Net income							8,881,644
Purchase of treasury shares							(4,280)
Net changes of items other than shareholders' equity	23,852	(5,443)	(83,359)	(64,951)	4,370	163,236	102,655
Total changes of items during period	23,852	(5,443)	(83,359)	(64,951)	4,370	163,236	8,178,113
Balance at end of current period	119,042	(5,443)	(18,846)	94,752	17,665	1,989,125	62,275,827

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	9,641,378	14,565,838
Depreciation	13,358,029	14,478,788
Amortization of goodwill	18,430	21,890
Increase (decrease) in allowance for doubtful accounts	58,260	(104,019)
Increase (decrease) in provision for bonuses	144,827	161,837
Increase (decrease) in provision for directors' bonuses	27,777	33,225
Increase (decrease) in provision for retirement benefits	8,198	(292,857)
Increase (decrease) in net defined benefit liability	–	333,491
Increase (decrease) in provision for directors' retirement benefits	51	8,099
Interest and dividend income	(45,473)	(57,607)
Interest expenses	558,480	605,607
Share of (profit) loss of entities accounted for using equity method	(102,215)	(117,922)
Loss (gain) on step acquisitions	–	(312,771)
Loss (gain) on sales and retirement of non-current assets	68,382	115,860
Transfer cost from sales of assets for rent	182,238	219,888
Purchase of assets for lease	(9,295,328)	(8,539,868)
Decrease (increase) in notes and accounts receivable - trade	601,295	(4,029,431)
Decrease (increase) in inventories	(147,737)	(282,378)
Increase (decrease) in notes and accounts payable - trade	619,349	1,781,630
Other, net	159,251	378,514
Subtotal	15,855,195	18,967,815
Interest and dividend income received	78,575	3,900,638
Interest expenses paid	(580,716)	(616,440)
Income taxes paid	(3,976,200)	(5,430,898)
Net cash provided by (used in) operating activities	11,376,853	16,821,115
Cash flows from investing activities		
Payments into time deposits	(1,017,200)	(17,201)
Proceeds from withdrawal of time deposits	1,028,822	17,200
Decrease (increase) in short-term loans receivable	(189,692)	(247,538)
Payments for transfer of business	–	(31,500)
Purchase of property, plant and equipment	(633,926)	(950,925)
Proceeds from sales of property, plant and equipment	19,032	33,971
Purchase of intangible assets	(56,822)	(157,637)
Purchase of investment securities	(80,083)	(22,612)
Purchase of shares of subsidiaries and associates	(21,460)	(37,342)
Payments for investments in capital of subsidiaries and associates	–	(20,554)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	839,374
Purchase of investments in subsidiaries from minority shareholders	(500)	(1,900)
Payments of long-term loans receivable	(49,580)	(91,604)
Collection of long-term loans receivable	7,435	20,850
Payments for lease and guarantee deposits	(58,417)	(95,891)
Proceeds from collection of lease and guarantee deposits	89,600	68,450
Other, net	10	30
Net cash provided by (used in) investing activities	(962,782)	(694,831)

(Thousands of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(2,190,000)	(440,000)
Proceeds from long-term loans payable	1,640,000	3,865,000
Repayments of long-term loans payable	(4,723,067)	(4,271,429)
Proceeds from issuance of bonds	2,382,030	691,243
Redemption of bonds	(1,103,500)	(1,602,000)
Repayments of lease obligations	(3,576,224)	(5,351,754)
Repayments of installment payables	(27,492)	(17,245)
Purchase of treasury shares	(811)	(4,280)
Purchase of treasury shares of subsidiaries	(8,956)	(285)
Proceeds from disposal of treasury shares of subsidiaries	15	56
Cash dividends paid	(400,959)	(801,906)
Cash dividends paid to minority shareholders	(46,853)	(87,249)
Net cash provided by (used in) financing activities	(8,055,817)	(8,019,851)
Effect of exchange rate change on cash and cash equivalents	51,398	(41,739)
Net increase (decrease) in cash and cash equivalents	2,409,652	8,064,693
Cash and cash equivalents at beginning of period	19,420,894	21,830,547
Cash and cash equivalents at end of period	21,830,547	29,895,240