

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2016 (Based on Japanese GAAP)

November 10, 2016

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
 MANAGING DIRECTOR, managing
 Inquiries: Administrative Divisions KAZUSO NITTA TEL 06-6251-7302
 in Head Quarters
 Scheduled date of ordinary general meeting of shareholders: December 20, 2016
 Scheduled date to file Securities Report: December 21, 2016
 Scheduled date to commence dividend payments: December 21, 2016
 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, 2016 (from October 1, 2015 to September 30, 2016)

(1) Consolidated operating results

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	%
Year ended September 30, 2016	115,937	4.1	11,805	(8.9)	11,292	(11.2)	6,920	(8.5)
Year ended September 30, 2015	111,405	7.0	12,954	(7.7)	12,715	(11.3)	7,561	(14.9)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2016	258.90	258.69	10.0	7.6	10.2
Year ended September 30, 2015	282.88	282.67	11.9	9.0	11.6

(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, 2016	150,630	74,536	47.7	2,687.91
As of September 30, 2015	144,771	69,383	46.2	2,503.55

(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, 2016	13,516	(6,112)	(12,189)	22,230
Year ended September 30, 2015	13,359	(6,104)	(10,396)	26,722

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, 2015	–	0.00	–	50.00	50.00	1,336	17.7	2.1
Year ended September 30, 2016	–	0.00	–	57.00	57.00	1,523	22.0	2.2
Year ending September 30, 2017 (Forecast)	–	0.00	–	57.00	57.00		19.8	

3. Forecast of consolidated financial results for the year ending September 30, 2017 (from October 1, 2016 to September 30, 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 March 31, 2017	64,300	5.4	8,070	(3.7)	7,890	(4.8)	4,960	(2.9)	185.55
Full year	123,800	6.8	12,430	5.3	12,000	6.3	7,690	11.1	287.68

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2016

(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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: 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, 2016	27,089,764 shares	As of September 30, 2015	27,089,764 shares
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Number of treasury shares at the end of the period

As of September 30, 2016	359,058 shares	As of September 30, 2015	358,668 shares
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Average number of shares during the period

Year ended September 30, 2016	26,730,858 shares	Year ended September 30, 2015	26,730,624 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2015	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	25,733	22,241
Notes and accounts receivable - trade	31,215	32,790
Lease investment assets	1	0
Securities	1,000	–
Merchandise and finished goods	681	635
Work in process	684	785
Raw materials and supplies	871	898
Deferred tax assets	1,190	1,094
Other	3,933	4,046
Allowance for doubtful accounts	(273)	(240)
Total current assets	65,036	62,252
Non-current assets		
Property, plant and equipment		
Assets for rent, net	44,017	48,610
Buildings and structures, net	6,950	8,038
Machinery, equipment and vehicles, net	685	976
Land	21,921	23,744
Leased assets, net	880	879
Construction in progress	1,144	1,269
Other, net	274	283
Total property, plant and equipment	75,874	83,802
Intangible assets		
Goodwill	38	451
Leased assets	1	0
Other	373	388
Total intangible assets	412	840
Investments and other assets		
Investment securities	590	611
Long-term loans receivable	205	232
Deferred tax assets	311	358
Other	2,645	2,771
Allowance for doubtful accounts	(306)	(238)
Total investments and other assets	3,446	3,734
Total non-current assets	79,734	88,378
Total assets	144,771	150,630

(Millions of yen)

	As of September 30, 2015	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,429	17,112
Short-term loans payable	2,270	2,329
Current portion of long-term loans payable	1,182	2,160
Current portion of bonds	998	1,092
Lease obligations	7,987	8,911
Income taxes payable	2,448	1,828
Deferred tax liabilities	5	0
Provision for bonuses	1,944	1,928
Provision for directors' bonuses	127	111
Accounts payable - facilities	7,154	8,521
Other	4,731	4,844
Total current liabilities	45,280	48,842
Non-current liabilities		
Bonds payable	2,854	2,178
Long-term loans payable	6,871	5,346
Lease obligations	18,774	17,924
Deferred tax liabilities	245	180
Provision for directors' retirement benefits	147	168
Net defined benefit liability	561	610
Asset retirement obligations	460	625
Other	191	215
Total non-current liabilities	30,107	27,251
Total liabilities	75,387	76,093
Net assets		
Shareholders' equity		
Capital stock	6,045	6,045
Capital surplus	7,355	7,335
Retained earnings	53,673	59,261
Treasury shares	(674)	(675)
Total shareholders' equity	66,399	71,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	152	108
Deferred gains or losses on hedges	9	(41)
Foreign currency translation adjustment	361	(184)
Total accumulated other comprehensive income	522	(117)
Subscription rights to shares	25	29
Non-controlling interests	2,436	2,657
Total net assets	69,383	74,536
Total liabilities and net assets	144,771	150,630

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

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Net sales		
Rent income	95,559	98,332
Net sales of merchandise and finished goods	15,845	17,605
Total net sales	111,405	115,937
Cost of sales		
Rent cost	54,604	57,671
Cost of merchandise and finished goods sold	10,257	10,714
Total cost of sales	64,862	68,385
Gross profit	46,542	47,552
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(17)	33
Salaries and bonuses	13,119	14,002
Provision for bonuses	1,887	1,875
Provision for directors' bonuses	127	111
Retirement benefit expenses	320	328
Provision for directors' retirement benefits	22	27
Depreciation	1,333	1,516
Insurance expenses	2,024	2,110
Rent expenses	3,890	4,158
Amortization of goodwill	20	34
Other	10,861	11,547
Total selling, general and administrative expenses	33,588	35,746
Operating income	12,954	11,805
Non-operating income		
Interest income	57	54
Dividend income	25	9
Land and house rent received	66	75
Insurance income	61	63
Other	383	354
Total non-operating income	595	557
Non-operating expenses		
Interest expenses	592	567
Bond issuance cost	5	3
Foreign exchange losses	128	341
Other	107	157
Total non-operating expenses	833	1,070
Ordinary income	12,715	11,292
Extraordinary income		
Gain on sales of non-current assets	19	34
Total extraordinary income	19	34

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Extraordinary losses		
Loss on sales and retirement of non-current assets	147	108
Loss on liquidation of subsidiaries and associates	–	42
Total extraordinary losses	147	151
Profit before income taxes	12,588	11,175
Income taxes - current	4,489	3,941
Income taxes - deferred	217	117
Total income taxes	4,707	4,058
Profit	7,881	7,117
Profit attributable to non-controlling interests	319	196
Profit attributable to owners of parent	7,561	6,920

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Profit	7,881	7,117
Other comprehensive income		
Valuation difference on available-for-sale securities	33	(44)
Deferred gains or losses on hedges	14	(50)
Foreign currency translation adjustment	589	(779)
Total other comprehensive income	638	(875)
Comprehensive income	8,519	6,241
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,989	6,263
Comprehensive income attributable to non-controlling interests	530	(21)

Consolidated statements of changes in equity

Fiscal year ended September 30, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	7,355	47,451	(678)	60,174
Changes of items during period					
Dividends of surplus			(1,336)		(1,336)
Profit attributable to owners of parent			7,561		7,561
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(3)		4	1
Transfer of loss on disposal of treasury shares		3	(3)		–
Change of scope of consolidation					–
Change in treasury shares of parent arising from transactions with non-controlling shareholders					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	6,221	3	6,225
Balance at end of current period	6,045	7,355	53,673	(674)	66,399

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling 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	119	(5)	(18)	94	17	1,989	62,275
Changes of items during period							
Dividends of surplus				–			(1,336)
Profit attributable to owners of parent				–			7,561
Purchase of treasury shares				–			(0)
Disposal of treasury shares				–			1
Transfer of loss on disposal of treasury shares				–			–
Change of scope of consolidation				–			–
Change in treasury shares of parent arising from transactions with non-controlling shareholders				–			–
Net changes of items other than shareholders' equity	33	14	379	427	7	447	882
Total changes of items during period	33	14	379	427	7	447	7,108
Balance at end of current period	152	9	361	522	25	2,436	69,383

Fiscal year ended September 30, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	7,355	53,673	(674)	66,399
Changes of items during period					
Dividends of surplus			(1,336)		(1,336)
Profit attributable to owners of parent			6,920		6,920
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					–
Transfer of loss on disposal of treasury shares					–
Change of scope of consolidation			4		4
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(20)			(20)
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	(20)	5,588	(1)	5,567
Balance at end of current period	6,045	7,335	59,261	(675)	71,967

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling 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	152	9	361	522	25	2,436	69,383
Changes of items during period							
Dividends of surplus				–			(1,336)
Profit attributable to owners of parent				–			6,920
Purchase of treasury shares				–			(1)
Disposal of treasury shares				–			–
Transfer of loss on disposal of treasury shares				–			–
Change of scope of consolidation				–			4
Change in treasury shares of parent arising from transactions with non-controlling shareholders				–			(20)
Net changes of items other than shareholders' equity	(43)	(50)	(545)	(640)	4	221	(414)
Total changes of items during period	(43)	(50)	(545)	(640)	4	221	5,153
Balance at end of current period	108	(41)	(184)	(117)	29	2,657	74,536

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	12,588	11,175
Depreciation	17,735	19,878
Amortization of goodwill	20	34
Increase (decrease) in allowance for doubtful accounts	(190)	(94)
Increase (decrease) in provision for bonuses	192	(4)
Increase (decrease) in provision for directors' bonuses	14	(16)
Increase (decrease) in net defined benefit liability	30	55
Increase (decrease) in provision for directors' retirement benefits	19	20
Interest and dividend income	(83)	(64)
Interest expenses	592	567
Loss (gain) on sales and retirement of non-current assets	127	74
Transfer cost from sales of assets for rent	92	297
Purchase of assets for lease	(12,558)	(12,108)
Decrease (increase) in notes and accounts receivable - trade	(1,313)	(1,333)
Decrease (increase) in inventories	90	(72)
Increase (decrease) in notes and accounts payable - trade	527	645
Other, net	853	(347)
Subtotal	18,739	18,708
Interest and dividend income received	75	63
Interest expenses paid	(602)	(556)
Income taxes paid	(4,853)	(4,699)
Net cash provided by (used in) operating activities	13,359	13,516
Cash flows from investing activities		
Payments into time deposits	(17)	(17)
Proceeds from withdrawal of time deposits	17	17
Decrease (increase) in short-term loans receivable	(265)	58
Payments for transfer of business	(31)	(31)
Purchase of property, plant and equipment	(5,534)	(4,001)
Proceeds from sales of property, plant and equipment	18	77
Purchase of intangible assets	(71)	(93)
Purchase of investment securities	(5)	(126)
Purchase of shares of subsidiaries and associates	(12)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,676)
Payments of long-term loans receivable	(154)	(105)
Collection of long-term loans receivable	100	35
Payments for lease and guarantee deposits	(241)	(352)
Proceeds from collection of lease and guarantee deposits	92	100
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(6,104)	(6,112)

(Millions of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(216)	435
Proceeds from long-term loans payable	3,540	2,459
Repayments of long-term loans payable	(4,644)	(4,575)
Proceeds from issuance of bonds	594	496
Redemption of bonds	(1,073)	(1,082)
Repayments of lease obligations	(7,151)	(8,421)
Repayments of installment payables	(25)	(29)
Cash dividends paid	(1,336)	(1,336)
Dividends paid to non-controlling interests	(82)	(82)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(52)
Other, net	(0)	(1)
Net cash provided by (used in) financing activities	(10,396)	(12,189)
Effect of exchange rate change on cash and cash equivalents	(30)	87
Net increase (decrease) in cash and cash equivalents	(3,172)	(4,698)
Cash and cash equivalents at beginning of period	29,895	26,722
Increase in cash and cash equivalents from newly consolidated subsidiary	–	207
Cash and cash equivalents at end of period	26,722	22,230