

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2015 (Based on Japanese GAAP)

January 12, 2016

Company name: RISO KYOIKU CO., LTD
 Stock exchange listing: Tokyo
 Stock code: 4714 URL <http://www.tomas.co.jp/>
 Representative: President and CEO Masahiko Tenbo
 Inquiries: Executive Vice President Kazuyoshi Minagi TEL 03-5996-3701
 Scheduled date to file Quarterly Securities Report: January 13, 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 nine months ended November 30, 2015 (from March 1, 2015 to November 30, 2015)

(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	%
Nine months ended November 30, 2015	14,170	3.3	1,093	108.0	1,071	110.4	701	(65.6)
Nine months ended November 30, 2014	13,715	(3.0)	525	–	509	–	2,039	–

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended November 30, 2015	13.60		–	
Nine months ended November 30, 2014	41.46		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of November 30, 2015	12,520		6,996		55.9		135.59	
As of February 28, 2015	12,069		6,041		50.1		117.21	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended February 28, 2015	Yen 0.00	Yen 0.00	Yen 0.00	Yen 0.00	Yen 0.00
Year ending February 29, 2016	0.00	0.00	0.00		
Year ending February 29, 2016 (Forecast)				10.00	10.00

3. Forecast of consolidated financial results for the year ending February 29, 2016 (from March 1, 2015 to February 29, 2016)

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	19,500	3.9	1,550	54.1	1,500	53.4	1,100	(53.8)	21.32

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2015
(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 November 30, 2015	52,069,943 shares	As of February 28, 2015	52,069,943 shares
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Number of treasury shares at the end of the period

As of November 30, 2015	470,418 shares	As of February 28, 2015	521,529 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2015	51,575,928 shares	Nine months ended November 30, 2014	49,195,803 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2015	As of November 30, 2015
Assets		
Current assets		
Cash and deposits	3,288,665	4,534,324
Operating accounts receivable	1,217,097	840,675
Inventories	107,063	108,157
Income taxes receivable	53,945	–
Deferred tax assets	234,437	189,888
Other	326,682	325,435
Allowance for doubtful accounts	(11,721)	(11,027)
Total current assets	5,216,168	5,987,454
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,881,015	1,921,262
Accumulated depreciation	(904,656)	(972,111)
Buildings and structures, net	976,358	949,150
Tools, furniture and fixtures	1,420,024	1,380,442
Accumulated depreciation	(532,071)	(548,523)
Tools, furniture and fixtures, net	887,952	831,918
Land	417,963	417,963
Other	15,988	13,668
Accumulated depreciation	(15,974)	(13,668)
Other, net	14	0
Total property, plant and equipment	2,282,289	2,199,032
Intangible assets		
Other	218,454	197,051
Total intangible assets	218,454	197,051
Investments and other assets		
Investment securities	2,394	2,069
Deferred tax assets	2,157,915	1,938,271
Lease and guarantee deposits	1,990,590	1,978,889
Other	116,422	166,492
Total investments and other assets	4,267,324	4,085,723
Total non-current assets	6,768,068	6,481,807
Deferred assets		
Share issuance cost	85,738	51,019
Total deferred assets	85,738	51,019
Total assets	12,069,976	12,520,281

(Thousands of yen)

	As of February 28, 2015	As of November 30, 2015
Liabilities		
Current liabilities		
Accounts payable - other	913,048	765,517
Income taxes payable	84,799	136,898
Advances received	1,646,079	1,644,026
Provision for sales returns	13,790	15,403
Provision for bonuses	112,687	35,897
Provision for loss on classroom closing	5,214	2,337
Provision for cancellation refunds	528,143	454,379
Asset retirement obligations	30,031	13,555
Other	647,278	723,043
Total current liabilities	3,981,075	3,791,060
Non-current liabilities		
Net defined benefit liability	1,210,431	903,394
Asset retirement obligations	828,827	826,949
Other	7,892	2,624
Total non-current liabilities	2,047,150	1,732,968
Total liabilities	6,028,226	5,524,028
Net assets		
Shareholders' equity		
Capital stock	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	2,521,937	3,456,986
Treasury shares	(249,069)	(223,642)
Total shareholders' equity	5,986,143	6,946,618
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	425	469
Remeasurements of defined benefit plans	55,180	49,164
Total accumulated other comprehensive income	55,606	49,634
Total net assets	6,041,749	6,996,252
Total liabilities and net assets	12,069,976	12,520,281

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2014	Nine months ended November 30, 2015
Net sales	13,715,709	14,170,814
Cost of sales	10,791,183	10,568,349
Gross profit	2,924,526	3,602,464
Selling, general and administrative expenses	2,399,010	2,509,374
Operating income	525,516	1,093,090
Non-operating income		
Interest income	400	481
Dividend income	199	23
Gain on forfeiture of unclaimed dividends	4,842	6,594
Refunded consumption taxes	4,694	–
Dividend income of insurance	3,997	–
Interest on refund	10,744	590
Other	5,441	5,327
Total non-operating income	30,320	13,017
Non-operating expenses		
Interest expenses	16,330	167
Amortization of share issuance cost	26,713	34,719
Other	3,787	216
Total non-operating expenses	46,831	35,102
Ordinary income	509,005	1,071,005
Extraordinary income		
Gain on sales of non-current assets	1,162,808	1,312
Reversal of allowance for provision for cancellation refunds	820,981	68,007
Refunds on prior periods dividends income	921,299	–
Other	138,286	–
Total extraordinary income	3,043,375	69,319
Extraordinary losses		
Impairment loss	202,017	38,240
Litigation expenses	–	16,728
Loss on Fraud Transactions	23,622	22,062
Business structure improvement expenses	105,779	25,302
Relocation expenses	32,972	9,059
Loss on insurance cancellation	40,465	–
Provision for loss on classroom closing	2,160	1,490
Other	5,501	–
Total extraordinary losses	412,519	112,884
Income before income taxes and minority interests	3,139,862	1,027,440
Income taxes	1,100,349	326,112
Income before minority interests	2,039,512	701,327
Net income	2,039,512	701,327

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2014	Nine months ended November 30, 2015
Income before minority interests	2,039,512	701,327
Other comprehensive income		
Valuation difference on available-for-sale securities	(76,857)	44
Remeasurements of defined benefit plans, net of tax	–	(6,016)
Total other comprehensive income	(76,857)	(5,972)
Comprehensive income	1,962,654	695,354
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,962,654	695,354
Comprehensive income attributable to minority interests	–	–