

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2016 (Based on Japanese GAAP)

July 11, 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: Director Kazunori Noto TEL 03-5996-3701
 Scheduled date to file Quarterly Securities Report: July 12, 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 May 31, 2016 (from March 1, 2016 to May 31, 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 May 31, 2016	4,061	6.9	(206)	–	(212)	–	(146)	–
Three months ended May 31, 2015	3,799	0.1	(270)	–	(275)	–	(210)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2016	(2.82)		–	
Three months ended May 31, 2015	(4.09)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2016	11,639	7,227	62.1	139.13
As of February 29, 2016	12,493	7,785	62.3	150.84

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2016	0.00	0.00	0.00	10.00	10.00
Year ending February 28, 2017	0.00				
Year ending February 28, 2017 (Forecast)		8.00	0.00	8.00	16.00

3. Forecast of consolidated financial results for the year ending February 28, 2017 (from March 1, 2016 to February 28, 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
Full year	20,800	5.9	2,100	11.1	2,050	10.4	1,250	(12.5)	24.06

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 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 May 31, 2016	52,069,943 shares	As of February 29, 2016	52,069,943 shares
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Number of treasury shares at the end of the period

As of May 31, 2016	122,778 shares	As of February 29, 2016	452,238 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2016	51,889,980 shares	Three months ended May 31, 2015	51,558,294 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 29, 2016	As of May 31, 2016
Assets		
Current assets		
Cash and deposits	4,515,815	4,253,146
Operating accounts receivable	1,356,567	639,050
Inventories	99,636	94,686
Deferred tax assets	100,167	97,225
Other	334,597	322,591
Allowance for doubtful accounts	(11,733)	(12,187)
Total current assets	6,395,050	5,394,513
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,890,504	1,918,007
Accumulated depreciation	(967,660)	(990,460)
Buildings and structures, net	922,843	927,547
Tools, furniture and fixtures	1,345,177	1,351,843
Accumulated depreciation	(508,114)	(510,103)
Tools, furniture and fixtures, net	837,062	841,740
Land	417,963	417,963
Other	13,668	13,668
Accumulated depreciation	(13,668)	(13,668)
Other, net	0	0
Total property, plant and equipment	2,177,869	2,187,250
Intangible assets		
Other	200,430	218,165
Total intangible assets	200,430	218,165
Investments and other assets		
Investment securities	1,274	1,450
Deferred tax assets	1,563,305	1,688,301
Lease and guarantee deposits	1,952,297	1,954,071
Other	163,750	167,413
Total investments and other assets	3,680,628	3,811,236
Total non-current assets	6,058,928	6,216,653
Deferred assets		
Share issuance cost	39,446	27,873
Total deferred assets	39,446	27,873
Total assets	12,493,425	11,639,040

(Thousands of yen)

	As of February 29, 2016	As of May 31, 2016
Liabilities		
Current liabilities		
Accounts payable - other	805,368	710,205
Income taxes payable	127,684	42,974
Advances received	1,155,577	1,081,927
Provision for sales returns	13,777	14,117
Provision for bonuses	144,086	257,872
Provision for cancellation refunds	45,622	44,216
Asset retirement obligations	–	18,566
Other	750,648	578,268
Total current liabilities	3,042,766	2,748,150
Non-current liabilities		
Net defined benefit liability	826,949	836,186
Asset retirement obligations	836,410	826,539
Other	1,436	861
Total non-current liabilities	1,664,796	1,663,587
Total liabilities	4,707,563	4,411,737
Net assets		
Shareholders' equity		
Capital stock	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	4,181,754	3,468,682
Treasury shares	(215,016)	(59,366)
Total shareholders' equity	7,680,012	7,122,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(68)	52
Remeasurements of defined benefit plans	105,917	104,659
Total accumulated other comprehensive income	105,849	104,711
Total net assets	7,785,861	7,227,302
Total liabilities and net assets	12,493,425	11,639,040

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Net sales	3,799,808	4,061,718
Cost of sales	3,216,309	3,383,558
Gross profit	583,498	678,159
Selling, general and administrative expenses	853,722	884,990
Operating loss	(270,223)	(206,830)
Non-operating income		
Interest income	77	4
Gain on forfeiture of unclaimed dividends	3,795	3,528
Gain on bad debts recovered	874	1,933
Other	1,497	766
Total non-operating income	6,244	6,233
Non-operating expenses		
Interest expenses	67	25
Amortization of share issuance cost	11,573	11,573
Other	67	181
Total non-operating expenses	11,707	11,780
Ordinary loss	(275,687)	(212,377)
Extraordinary income		
Reversal of allowance for provision for cancelation refunds	21,871	244
Other	227	-
Total extraordinary income	22,099	244
Extraordinary losses		
Impairment loss	22,467	4,957
Litigation expenses	-	7,746
Loss on fraud transactions	22,062	-
Business structure improvement expenses	20,139	-
Relocation expenses	3,990	1,542
Total extraordinary losses	68,660	14,246
Loss before income taxes and minority interests	(322,248)	(226,379)
Income taxes	(111,592)	(80,302)
Loss	(210,655)	(146,076)
Loss attributable to owners of parent	(210,655)	(146,076)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Loss	(210,655)	(146,076)
Other comprehensive income		
Valuation difference on available-for-sale securities	276	120
Remeasurements of defined benefit plans, net of tax	(1,410)	(1,258)
Total other comprehensive income	(1,133)	(1,137)
Comprehensive income	(211,789)	(147,214)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(211,789)	(147,214)
Comprehensive income attributable to non-controlling interests	—	—