

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2015 (Based on Japanese GAAP)

February 5, 2016

Company name: CRESCO LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4674 URL <http://www.cresco.co.jp/>  
 Representative: President Hiroyuki Nemoto  
 Inquiries: Director, Department Manager of Accounting & Finance Department Kazuo Sugiyama TEL +81-3-5769-8011  
 Scheduled date to file Quarterly Securities Report: February 8, 2016  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

(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	%
Nine months ended December 31, 2015	21,090	16.2	1,951	29.0	2,324	37.5	1,602	35.3
Nine months ended December 31, 2014	18,154	15.4	1,512	56.0	1,690	40.7	1,183	64.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2015	143.48		143.26	
Nine months ended December 31, 2014	112.52		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2015	18,672	12,358	66.2
As of March 31, 2015	17,886	10,946	60.8

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, 2015	–	17.00	–	21.00	38.00
Year ending March 31, 2016	–	23.00	–	–	–
Year ending March 31, 2016 (Forecast)	–	–	–	23.00	46.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

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	27,600	10.1	2,300	14.3	2,600	16.0	1,780	26.6	158.94

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2015: 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 December 31, 2015	12,000,000 shares	As of March 31, 2015	12,000,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2015	704,072 shares	As of March 31, 2015	1,008,888 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2015	11,166,972 shares	Nine months ended December 31, 2014	10,521,803 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	5,512,778	5,068,700
Notes and accounts receivable - trade	4,747,228	4,751,662
Electronically recorded monetary claims - operating	—	11,653
Securities	187,085	404,907
Money held in trust	50,503	49,828
Merchandise and finished goods	16,023	14,330
Work in process	115,259	346,956
Raw materials and supplies	6,354	4,328
Other	766,286	585,617
Total current assets	11,401,519	11,237,985
Non-current assets		
Property, plant and equipment	242,632	276,176
Intangible assets		
Goodwill	313,228	436,796
Software	315,602	270,518
Other	12,149	12,525
Total intangible assets	640,981	719,840
Investments and other assets		
Investment securities	4,258,414	5,100,746
Other	1,447,138	1,441,635
Allowance for doubtful accounts	(104,179)	(104,179)
Total investments and other assets	5,601,373	6,438,202
Total non-current assets	6,484,987	7,434,220
Total assets	17,886,506	18,672,205

(Thousands of yen)

As of March 31, 2015

As of December 31, 2015

	As of March 31, 2015	As of December 31, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,590,804	1,790,432
Short-term loans payable	40,000	40,000
Current portion of long-term loans payable	235,570	140,528
Income taxes payable	572,580	305,592
Accrued consumption taxes	590,778	233,832
Provision for bonuses	907,791	470,828
Provision for loss on order received	3,578	1,340
Other	849,942	1,058,599
<b>Total current liabilities</b>	<b>4,791,045</b>	<b>4,041,152</b>
<b>Non-current liabilities</b>		
Long-term loans payable	45,000	125,940
Long-term accounts payable - other	460,400	571,327
Provision for directors' retirement benefits	208,513	—
Net defined benefit liability	1,385,437	1,523,716
Asset retirement obligations	47,987	48,708
Other	1,496	2,549
<b>Total non-current liabilities</b>	<b>2,148,835</b>	<b>2,272,241</b>
<b>Total liabilities</b>	<b>6,939,880</b>	<b>6,313,394</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,514,875	2,514,875
Capital surplus	3,476,630	3,810,886
Retained earnings	5,217,024	6,329,499
Treasury shares	(651,332)	(454,781)
<b>Total shareholders' equity</b>	<b>10,557,198</b>	<b>12,200,480</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	344,729	171,776
Foreign currency translation adjustment	11,118	10,132
Remeasurements of defined benefit plans	(30,660)	(23,989)
<b>Total accumulated other comprehensive income</b>	<b>325,188</b>	<b>157,919</b>
Subscription rights to shares	625	411
Non-controlling interests	63,614	—
<b>Total net assets</b>	<b>10,946,625</b>	<b>12,358,811</b>
<b>Total liabilities and net assets</b>	<b>17,886,506</b>	<b>18,672,205</b>

**Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**  
**Quarterly consolidated statements of income**

	(Thousands of yen)	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	18,154,517	21,090,787
Cost of sales	14,861,742	17,160,871
Gross profit	3,292,775	3,929,915
Selling, general and administrative expenses		
Advertising expenses	17,684	15,230
Directors' compensations, salaries and allowances	839,612	848,391
Provision for bonuses	45,795	48,597
Retirement benefit expenses	23,112	20,134
Legal welfare expenses	111,477	123,172
Recruiting expenses	53,836	65,691
Entertainment expenses	28,311	32,368
Rents	104,816	107,744
Supplies expenses	24,731	30,094
Enterprise tax	38,470	72,097
Other	492,461	614,907
Total selling, general and administrative expenses	1,780,310	1,978,429
Operating income	1,512,465	1,951,485
Non-operating income		
Interest income	28,938	28,499
Dividend income	75,955	105,925
Gain on sales of securities	92,564	223,575
Gain on investments in money held in trust	11,825	-
Share of profit of entities accounted for using equity method	33,079	22,373
Other	15,000	16,434
Total non-operating income	257,364	396,809
Non-operating expenses		
Interest expenses	2,699	1,708
Loss on valuation of securities	66,369	16,233
Loss on investments in money held in trust	-	674
Amortization of long-term prepaid expenses	2,922	2,278
Other	7,187	2,704
Total non-operating expenses	79,178	23,599
Ordinary income	1,690,651	2,324,694

(Thousands of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Extraordinary income		
Gain on change in equity	56,294	–
Gain on sales of investment securities	123,032	149,638
Gain on redemption of investment securities	20,108	22,847
Surrender value of insurance	2,124	24,810
Other	–	1,020
Total extraordinary income	201,560	198,317
Extraordinary losses		
Loss on retirement of non-current assets	2,111	1,312
Loss on sales of investment securities	8,807	–
Loss on valuation of investment securities	–	28,078
Other	11,166	23,556
Total extraordinary losses	22,086	52,947
Income before income taxes and minority interests	1,870,125	2,470,064
Income taxes - current	499,968	702,484
Income taxes - deferred	176,324	157,642
Total income taxes	676,293	860,126
Profit	1,193,832	1,609,937
Profit attributable to non-controlling interests	9,930	7,647
Profit attributable to owners of parent	1,183,902	1,602,290

**Quarterly consolidated statements of comprehensive income**

	(Thousands of yen)	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	1,193,832	1,609,937
Other comprehensive income		
Valuation difference on available-for-sale securities	188,964	(172,921)
Foreign currency translation adjustment	4,886	(1,014)
Remeasurements of defined benefit plans, net of tax	4,563	6,670
Share of other comprehensive income of entities accounted for using equity method	-	28
Total other comprehensive income	198,415	(167,237)
Comprehensive income	1,392,247	1,442,700
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,382,287	1,435,020
Comprehensive income attributable to non-controlling interests	9,960	7,679