

15 May 2014

To whom it may concern

Showa Holdings Co., Ltd.
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Explanation of Financial Results of March 2014 and Future Objectives

Overview

We have disclosed our March 2014 Financial Results as of today. I, Tatsuya Konoshita, Representative Executive Officer and CEO, will brief our shareholders and concerned parties on the disclosure as well as future objectives.

The results were increased sales and profit decline, with 8.7 billion yen in sales volume and 43 million yen in net losses. I deeply regret the results. Please allow me to give my sincerest apologies as the person in charge of managements.

Overview of Showa Holdings

(1,000 yen)

	March 2012	March 2013	March 2014
Sales Volume	5,956,939	7,405,635	8,703,648
Operation Income	366,803	758,592	413,455
Ordinary Income	1,945,905	928,812	482,056
Current Net Income	2,037,122	101,436	-43,363

Please allow me to explain our company's current financial results and the future objectives of each business.

① Finance Business

The fast growing finance business* is now in the investing stage of expansion throughout Southeast Asia. We are taking conservative measures due to the economic conditions in Thailand. In the March 2013 period, we have acquired growth in sales volume from the increase of outstanding loans derived from the expansion of business. On the other hand, overtime pay of our major customer segment, which are factory workers, have declined due to the worldwide economic slowdown which greatly affected the manufacturing industry in Thailand. Other than that, the declination of used motorcycle prices and increase of allowance for bad debts have squeezed our profits. Ongoing costs derived from the establishment of the Cambodian business have also been squeezing on profits.

Measures: In March 2015 as well, the Thailand oriented portfolio structure will shift to the entire Southeast Asia with increased outstanding loans in new fields, progressing to a diversified and expanded portfolio. March 2014 will be the bottom line and profits are estimated to increase in March 2015.

Thailand

Measures: Rather than expanding sales in the future, we will continue to focus on the quality of our portfolio, and increase profits with the foundation of expanded outstanding loans.

- The March 2014 period has been affected by the unstable politic conditions in Thailand and the worldwide economic slowdown. The progress of these situations will factor the outcome of results.
- We will not be aiming for the increment of outstanding loans in Thailand for the mean time, and we are estimating a small decrease or no fluctuations. Therefore, sales are also estimated to decrease slightly or stay static.
- Along with the above, the changeover of portfolio from the tightening of screenings in Thailand is in progress and appropriated allowances will decrease from the 4th quarter onwards. This trend is anticipated to continue in the future.

Cambodia

Measures: Expansion of business network came to an end and the entry into the agricultural machinery lease was completed. From here on, we will utilize our business network to expand our business aggressively.

- The expansion of business network and publicity at each sales office are progressing and numbers of new contracts are steadily increasing. It is estimated that it will contribute to earnings in 2015.
- Continued extremely low non-performing-loan rates compared to Thailand and profitability is estimated to be higher than Thailand.
- The agricultural machinery lease is a new sector but contracts are steadily concluded. Profits will be included from this year onwards.

* The sales volume, operating income and ordinary income of the finance business is 100% consolidated, but due to the equity ratio, only 20% of the net income is accounted for.

② Rubber Business

The rubber business operated by our wholly owned subsidiary is in a poor state with time needed for investments in new products. The mentioned business provides anti corrosion rubber lining services for plants, manufactures industrial rubber products for industrial machineries, and consumer based products used in the pharmaceutical section. The business has been performing poorly since the late 1970's.

Even in the 2000's, new products could not be sold in the long run. The new products of the business usually take a long amount of time for quality testing and so on, therefore it may take

a few years and sometimes up to 5 years before hitting the market. Therefore, ratio of new products is still low this year and the changeover of product portfolio not only has not progressed, but also contracting.

Measures: Continue the research and development of new products in the long term, hasten decision makings to strengthen sales after products enters the market and expand business in the ASEAN region in addition to the reinforcement of the current measures with the aim for recovery in the medium term. We will accomplish the renewal and expansion of our product portfolio with the above measures.

- The sales of the mentioned business in Japan have a close linkage with the trend of private investment in plants and equipment and the future economic conditions in Japan from policies such as the Abenomics, may affect the results.
- Under the stable management structure for the past 6 years, the continued research and development of new products is estimated to contribute to earnings in the second half of the March 2015 period.
- Our subsidiary in Malaysia is operating the rubber lining business. As informed, we have been yielding excellent results in the 4th quarter under the new managements, and is estimated to continue in the future.
- We aim to expand our business with the new business alliance with Tokiwa Rubber and our offices in Thailand, Malaysia and China.

③ Sports Business

Our wholly owned subsidiary operating the sports business has an increasing trend in sales volume and profits. The soft tennis related business, which is the founding business of the company, has been progressing firmly, with the re-entrance into the tennis market growing steadily. It is necessary to implement further measures to maximize growth.

Measures: We will carry on with our sports community based service to achieve revitalization of the community and to deepen our business.

- The market is estimated to contract due to the long term decreasing birthrate and aging population. It will not happen in the short term but we are fully aware of the competitive condition.
- Our business portfolio is diversified with not only soft tennis, but tennis as well. We will aim to diversify our business locally and internationally in other sports as well.
- Number of customers in the tennis sector increased greatly during the end of the March 2014 period. Therefore a fixed amount of income contribution is anticipated.

④ Entertainment Business

Our JASDAQ listed subsidiary operating the entertainment business has implemented a medium term changeover of business portfolio. The selection and concentration of businesses

implemented in the March 2014 period that focused on the core business of trading card game and editing, and carrying out business operations has paid off, achieving the expansion and diversification of client and contents portfolio.

Our main income in the March 2014 period, royalty income, has decreased resulting in loss of income and profit, but in the second half, income increment derived from the above activities have become significant.

Measures: We will continue to expand the strong performing trading card game business and create a number of new businesses to expand and diversify our business portfolio.

- The publishing industry in Japan is in a long term predicament. We may be affected by the short termed conditions.
- Amongst them, the trading card game and sub-culture contents that we are handling are a very characteristic, and we believe that it will become our core competence in the future.
- These contents are sectors which has the potential to penetrate the world market as Cool Japan. The overseas development we are working on now has to chance to for business expansion.

Our group has had a revolutionary expansion of our business portfolio, emerging from 35 years of poor performance in the past 7 years with remarkable growth and stable operating income. The reformation of the rubber business from 35 years of poor performance is still underway.

We will continue to improve our business and put in our best efforts to meet the expectations of our shareholders and concerned parties.

I sincerely ask for you continued support in the future.

Thank you.