

Translation

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Summary of Consolidated Financial Results for the Year Ended August 31, 2012 (Based on Japanese GAAP)

October 9, 2012

Company name	SOTSU CO.,LTD.		
Stock exchange listing	Osaka		
Stock Code	3711	URL	http://www.sotsu-co.jp
Representative	President	Takehiko Aoki	
Inquiries	Senior Managing Director, Administration General Manager	Takashi Izuhara	TEL 03-6386-0311
Scheduled date of ordinary general meeting of shareholders	November 27, 2012		
Scheduled date to file Securities Report	November 28, 2012		
Scheduled date to commence dividend payments	November 28, 2012		
Preparation of supplementary material on earnings	yes		
Holding of earnings performance review	yes (for analysts)		

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended August 31, 2012 (from September 1, 2011 to August 31, 2012)

(1) Consolidated operating results

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	%
Year ended August 31, 2012	18,151	20.0	2,752	59.7	2,812	60.0	1,473	58.1
Year ended August 31, 2011	15,120	9.5	1,724	11.1	1,757	8.0	932	(6.1)

Note: Comprehensive income Year ended August 31, 2012 ¥1,647 million (59.5%)
Year ended August 31, 2011 ¥1,033 million (10.9%)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended August 31, 2012	187.03	-	11.4	16.7	15.2
Year ended August 31, 2011	115.11	-	7.7	11.0	11.4

Reference: Equity in earnings (losses) of affiliates Year ended August 31, 2012 ¥- million
Year ended August 31, 2011 ¥8 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2012	17,825	13,751	75.7	1,721.54
As of August 31, 2011	15,868	12,492	77.4	1,547.24

Reference: Equity As of August 31, 2012 ¥13,492 million
As of August 31, 2011 ¥12,280 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of August 31, 2012	1,956	(63)	(389)	12,434
As of August 31, 2011	1,177	482	(717)	10,930

2. Forecast of non-consolidated financial results for the year ending August 31, 2013 (from September 1, 2012 to August 31, 2013)

Percentages indicate year-on-year changes

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending February 28, 2013	9,000	17.7	1,305	(0.7)	760	2.6	96.97
Full year	16,600	0.7	2,130	(13.9)	1,240	(7.9)	158.22

* Indication regarding execution of audit procedures

This financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for financial statements are in progress.

* Proper use of forecasts of financial results, and other special matters

The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ substantially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2011	As of August 31, 2012
Assets		
Current assets		
Cash and deposits	10,930,259	12,434,010
Notes and accounts receivable-trade	2,292,339	2,545,939
Merchandise	205	266
Work in process	12,110	11,559
Supplies	4,864	4,513
Deferred tax assets	55,121	84,978
Other	90,122	276,693
Allowance for doubtful accounts	(7,010)	(7,488)
Total current assets	13,378,012	15,350,474
Noncurrent assets		
Property, plant and equipment		
Buildings	197,483	204,906
Accumulated depreciation	(145,266)	(139,572)
Buildings, net	52,216	65,333
Vehicles	8,352	8,352
Accumulated depreciation	(7,272)	(7,812)
Vehicles, net	1,079	539
Tools, furniture and fixtures	45,106	36,133
Accumulated depreciation	(32,054)	(25,672)
Tools, furniture and fixtures, net	13,051	10,461
Land	322,711	322,711
Total property, plant and equipment	389,060	399,046
Intangible assets	64,548	85,493
Investments and other assets		
Investment securities	1,483,723	1,292,182
Deferred tax assets	266,964	154,896
Other	287,523	543,352
Allowance for doubtful accounts	(1,180)	-
Total investments and other assets	2,037,030	1,990,431
Total noncurrent assets	2,490,639	2,474,971
Total assets	15,868,651	17,825,445
Liabilities		
Current liabilities		
Accounts payable-trade	2,365,484	2,473,996
Income taxes payable	297,864	799,273
Provision for bonuses	34,200	35,770
Other	189,064	291,359
Total current liabilities	2,886,614	3,600,398
Noncurrent liabilities		
Provision for retirement benefits	69,702	72,176
Other	419,874	401,593
Total noncurrent liabilities	489,577	473,770
Total liabilities	3,376,191	4,074,168

	(Thousands of yen)	
	As of August 31, 2011	As of August 31, 2012
Net assets		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	11,911,330	12,900,289
Treasury stock	(300,224)	(200,455)
Total shareholders' equity	<u>12,417,095</u>	<u>13,505,823</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(136,124)	(13,625)
Total accumulated other comprehensive income	<u>(136,124)</u>	<u>(13,625)</u>
Minority interests	211,490	259,078
Total net assets	<u>12,492,460</u>	<u>13,751,276</u>
Total liabilities and net assets	<u>15,868,651</u>	<u>17,825,445</u>

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

(Thousands of yen)

	Fiscal year ended August 31, 2011	Fiscal year ended August 31, 2012
Net sales	15,120,612	18,151,014
Cost of sales	12,538,992	14,508,964
Gross profit	2,581,619	3,642,049
Selling, general and administrative expenses	857,432	889,095
Operating income	1,724,187	2,752,954
Non-operating income		
Interest income	672	547
Dividends income	27,310	20,137
Equity in earnings of affiliates	8,703	-
Gain on investments in silent partnership	10,987	13,190
Gain on investments in partnership	9,583	12,434
Insurance premiums refunded cancellation	-	15,709
Other	4,791	5,870
Total non-operating income	62,048	67,889
Non-operating expenses		
Listing related expenses	8,193	5,945
Commission fee	6,350	2,509
Donation for Disaster Relief	13,100	-
Other	1,068	171
Total non-operating expenses	28,713	8,625
Ordinary income	1,757,522	2,812,217
Extraordinary income		
Gain on sales of investment securities	1,550	6,033
Gain on sales of memberships	150	-
Reversal of allowance for doubtful accounts	8,119	-
Total extraordinary income	9,819	6,033
Extraordinary loss		
Loss on retirement of noncurrent assets	10,253	4,254
Loss on sales of investment securities	107,142	96,530
Loss on valuation of investment securities	2,178	81,182
Loss on sales of membership	-	500
Loss on valuation of membership	6,634	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,120	-
Total extraordinary losses	127,329	182,467
Income before income taxes and minority interests	1,640,013	2,635,783
Income taxes-current	652,776	1,113,294
Income taxes-deferred	24,390	(2,901)
Total income taxes	677,167	1,110,393
Income before minority interests	962,846	1,525,390
Minority interests in income	30,790	51,946
Net income	932,055	1,473,443

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Fiscal year ended August 31, 2011	Fiscal year ended August 31, 2012
Income before minority interests	962,846	1,525,390
Other comprehensive income		
Valuation difference on available-for-sale securities	70,257	122,609
Total other comprehensive income	70,257	122,609
Comprehensive income	1,033,103	1,647,999
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,002,327	1,595,943
Comprehensive income attributable to minority interests	30,776	52,056

Consolidated statements of changes in net assets

(Thousands of yen)

	Fiscal year ended August 31, 2011	Fiscal year ended August 31, 2012
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	414,750	414,750
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	414,750	414,750
Capital surplus		
Balance at the beginning of current period	391,240	391,240
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	391,240	391,240
Retained earnings		
Balance at the beginning of current period	11,658,146	11,911,330
Changes of items during the period		
Dividends from surplus	(251,116)	(238,120)
Net income	932,055	1,473,443
Retirement of treasury stock	(427,755)	(246,363)
Total changes of items during the period	253,183	988,959
Balance at the end of current period	11,911,330	12,900,289
Treasury stock		
Balance at the beginning of current period	(262,469)	(300,224)
Changes of items during the period		
Purchase of treasury stock	(465,511)	(146,594)
Retirement of treasury stock	427,755	246,363
Total changes of items during the period	(37,755)	99,768
Balance at the end of current period	(300,224)	(200,455)
Total shareholders' equity		
Balance at the beginning of current period	12,201,667	12,417,095
Changes of items during the period		
Dividends from surplus	(251,116)	(238,120)
Net income	932,055	1,473,443
Purchase of treasury stock	(465,511)	(146,594)
Total changes of items during the period	215,428	1,088,728
Balance at the end of current period	12,417,095	13,505,823

(Thousands of yen)

	Fiscal year ended August 31, 2011	Fiscal year ended August 31, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(206,396)	(136,124)
Changes of items during the period		
Net changes of items other than shareholders' equity	70,271	122,499
Total changes of items during the period	70,271	122,499
Balance at the end of current period	(136,124)	(13,625)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(206,396)	(136,124)
Changes of items during the period		
Net changes of items other than shareholders' equity	70,271	122,499
Total changes of items during the period	70,271	122,499
Balance at the end of current period	(136,124)	(13,625)
Minority interests		
Balance at the beginning of current period	181,990	211,490
Changes of items during the period		
Net changes of items other than shareholders' equity	29,500	47,588
Total changes of items during the period	29,500	47,588
Balance at the end of current period	211,490	259,078
Total net assets		
Balance at the beginning of current period	12,177,261	12,492,460
Changes of items during the period		
Dividends from surplus	(251,116)	(238,120)
Net income	932,055	1,473,443
Purchase of treasury stock	(465,511)	(146,594)
Net changes of items other than shareholders' equity	99,771	170,087
Total changes of items during the period	315,199	1,258,816
Balance at the end of current period	12,492,460	13,751,276

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2011	Fiscal year ended August 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,640,013	2,635,783
Depreciation and amortization	40,700	33,016
Increase (decrease) in provision for bonuses	6,468	1,570
Increase (decrease) in provision for retirement benefits	(6,829)	2,474
Amortization of goodwill	-	2,410
Increase (decrease) in allowance for doubtful accounts	(42,281)	(702)
Interest and dividends income	(27,983)	(20,684)
Equity in (earnings) losses of affiliates	(8,703)	-
Loss on retirement of noncurrent assets	10,253	4,254
Loss (gain) on sales of investment securities	105,592	90,497
Loss (gain) on valuation of investment securities	2,178	81,182
Loss (gain) on investments in silent partnership	(10,987)	(13,190)
Loss (gain) on investments in partnership	(9,583)	(12,434)
Decrease (increase) in notes and accounts receivable-trade	440,204	(253,600)
Decrease (increase) in inventories	10,514	840
Decrease (increase) in advance payments	177,443	(195,930)
Increase (decrease) in notes and accounts payable-trade	(472,419)	106,047
Increase (decrease) in accrued consumption taxes	11,985	55,721
Other, net	37,885	36,432
Subtotal	1,904,452	2,553,690
Interest and dividends income received	27,997	20,685
Income taxes paid	(754,554)	(617,900)
Net cash provided by (used in) operating activities	1,177,894	1,956,475
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,615)	(13,704)
Purchase of intangible assets	(34,295)	(15,004)
Purchase of investment securities	(1,866)	(157,173)
Proceeds from sales of investment securities	508,351	399,290
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(18,734)
Payments for transfer of business	-	(14,285)
Payments for investments in capital of subsidiaries and affiliates	-	(300,000)
Other, net	13,415	56,057
Net cash provided by (used in) investing activities	482,989	(63,553)
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(465,511)	(146,594)
Cash dividends paid	(251,104)	(238,108)
Cash dividends paid to minority shareholders	(1,276)	(4,468)
Net cash provided by (used in) financing activities	(717,892)	(389,171)
Net increase (decrease) in cash and cash equivalents	942,992	1,503,751
Cash and cash equivalents at beginning of period	9,987,267	10,930,259
Cash and cash equivalents at end of period	10,930,259	12,434,010