

Translation

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## Summary of Consolidated Financial Results for the Year Ended August 31, 2013 (Based on Japanese GAAP)

October 9, 2013

Company name	SOTSU CO.,LTD.		
Stock exchange listing	Tokyo		
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 26, 2013		
Scheduled date to file Securities Report	November 27, 2013		
Scheduled date to commence dividend payments	November 27, 2013		
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, 2013 (from September 1, 2012 to August 31, 2013)

(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, 2013	20,744	14.3	3,295	19.7	3,287	16.9	1,911	29.7
Year ended August 31, 2012	18,151	20.0	2,752	59.7	2,812	60.0	1,473	58.1

Note: Comprehensive income Year ended August 31, 2013 ¥2,152 million (30.6%)  
Year ended August 31, 2012 ¥1,647 million (59.5%)

	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, 2013	243.92	-	13.3	17.9	15.9
Year ended August 31, 2012	187.03	-	11.4	16.7	15.2

Reference: Equity in earnings (losses) of affiliates Year ended August 31, 2013 ¥- million  
Year ended August 31, 2012 ¥- 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, 2013	18,942	15,526	80.4	1,943.21
As of August 31, 2012	17,825	13,751	75.7	1,721.54

Reference: Equity As of August 31, 2013 ¥15,229 million  
As of August 31, 2012 ¥13,492 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, 2013	1,923	(69)	(353)	13,934
As of August 31, 2012	1,956	(63)	(389)	12,434

## 2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended August 31, 2012	-	0.00	-	45.00	45.00	352	24.1	2.7
Year ended August 31, 2013	-	0.00	-	60.00	60.00	470	24.6	3.3
Year ending August 31, 2014 (Forecast)	-	30.00	-	30.00	60.00		23.5	

Notes: (1) Details of year-end dividends for the year ended August 31, 2012      ordinary dividends 30 yen      special dividends 15 yen  
(2) Details of year-end dividends for the year ended August 31, 2013      ordinary dividends 30 yen      special dividends 30 yen  
(3) Details of interim dividends for the six months ending February 28, 2014      ordinary dividends 15 yen      special dividends 15 yen  
Details of year-end dividends for the year ending August 31, 2014      ordinary dividends 15 yen      special dividends 15 yen

## 3. Forecast of consolidated financial results for the year ending August 31, 2014 (from September 1, 2013 to August 31, 2014)

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
Six months ending February 28, 2014	12,200	13.8	2,230	9.5	2,230	8.9	1,260	10.1	160.77
Full year	22,000	6.1	3,300	0.1	3,360	2.2	2,000	4.6	255.19

## 4. Notes

- (1) Changes in significant subsidiaries during the year ended August 31, 2013  
(changes in specified subsidiaries resulting in the change in scope of consolidation):      no
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections  
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:      yes  
Restatement of prior period financial statements after error corrections:      no

### (3) Number of issued shares

Total number of issued shares at the end of the period (including treasury stock)

As of August 31, 2013	8,000,000 shares	As of August 31, 2012	8,000,000 shares
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Number of shares of treasury stock at the end of the period

As of August 31, 2013	162,803 shares	As of August 31, 2012	162,711 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Year ended August 31, 2013	7,837,238 shares	Year ended August 31, 2012	7,878,148 shares
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Reference: Summary of non-consolidated financial results

## 1. Non-consolidated financial results for the year ended August 31, 2013 (from September 1, 2012 to August 31, 2013)

### (1) Non-consolidated financial 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, 2013	18,749	13.7	2,815	18.4	2,851	15.3	1,713	27.2
Year ended August 31, 2012	16,488	20.9	2,378	62.5	2,473	62.9	1,346	49.6

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended August 31, 2013	218.61	-
Year ended August 31, 2012	170.90	-

## (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2013	17,513	14,461	82.6	1,845.26
As of August 31, 2012	16,599	12,927	77.9	1,649.54

Reference: Equity As of August 31, 2013 ¥14,461 million

As of August 31, 2012 ¥12,927 million

## 2. Forecast of non-consolidated financial results for the year ending August 31, 2014 (from September 1, 2013 to August 31, 2014)

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, 2014	10,700	13.8	1,770	9.4	1,060	11.0	135.25
Full year	20,000	6.7	2,900	1.7	1,770	3.3	225.84

\* 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, 2012	As of August 31, 2013
Assets		
Current assets		
Cash and deposits	12,434,010	13,934,706
Notes and accounts receivable-trade	2,545,939	1,996,211
Merchandise	266	133
Work in process	11,559	13,069
Supplies	4,513	4,612
Deferred tax assets	84,978	89,512
Other	276,693	260,501
Allowance for doubtful accounts	(7,488)	(7,250)
Total current assets	15,350,474	16,291,497
Noncurrent assets		
Property, plant and equipment		
Buildings	204,906	204,906
Accumulated depreciation	(139,572)	(146,171)
Buildings, net	65,333	58,734
Vehicles	8,352	8,352
Accumulated depreciation	(7,812)	(8,352)
Vehicles, net	539	0
Tools, furniture and fixtures	36,133	40,054
Accumulated depreciation	(25,672)	(21,512)
Tools, furniture and fixtures, net	10,461	18,542
Land	322,711	322,711
Total property, plant and equipment	399,046	399,988
Intangible assets	85,493	71,496
Investments and other assets		
Investment securities	1,292,182	1,584,440
Deferred tax assets	154,896	76,266
Other	543,352	519,212
Total investments and other assets	1,990,431	2,179,919
Total noncurrent assets	2,474,971	2,651,404
Total assets	17,825,445	18,942,902

(Thousands of yen)

	As of August 31, 2012	As of August 31, 2013
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	2,473,996	1,830,049
Income taxes payable	799,273	770,183
Provision for bonuses	35,770	38,383
Other	291,359	296,264
Total current liabilities	<u>3,600,398</u>	<u>2,934,880</u>
Noncurrent liabilities		
Provision for retirement benefits	72,176	84,963
Other	401,593	396,916
Total noncurrent liabilities	<u>473,770</u>	<u>481,879</u>
Total liabilities	<u>4,074,168</u>	<u>3,416,760</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	12,900,289	14,459,258
Treasury stock	(200,455)	(200,661)
Total shareholders' equity	<u>13,505,823</u>	<u>15,064,587</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,625)	164,693
Total accumulated other comprehensive income	<u>(13,625)</u>	<u>164,693</u>
Minority interests	259,078	296,861
Total net assets	<u>13,751,276</u>	<u>15,526,142</u>
Total liabilities and net assets	<u>17,825,445</u>	<u>18,942,902</u>

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

(Thousands of yen)

	Fiscal year ended August 31, 2012	Fiscal year ended August 31, 2013
Net sales	18,151,014	20,744,610
Cost of sales	14,508,964	16,500,413
Gross profit	3,642,049	4,244,197
Selling, general and administrative expenses	889,095	948,338
Operating income	2,752,954	3,295,859
Non-operating income		
Interest income	547	1,927
Dividends income	20,137	22,707
Gain on investments in silent partnership	13,190	14,969
Gain on investments in partnership	12,434	-
Insurance premiums refunded cancellation	15,709	-
Other	5,870	5,679
Total non-operating income	67,889	45,283
Non-operating expenses		
Listing related expenses	5,945	5,463
Commission fee	2,509	-
Loss on investments in partnership	-	47,877
Other	171	84
Total non-operating expenses	8,625	53,425
Ordinary income	2,812,217	3,287,717
Extraordinary income		
Gain on sales of investment securities	6,033	22,050
Gain on bargain purchase	-	11,855
Total extraordinary income	6,033	33,906
Extraordinary loss		
Loss on retirement of noncurrent assets	4,254	7,175
Loss on sales of investment securities	96,530	13,488
Loss on valuation of investment securities	81,182	-
Loss on sales of membership	500	-
Loss on change in equity	-	799
Total extraordinary losses	182,467	21,462
Income before income taxes and minority interests	2,635,783	3,300,161
Income taxes-current	1,113,294	1,349,010
Income taxes-deferred	(2,901)	(22,905)
Total income taxes	1,110,393	1,326,104
Income before minority interests	1,525,390	1,974,057
Minority interests in income	51,946	62,410
Net income	1,473,443	1,911,646

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Fiscal year ended August 31, 2012	Fiscal year ended August 31, 2013
Income before minority interests	1,525,390	1,974,057
Other comprehensive income		
Valuation difference on available-for-sale securities	122,609	178,738
Total other comprehensive income	122,609	178,738
Comprehensive income	1,647,999	2,152,795
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,595,943	2,089,966
Comprehensive income attributable to minority interests	52,056	62,829

## Consolidated statements of changes in net assets

(Thousands of yen)

	Fiscal year ended August 31, 2012	Fiscal year ended August 31, 2013
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	11,911,330	12,900,289
Changes of items during the period		
Dividends from surplus	(238,120)	(352,678)
Net income	1,473,443	1,911,646
Retirement of treasury stock	(246,363)	-
Total changes of items during the period	988,959	1,558,968
Balance at the end of current period	12,900,289	14,459,258
Treasury stock		
Balance at the beginning of current period	(300,224)	(200,455)
Changes of items during the period		
Purchase of treasury stock	(146,594)	(205)
Retirement of treasury stock	246,363	-
Total changes of items during the period	99,768	(205)
Balance at the end of current period	(200,455)	(200,661)
Total shareholders' equity		
Balance at the beginning of current period	12,417,095	13,505,823
Changes of items during the period		
Dividends from surplus	(238,120)	(352,678)
Net income	1,473,443	1,911,646
Purchase of treasury stock	(146,594)	(205)
Total changes of items during the period	1,088,728	1,558,763
Balance at the end of current period	13,505,823	15,064,587
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(136,124)	(13,625)
Changes of items during the period		
Net changes of items other than shareholders' equity	122,499	178,319
Total changes of items during the period	122,499	178,319
Balance at the end of current period	(13,625)	164,693
Total accumulated other comprehensive income		
Balance at the beginning of current period	(136,124)	(13,625)
Changes of items during the period		
Net changes of items other than shareholders' equity	122,499	178,319
Total changes of items during the period	122,499	178,319
Balance at the end of current period	(13,625)	164,693



(Thousands of yen)

	Fiscal year ended August 31, 2012	Fiscal year ended August 31, 2013
Minority interests		
Balance at the beginning of current period	211,490	259,078
Changes of items during the period		
Net changes of items other than shareholders' equity	47,588	37,782
Total changes of items during the period	47,588	37,782
Balance at the end of current period	259,078	296,861
Total net assets		
Balance at the beginning of current period	12,492,460	13,751,276
Changes of items during the period		
Dividends from surplus	(238,120)	(352,678)
Net income	1,473,443	1,911,646
Purchase of treasury stock	(146,594)	(205)
Net changes of items other than shareholders' equity	170,087	216,102
Total changes of items during the period	1,258,816	1,774,865
Balance at the end of current period	13,751,276	15,526,142

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2012	Fiscal year ended August 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,635,783	3,300,161
Depreciation and amortization	33,016	25,073
Increase (decrease) in provision for bonuses	1,570	2,613
Increase (decrease) in provision for retirement benefits	2,474	12,786
Amortization of goodwill	2,410	12,084
Increase (decrease) in allowance for doubtful accounts	(702)	(238)
Interest and dividends income	(20,684)	(24,634)
Loss on retirement of noncurrent assets	4,254	7,175
Loss (gain) on sales of investment securities	90,497	(8,562)
Loss (gain) on valuation of investment securities	81,182	-
Loss (gain) on investments in silent partnership	(13,190)	(14,969)
Loss (gain) on investments in partnership	(12,434)	47,877
Decrease (increase) in notes and accounts receivable-trade	(253,600)	549,728
Decrease (increase) in inventories	840	(1,477)
Decrease (increase) in advance payments	(195,930)	28,471
Increase (decrease) in notes and accounts payable-trade	106,047	(643,947)
Increase (decrease) in accrued consumption taxes	55,721	(24,645)
Other, net	36,432	9,725
Subtotal	2,553,690	3,277,221
Interest and dividends income received	20,685	24,635
Income taxes paid	(617,900)	(1,378,369)
Net cash provided by (used in) operating activities	1,956,475	1,923,487
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(13,704)	(9,601)
Purchase of intangible assets	(15,004)	(16,672)
Purchase of investment securities	(157,173)	(290,021)
Proceeds from sales of investment securities	399,290	295,981
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	56,057	(49,154)
Net cash provided by (used in) investing activities	(63,553)	(69,467)
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(146,594)	(205)
Cash dividends paid	(238,108)	(352,660)
Cash dividends paid to minority shareholders	(4,468)	(7,659)
Other, net	-	7,200
Net cash provided by (used in) financing activities	(389,171)	(353,325)
Net increase (decrease) in cash and cash equivalents	1,503,751	1,500,695
Cash and cash equivalents at beginning of period	10,930,259	12,434,010
Cash and cash equivalents at end of period	12,434,010	13,934,706