

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2014 (Based on Japanese GAAP)

July 8, 2014

Company name: SOTSU CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 3711 URL <http://www.sotsu-co.jp>
 Representative: President Takehiko Aoki
 Senior Managing Director, Administration
 Inquiries: Takashi Izuhara TEL 03-6386-0311
 General Manager
 Scheduled date to file Quarterly Securities Report: July 14, 2014
 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 nine months ended May 31, 2014 (from September 1, 2013 to May 31, 2014)

(1) Consolidated financial results (cumulative)

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	%
Nine months ended May 31, 2014	17,213	0.1	2,904	0.2	2,801	(2.8)	1,686	2.6
Nine months ended May 31, 2013	17,188	25.4	2,897	21.7	2,882	19.5	1,643	25.4

Note: Comprehensive income
 Nine months ended May 31, 2014 ¥1,873 million [(2.7)%]
 Nine months ended May 31, 2013 ¥1,925 million [43.1%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 31, 2014	215.18	–
Nine months ended May 31, 2013	209.65	–

(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, 2014	21,695	16,535	75.4	2,086.33
As of August 31, 2013	18,942	15,526	80.4	1,943.21

Reference: Equity
 As of May 31, 2014 ¥16,350 million
 As of August 31, 2013 ¥15,229 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2013	–	0.00	–	60.00	60.00
Year ending August 31, 2014	–	30.00	–		
Year ending August 31, 2014 (Forecast)				30.00	60.00

Note: Revision of cash dividend forecast during this period: No

Notes: (1) Details of year-end dividends for the year ended August 31, 2013
 Ordinary dividends 30 yen Special dividends 30 yen
 (2) Details of interim dividends for the six months ended 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
Full year	22,000	6.1	3,300	0.1	3,360	2.2	2,000	4.6	255.19

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended May 31, 2014
(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: No
- 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, 2014	8,000,000 shares	As of August 31, 2013	8,000,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2014	162,849 shares	As of August 31, 2013	162,803 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended May 31, 2014	7,837,176 shares	Nine months ended May 31, 2013	7,837,251 shares
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* Indication regarding execution of quarterly review procedures

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

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2013	As of May 31, 2014
Assets		
Current assets		
Cash and deposits	13,934,706	15,514,436
Notes and accounts receivable-trade	1,996,211	3,332,148
Merchandise	133	160
Work in process	13,069	9,858
Supplies	4,612	4,502
Deferred tax assets	89,512	56,273
Other	260,501	311,436
Allowance for doubtful accounts	(7,250)	(10,666)
Total current assets	<u>16,291,497</u>	<u>19,218,149</u>
Noncurrent assets		
Property, plant and equipment		
Buildings, net	58,734	54,595
Vehicles, net	0	2,383
Tools, furniture and fixtures, net	18,542	16,171
Land	322,711	322,711
Total property, plant and equipment	<u>399,988</u>	<u>395,861</u>
Intangible assets	71,496	45,311
Investments and other assets		
Investment securities	1,584,440	1,669,306
Deferred tax assets	76,266	21,337
Other	519,212	345,916
Total investments and other assets	<u>2,179,919</u>	<u>2,036,560</u>
Total noncurrent assets	<u>2,651,404</u>	<u>2,477,733</u>
Total assets	<u>18,942,902</u>	<u>21,695,883</u>

(Thousands of yen)

	As of August 31, 2013	As of May 31, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	1,830,049	3,873,631
Income taxes payable	770,183	454,033
Provision for bonuses	38,383	34,350
Other	296,264	299,586
Total current liabilities	<u>2,934,880</u>	<u>4,661,601</u>
Noncurrent liabilities		
Provision for retirement benefits	84,963	68,827
Other	396,916	430,337
Total noncurrent liabilities	<u>481,879</u>	<u>499,165</u>
Total liabilities	<u>3,416,760</u>	<u>5,160,767</u>
Net assets		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	14,459,258	15,440,290
Treasury stock	(200,661)	(200,828)
Total shareholders' equity	<u>15,064,587</u>	<u>16,045,451</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	164,693	305,455
Total accumulated other comprehensive income	<u>164,693</u>	<u>305,455</u>
Minority interests	296,861	184,208
Total net assets	<u>15,526,142</u>	<u>16,535,115</u>
Total liabilities and net assets	<u>18,942,902</u>	<u>21,695,883</u>

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2013	Nine months ended May 31, 2014
Net sales	17,188,682	17,213,544
Cost of sales	13,594,341	13,585,520
Gross profit	3,594,341	3,628,024
Selling, general and administrative expenses	696,641	723,649
Operating income	2,897,699	2,904,374
Non-operating income		
Interest income	1,411	5,153
Dividends income	9,438	7,237
Gain on investments in silent partnership	7,311	7,962
Other	5,719	2,817
Total non-operating income	23,881	23,171
Non-operating expenses		
Loss on investments in partnership	34,338	119,694
Listing related expenses	4,406	5,861
Other	84	2
Total non-operating expenses	38,829	125,558
Ordinary income	2,882,751	2,801,987
Extraordinary income		
Gain on sales of investment securities	21,949	42,320
Gain on bargain purchase	11,855	51,613
Total extraordinary income	33,804	93,933
Extraordinary loss		
Loss on retirement of noncurrent assets	7,162	5,465
Loss on sales of investment securities	13,488	25,850
Total extraordinary losses	20,650	31,315
Income before income taxes and minority interests	2,895,905	2,864,606
Income taxes-current	1,188,440	1,079,575
Income taxes-deferred	(346)	51,791
Total income taxes	1,188,094	1,131,366
Income before minority interests	1,707,810	1,733,239
Minority interests in income	64,717	46,861
Net income	1,643,093	1,686,378

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2013	Nine months ended May 31, 2014
Income before minority interests	1,707,810	1,733,239
Other comprehensive income		
Valuation difference on available-for-sale securities	218,185	140,425
Total other comprehensive income	218,185	140,425
Comprehensive income	1,925,996	1,873,665
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,861,025	1,827,140
Comprehensive income attributable to minority interests	64,971	46,525