

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended August 31, 2014
(Based on Japanese GAAP)**

October 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 of ordinary general meeting of shareholders: November 26, 2014
 Scheduled date to file Securities Report: November 27, 2014
 Scheduled date to commence dividend payments: November 27, 2014
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended August 31, 2014 (from September 1, 2013 to August 31, 2014)

(1) 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, 2014	22,298	7.5	3,376	2.4	3,327	1.2	2,027	6.1
Year ended August 31, 2013	20,744	14.3	3,295	19.7	3,287	16.9	1,911	29.7

Note: Comprehensive income Year ended August 31, 2014 ¥2,349 million (9.1%)
 Year ended August 31, 2013 ¥2,152 million (30.6%)

	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, 2014	258.70	–	12.7	16.3	15.1
Year ended August 31, 2013	243.92	–	13.3	17.9	15.9

Reference: Investment profit (loss) on equity method Year ended August 31, 2014 ¥– million
 Year ended August 31, 2013 ¥– 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, 2014	21,807	17,009	77.1	2,146.76
As of August 31, 2013	18,942	15,526	80.4	1,943.21

Reference: Equity As of August 31, 2014 ¥16,824 million
 As of August 31, 2013 ¥15,229 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended August 31, 2014	2,465	151	(713)	15,836
Year ended August 31, 2013	1,923	(69)	(353)	13,934

2. Cash dividends

	Annual dividends per share					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, 2013	–	0.00	–	60.00	60.00	470	24.6	3.3
Year ended August 31, 2014	–	30.00	–	30.00	60.00	470	23.2	2.9
Year ending August 31, 2015 (Forecast)	–	15.00	–	20.00	35.00		24.5	

- 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 ended August 31, 2014 ordinary dividends 15 yen special dividends 15 yen
(3) The Company will conduct a stock split at a ratio of 1:2 of common shares with December 1, 2014 as the effective date.
Forecast of interim and year-end dividends for the year ending August 31, 2015 is provided after taking into consideration of the above stock split.
(4) Details of interim dividends for the six months ending February 28, 2015 ordinary dividends 15 yen
Details of year-end dividends for the year ending August 31, 2015 ordinary dividends 15 yen special dividends 5 yen

3. Forecast of consolidated financial results for the year ending August 31, 2015 (from September 1, 2014 to August 31, 2015)

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, 2015	13,100	10.5	1,850	(18.1)	1,860	(18.3)	1,130	(17.1)	72.09
Full year	25,000	12.1	3,750	11.1	3,750	12.7	2,240	10.5	142.91

Net income per share is provided after taking into consideration of the stock split at a ratio of 1:2 of common shares with December 1, 2014 as the effective date.

4. Notes

- (1) Changes in significant subsidiaries during the year ended August 31, 2014 (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
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 after error corrections: No

(3) Number of issued shares (common shares)

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

As of August 31, 2014	8,000,000 shares	As of August 31, 2013	8,000,000 shares
-----------------------	------------------	-----------------------	------------------

Number of treasury shares at the end of the period

As of August 31, 2014	162,849 shares	As of August 31, 2013	162,803 shares
-----------------------	----------------	-----------------------	----------------

Average number of shares during the period

Year ended August 31, 2014	7,837,170 shares	Year ended August 31, 2013	7,837,238 shares
----------------------------	------------------	----------------------------	------------------

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended August 31, 2014 (from September 1, 2013 to August 31, 2014)

(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, 2014	20,168	7.6	2,823	0.3	2,823	(1.0)	1,702	(0.7)
Year ended August 31, 2013	18,749	13.7	2,815	18.4	2,851	15.3	1,713	27.2

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended August 31, 2014	217.18	–
Year ended August 31, 2013	218.61	–

(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, 2014	19,917	15,732	79.0	2,007.40
As of August 31, 2013	17,513	14,461	82.6	1,845.26

Reference: Equity As of August 31, 2014 ¥15,732 million

As of August 31, 2013 ¥14,461 million

2. Forecast of non-consolidated financial results for the year ending August 31, 2015 (from September 1, 2014 to August 31, 2015)

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, 2015	12,100	14.2	1,700	(5.1)	1,030	(4.9)	65.71
Full year	22,800	13.0	3,230	14.4	1,970	15.7	125.68

Net income per share is provided after taking into consideration of the stock split at a ratio of 1:2 of common shares with December 1, 2014 as the effective date.

* 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 and non-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, 2013	As of August 31, 2014
Assets		
Current assets		
Cash and deposits	13,934,706	15,836,072
Notes and accounts receivable - trade	1,996,211	2,841,891
Merchandise	133	144
Work in process	13,069	9,945
Supplies	4,612	5,123
Deferred tax assets	89,512	87,485
Other	260,501	433,489
Allowance for doubtful accounts	(7,250)	(9,584)
Total current assets	16,291,497	19,204,567
Non-current assets		
Property, plant and equipment		
Buildings	204,906	204,906
Accumulated depreciation	(146,171)	(151,690)
Buildings, net	58,734	53,215
Vehicles	8,352	11,033
Accumulated depreciation	(8,352)	(8,873)
Vehicles, net	0	2,160
Tools, furniture and fixtures	40,054	39,226
Accumulated depreciation	(21,512)	(23,779)
Tools, furniture and fixtures, net	18,542	15,446
Land	322,711	322,711
Total property, plant and equipment	399,988	393,534
Intangible assets	71,496	41,965
Investments and other assets		
Investment securities	1,584,440	1,876,859
Deferred tax assets	76,266	21,442
Other	519,212	269,331
Total investments and other assets	2,179,919	2,167,632
Total non-current assets	2,651,404	2,603,132
Total assets	18,942,902	21,807,700

(Thousands of yen)

	As of August 31, 2013	As of August 31, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	1,830,049	3,255,031
Income taxes payable	770,183	721,456
Provision for bonuses	38,383	35,318
Other	296,264	316,901
Total current liabilities	2,934,880	4,328,707
Non-current liabilities		
Deferred tax liabilities	–	58,478
Provision for retirement benefits	84,963	–
Net defined benefit liability	–	70,282
Other	396,916	340,297
Total non-current liabilities	481,879	469,058
Total liabilities	3,416,760	4,797,765
Net assets		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	14,459,258	15,780,396
Treasury shares	(200,661)	(200,828)
Total shareholders' equity	15,064,587	16,385,558
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	164,693	438,949
Total accumulated other comprehensive income	164,693	438,949
Minority interests	296,861	185,426
Total net assets	15,526,142	17,009,934
Total liabilities and net assets	18,942,902	21,807,700

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

(Thousands of yen)

	Fiscal year ended August 31, 2013	Fiscal year ended August 31, 2014
Net sales	20,744,610	22,298,748
Cost of sales	16,500,413	17,959,652
Gross profit	4,244,197	4,339,095
Selling, general and administrative expenses	948,338	963,085
Operating income	3,295,859	3,376,009
Non-operating income		
Interest income	1,927	5,824
Dividend income	22,707	19,088
Gain on investments in silent partnership	14,969	58,356
Other	5,679	2,925
Total non-operating income	45,283	86,195
Non-operating expenses		
Listing related expenses	5,463	6,921
Loss on investments in partnership	47,877	127,809
Other	84	2
Total non-operating expenses	53,425	134,733
Ordinary income	3,287,717	3,327,471
Extraordinary income		
Gain on sales of investment securities	22,050	42,320
Gain on bargain purchase	11,855	51,613
Total extraordinary income	33,906	93,933
Extraordinary losses		
Loss on retirement of non-current assets	7,175	9,677
Loss on sales of investment securities	13,488	25,850
Loss on change in equity	799	—
Total extraordinary losses	21,462	35,527
Income before income taxes and minority interests	3,300,161	3,385,877
Income taxes - current	1,349,010	1,346,790
Income taxes - deferred	(22,905)	(36,403)
Total income taxes	1,326,104	1,310,386
Income before minority interests	1,974,057	2,075,491
Minority interests in income	62,410	47,992
Net income	1,911,646	2,027,498

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Fiscal year ended August 31, 2013	Fiscal year ended August 31, 2014
Income before minority interests	1,974,057	2,075,491
Other comprehensive income		
Valuation difference on available-for-sale securities	178,738	274,006
Total other comprehensive income	178,738	274,006
Comprehensive income	2,152,795	2,349,498
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,089,966	2,301,755
Comprehensive income attributable to minority interests	62,829	47,743

Consolidated statements of changes in net assets

Fiscal year ended August 31, 2013

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	414,750	391,240	12,900,289	(200,455)	13,505,823
Changes of items during period					
Dividends of surplus			(352,678)		(352,678)
Net income			1,911,646		1,911,646
Change of scope of consolidation					–
Purchase of treasury shares				(205)	(205)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,558,968	(205)	1,558,763
Balance at end of current period	414,750	391,240	14,459,258	(200,661)	15,064,587

	Accumulated other comprehensive income		Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	(13,625)	(13,625)	259,078	13,751,276
Changes of items during period				
Dividends of surplus				(352,678)
Net income				1,911,646
Change of scope of consolidation				–
Purchase of treasury shares				(205)
Net changes of items other than shareholders' equity	178,319	178,319	37,782	216,102
Total changes of items during period	178,319	178,319	37,782	1,774,865
Balance at end of current period	164,693	164,693	296,861	15,526,142

Fiscal year ended August 31, 2014

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	414,750	391,240	14,459,258	(200,661)	15,064,587
Changes of items during period					
Dividends of surplus			(705,346)		(705,346)
Net income			2,027,498		2,027,498
Change of scope of consolidation			(1,014)		(1,014)
Purchase of treasury shares				(166)	(166)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,321,138	(166)	1,320,971
Balance at end of current period	414,750	391,240	15,780,396	(200,828)	16,385,558

	Accumulated other comprehensive income		Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	164,693	164,693	296,861	15,526,142
Changes of items during period				
Dividends of surplus				(705,346)
Net income				2,027,498
Change of scope of consolidation				(1,014)
Purchase of treasury shares				(166)
Net changes of items other than shareholders' equity	274,256	274,256	(111,435)	162,820
Total changes of items during period	274,256	274,256	(111,435)	1,483,792
Balance at end of current period	438,949	438,949	185,426	17,009,934

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2013	Fiscal year ended August 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	3,300,161	3,385,877
Depreciation	25,073	23,279
Increase (decrease) in provision for bonuses	2,613	(3,065)
Increase (decrease) in provision for retirement benefits	12,786	–
Increase (decrease) in net defined benefit liability	–	(14,681)
Amortization of goodwill	12,084	15,655
Increase (decrease) in allowance for doubtful accounts	(238)	2,334
Interest and dividend income	(24,634)	(24,913)
Loss on retirement of non-current assets	7,175	9,677
Loss (gain) on sales of investment securities	(8,562)	(16,470)
Loss (gain) on investments in silent partnership	(14,969)	(58,356)
Loss (gain) on investments in partnership	47,877	127,809
Decrease (increase) in notes and accounts receivable - trade	549,728	(845,679)
Decrease (increase) in inventories	(1,477)	2,602
Decrease (increase) in advance payments	28,471	(173,636)
Increase (decrease) in notes and accounts payable - trade	(643,947)	1,424,982
Increase (decrease) in accrued consumption taxes	(24,645)	38,702
Other, net	9,725	(59,188)
Subtotal	3,277,221	3,834,931
Interest and dividend income received	24,635	24,913
Income taxes paid	(1,378,369)	(1,394,537)
Net cash provided by (used in) operating activities	1,923,487	2,465,306
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,601)	(8,488)
Purchase of intangible assets	(16,672)	(13,917)
Purchase of investment securities	(290,021)	–
Proceeds from sales of investment securities	295,981	182,960
Purchase of treasury shares of subsidiaries	–	(99,488)
Other, net	(49,154)	90,401
Net cash provided by (used in) investing activities	(69,467)	151,468
Cash flows from financing activities		
Purchase of treasury shares	(205)	(166)
Cash dividends paid	(352,660)	(705,322)
Cash dividends paid to minority shareholders	(7,659)	(8,076)
Other, net	7,200	–
Net cash provided by (used in) financing activities	(353,325)	(713,566)
Net increase (decrease) in cash and cash equivalents	1,500,695	1,903,209
Cash and cash equivalents at beginning of period	12,434,010	13,934,706
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(1,842)
Cash and cash equivalents at end of period	13,934,706	15,836,072