

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended February 28, 2015
(Based on Japanese GAAP)**

April 8, 2015

Company name: SOTSU CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 3711 URL <http://www.sotsu-co.jp>
 Representative: President Takehiko Aoki
 Inquiries: Executive Vice President Takashi Izuhara TEL 03-6386-0311
 Scheduled date to file Quarterly Securities Report: April 14, 2015
 Scheduled date to commence dividend payments: May 8, 2015
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended February 28, 2015 (from September 1, 2014 to February 28, 2015)

(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	%
Six months ended February 28, 2015	12,539	5.8	1,679	(25.6)	1,623	(28.7)	1,007	(26.1)
Six months ended February 28, 2014	11,854	10.6	2,259	10.9	2,277	11.2	1,363	19.2

Note: Comprehensive income Six months ended February 28, 2015 ¥956 million [(38.4)%]
 Six months ended February 28, 2014 ¥1,553 million [14.8%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended February 28, 2015	64.29	—
Six months ended February 28, 2014	86.97	—

* The Company conducted the stock split at a ratio of 1:2 of common shares on December 1, 2014. Net income per share has been calculated on the basis that the stock split had been effective at the beginning of the year ended August 31, 2014.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2015	23,259	17,725	75.4	1,118.71
As of August 31, 2014	21,807	17,009	77.1	1,073.38

Reference: Equity As of February 28, 2015 ¥17,534 million
 As of August 31, 2014 ¥16,824 million

* The Company conducted the stock split at a ratio of 1:2 of common shares on December 1, 2014. Net assets per share has been calculated on the basis that the stock split had been effective at the beginning of the year ended August 31, 2014.

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, 2014	–	30.00	–	30.00	60.00
Year ending August 31, 2015	–	15.00			
Year ending August 31, 2015 (Forecast)			–	20.00	35.00

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

- Notes: (1) 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
- (2) The Company conducted the stock split at a ratio of 1:2 of common shares on December 1, 2014.
 Forecast of year-end dividends for the year ending August 31, 2015 is provided after taking into consideration of the above stock split.
- (3) Details of interim dividends for the six months ended 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)

	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	25,000	12.1	3,750	11.1	3,750	12.7	2,240	10.5	142.91

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

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 six months ended February 28, 2015
 (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 February 28, 2015	16,000,000 shares	As of August 31, 2014	16,000,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2015	325,698 shares	As of August 31, 2014	325,698 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2015	15,674,302 shares	Six months ended February 28, 2014	15,674,378 shares
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The Company conducted the stock split at a ratio of 1:2 of common shares on December 1, 2014. Number of shares has been calculated on the basis that the stock split had been effective at the beginning of the year ended August 31, 2014.

* 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, 2014	As of February 28, 2015
Assets		
Current assets		
Cash and deposits	15,836,072	16,369,431
Notes and accounts receivable - trade	2,841,891	4,129,725
Merchandise	144	149
Work in process	9,945	51,223
Supplies	5,123	6,304
Deferred tax assets	87,485	68,956
Other	433,489	216,065
Allowance for doubtful accounts	(9,584)	(14,378)
Total current assets	19,204,567	20,827,476
Non-current assets		
Property, plant and equipment		
Buildings, net	53,215	50,766
Vehicles, net	2,160	1,800
Tools, furniture and fixtures, net	15,446	15,660
Land	322,711	322,711
Total property, plant and equipment	393,534	390,939
Intangible assets	41,965	36,944
Investments and other assets		
Investment securities	1,876,859	1,727,791
Deferred tax assets	21,442	22,001
Other	269,331	254,659
Total investments and other assets	2,167,632	2,004,452
Total non-current assets	2,603,132	2,432,336
Total assets	21,807,700	23,259,813

(Thousands of yen)

	As of August 31, 2014	As of February 28, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	3,255,031	4,171,811
Income taxes payable	721,456	584,724
Provision for bonuses	35,318	36,330
Other	316,901	304,788
Total current liabilities	4,328,707	5,097,653
Non-current liabilities		
Deferred tax liabilities	58,478	23,379
Net defined benefit liability	70,282	72,654
Other	340,297	340,297
Total non-current liabilities	469,058	436,331
Total liabilities	4,797,765	5,533,985
Net assets		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	15,780,396	16,552,994
Treasury shares	(200,828)	(200,828)
Total shareholders' equity	16,385,558	17,158,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	438,949	376,770
Total accumulated other comprehensive income	438,949	376,770
Minority interests	185,426	190,900
Total net assets	17,009,934	17,725,827
Total liabilities and net assets	21,807,700	23,259,813

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2014	Six months ended February 28, 2015
Net sales	11,854,681	12,539,101
Cost of sales	9,115,189	10,359,801
Gross profit	2,739,492	2,179,299
Selling, general and administrative expenses	480,390	499,362
Operating income	2,259,101	1,679,937
Non-operating income		
Interest income	3,018	2,811
Dividend income	6,602	7,367
Gain on investments in silent partnership	7,962	–
Gain on investments in partnership	2,568	–
Other	1,844	3,110
Total non-operating income	21,996	13,289
Non-operating expenses		
Commission fee	–	33,589
Listing related expenses	3,797	4,257
Loss on investments in partnership	–	8,315
expenditure for research and development	–	23,530
Total non-operating expenses	3,797	69,693
Ordinary income	2,277,300	1,623,533
Extraordinary income		
Gain on sales of investment securities	42,320	559
Gain on bargain purchase	51,613	–
Total extraordinary income	93,933	559
Extraordinary losses		
Loss on retirement of non-current assets	–	118
Loss on sales of investment securities	25,850	1,708
Total extraordinary losses	25,850	1,826
Income before income taxes and minority interests	2,345,384	1,622,265
Income taxes - current	924,236	586,516
Income taxes - deferred	14,057	17,282
Total income taxes	938,294	603,799
Income before minority interests	1,407,089	1,018,466
Minority interests in income	43,831	10,753
Net income	1,363,258	1,007,712

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2014	Six months ended February 28, 2015
Income before minority interests	1,407,089	1,018,466
Other comprehensive income		
Valuation difference on available-for-sale securities	146,153	(62,141)
Total other comprehensive income	146,153	(62,141)
Comprehensive income	1,553,243	956,324
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,509,726	945,533
Comprehensive income attributable to minority interests	43,516	10,790

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 28, 2014	Six months ended February 28, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	2,345,384	1,622,265
Depreciation	12,015	10,089
Amortization of goodwill	6,042	3,661
Increase (decrease) in allowance for doubtful accounts	4,663	4,794
Increase (decrease) in provision for bonuses	4,217	1,012
Increase (decrease) in provision for retirement benefits	(17,552)	–
Increase (decrease) in net defined benefit liability	–	2,372
Interest and dividend income	(9,621)	(10,178)
Decrease (increase) in notes and accounts receivable - trade	(1,390,802)	(1,287,834)
Decrease (increase) in inventories	2,752	(42,463)
Increase (decrease) in notes and accounts payable - trade	1,413,471	916,780
Other, net	(232,422)	207,213
Subtotal	2,138,149	1,427,712
Interest and dividend income received	9,627	10,184
Income taxes paid	(768,907)	(715,235)
Net cash provided by (used in) operating activities	1,378,869	722,661
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,807)	(1,302)
Purchase of intangible assets	(9,867)	(4,950)
Purchase of investment securities	–	(84,200)
Proceeds from sales of investment securities	182,960	135,565
Purchase of treasury shares of subsidiaries	(99,488)	–
Other, net	19,234	6,005
Net cash provided by (used in) investing activities	87,032	51,118
Cash flows from financing activities		
Purchase of treasury shares	(166)	–
Cash dividends paid	(470,207)	(235,102)
Cash dividends paid to minority shareholders	(8,076)	(5,317)
Net cash provided by (used in) financing activities	(478,451)	(240,419)
Net increase (decrease) in cash and cash equivalents	987,450	533,359
Cash and cash equivalents at beginning of period	13,934,706	15,836,072
Cash and cash equivalents at end of period	14,922,156	16,369,431