

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2015 (Based on Japanese GAAP)

July 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: July 14, 2015
 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, 2015 (from September 1, 2014 to May 31, 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	%
Nine months ended May 31, 2015	18,066	5.0	2,693	(7.2)	2,630	(6.1)	1,595	(5.4)
Nine months ended May 31, 2014	17,213	0.1	2,904	0.2	2,801	(2.8)	1,686	2.6

Note: Comprehensive income Nine months ended May 31, 2015 ¥1,674 million [(10.6) %]
 Nine months ended May 31, 2014 ¥1,873 million [(2.7) %]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 31, 2015	103.92	–
Nine months ended May 31, 2014	107.59	–

* 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 May 31, 2015	20,338	16,208	78.6	1,089.60
As of August 31, 2014	21,807	17,009	77.1	1,073.38

Reference: Equity As of May 31, 2015 ¥15,989 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)

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	23,800	6.7	3,390	0.4	3,330	0.1	2,030	0.1	132.26

Note: Revision of consolidated financial results forecast most recently announced: Yes

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 nine months ended May 31, 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 May 31, 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 May 31, 2015	∴	1,325,698 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)

Nine months ended May 31, 2015	∴	15,348,295 shares	Nine months ended May 31, 2014	∴	15,674,352 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 May 31, 2015
Assets		
Current assets		
Cash and deposits	15,836,072	14,977,721
Notes and accounts receivable - trade	2,841,891	2,601,789
Merchandise	144	123
Work in process	9,945	11,119
Supplies	5,123	6,827
Deferred tax assets	87,485	48,163
Other	433,489	204,564
Allowance for doubtful accounts	(9,584)	(8,826)
Total current assets	19,204,567	17,841,482
Non-current assets		
Property, plant and equipment		
Buildings, net	53,215	49,605
Vehicles, net	2,160	1,620
Tools, furniture and fixtures, net	15,446	15,106
Land	322,711	322,711
Total property, plant and equipment	393,534	389,044
Intangible assets	41,965	31,717
Investments and other assets		
Investment securities	1,876,859	1,808,721
Deferred tax assets	21,442	20,696
Other	269,331	246,981
Total investments and other assets	2,167,632	2,076,399
Total non-current assets	2,603,132	2,497,160
Total assets	21,807,700	20,338,643

(Thousands of yen)

	As of August 31, 2014	As of May 31, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	3,255,031	2,982,707
Income taxes payable	721,456	321,363
Provision for bonuses	35,318	33,195
Other	316,901	315,145
Total current liabilities	4,328,707	3,652,411
Non-current liabilities		
Deferred tax liabilities	58,478	60,237
Net defined benefit liability	70,282	76,830
Other	340,297	340,297
Total non-current liabilities	469,058	477,365
Total liabilities	4,797,765	4,129,776
Net assets		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	15,780,396	16,905,233
Treasury shares	(200,828)	(2,200,828)
Total shareholders' equity	16,385,558	15,510,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	438,949	478,740
Total accumulated other comprehensive income	438,949	478,740
Minority interests	185,426	219,730
Total net assets	17,009,934	16,208,866
Total liabilities and net assets	21,807,700	20,338,643

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, 2014	Nine months ended May 31, 2015
Net sales	17,213,544	18,066,315
Cost of sales	13,585,520	14,622,315
Gross profit	3,628,024	3,444,000
Selling, general and administrative expenses	723,649	750,163
Operating income	2,904,374	2,693,836
Non-operating income		
Interest income	5,153	4,616
Dividend income	7,237	7,743
Gain on investments in silent partnership	7,962	–
Other	2,817	4,101
Total non-operating income	23,171	16,462
Non-operating expenses		
Commission fee	–	33,589
Listing related expenses	5,861	6,145
Loss on investments in partnership	119,694	14,211
expenditure for research and development	–	25,590
Other	2	9
Total non-operating expenses	125,558	79,546
Ordinary income	2,801,987	2,630,752
Extraordinary income		
Gain on sales of investment securities	42,320	18,897
Gain on bargain purchase	51,613	–
Total extraordinary income	93,933	18,897
Extraordinary losses		
Loss on retirement of non-current assets	5,465	3,545
Loss on sales of investment securities	25,850	1,708
Total extraordinary losses	31,315	5,253
Income before income taxes and minority interests	2,864,606	2,644,395
Income taxes - current	1,079,575	953,756
Income taxes - deferred	51,791	56,046
Total income taxes	1,131,366	1,009,803
Income before minority interests	1,733,239	1,634,592
Minority interests in income	46,861	39,526
Net income	1,686,378	1,595,065

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2014	Nine months ended May 31, 2015
Income before minority interests	1,733,239	1,634,592
Other comprehensive income		
Valuation difference on available-for-sale securities	140,425	39,885
Total other comprehensive income	140,425	39,885
Comprehensive income	1,873,665	1,674,478
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,827,140	1,634,856
Comprehensive income attributable to minority interests	46,525	39,621