

Translation

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**Summary of Consolidated Financial Results
for the Year Ended August 31, 2015
(Based on Japanese GAAP)**

October 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 of ordinary general meeting of shareholders: November 25, 2015
 Scheduled date to file Securities Report: November 26, 2015
 Scheduled date to commence dividend payments: November 26, 2015
 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, 2015 (from September 1, 2014 to August 31, 2015)

(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, 2015	23,910	7.2	3,411	1.1	3,392	2.0	2,093	3.3
Year ended August 31, 2014	22,298	7.5	3,376	2.4	3,327	1.2	2,027	6.1

Note: Comprehensive income Year ended August 31, 2015 ¥2,183 million [(7.0)%]
 Year ended August 31, 2014 ¥2,349 million [9.1%]

	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, 2015	137.92	–	12.6	15.4	14.3
Year ended August 31, 2014	129.35	–	12.7	16.3	15.1

Reference: Investment profit (loss) on equity method Year ended August 31, 2015 ¥– million
 Year ended August 31, 2014 ¥– million

* 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 August 31, 2015	22,391	16,718	73.7	1,124.50
As of August 31, 2014	21,807	17,009	77.1	1,073.38

Reference: Equity As of August 31, 2015 ¥16,501 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.

(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, 2015	1,958	(83)	(2,475)	15,235
Year ended August 31, 2014	2,465	151	(713)	15,836

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, 2014	–	30.00	–	30.00	60.00	470	23.2	2.9
Year ended August 31, 2015	–	15.00	–	20.00	35.00	528	25.4	3.2
Year ending August 31, 2016 (Forecast)	–	15.00	–	20.00	35.00		23.3	

- 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 a stock split at a ratio of 1:2 of common shares on December 1, 2014.
 Interim and year-end dividends for the year ended 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 ended August 31, 2015 ordinary dividends 15 yen special dividends 5 yen
 (4) Details of interim dividends for the six months ending February 29, 2016 ordinary dividends 15 yen
 Details of year-end dividends for the year ending August 31, 2016 ordinary dividends 15 yen special dividends 5 yen

3. Forecast of consolidated financial results for the year ending August 31, 2016 (from September 1, 2015 to August 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending February 29, 2016	12,600	0.5	1,700	1.2	1,680	3.5	1,050	4.2	71.55
Full year	24,500	2.5	3,500	2.6	3,500	3.2	2,200	5.1	149.92

4. Notes

- (1) Changes in significant subsidiaries during the year ended August 31, 2015 (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, 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 August 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

Year ended August 31, 2015	15,178,412 shares	Year ended August 31, 2014	15,674,340 shares
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* The Company conducted the stock split at a ratio of 1:2 of common shares on December 1, 2014. The above figures have been calculated on the basis that the stock split had been effective at the beginning of the year ended August 31, 2014.

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended August 31, 2015 (from September 1, 2014 to August 31, 2015)

(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, 2015	21,833	8.3	2,883	2.1	2,923	3.5	1,860	9.3
Year ended August 31, 2014	20,168	7.6	2,823	0.3	2,823	(1.0)	1,702	(0.7)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended August 31, 2015	122.57	–
Year ended August 31, 2014	108.59	–

* 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) 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, 2015	20,149	15,176	75.3	1,034.19
As of August 31, 2014	19,917	15,732	79.0	1,003.70

Reference: Equity As of August 31, 2015 ¥15,176 million

As of August 31, 2014 ¥15,732 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. Forecast of non-consolidated financial results for the year ending August 31, 2016 (from September 1, 2015 to August 31, 2016)

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 29, 2016	11,700	0.5	1,560	3.1	980	2.6	66.78
Full year	22,500	3.1	3,000	2.6	1,900	2.1	129.48

* 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, 2014	As of August 31, 2015
Assets		
Current assets		
Cash and deposits	15,836,072	15,235,233
Notes and accounts receivable - trade	2,841,891	4,147,801
Securities	–	200,480
Merchandise	144	127
Work in process	9,945	9,069
Supplies	5,123	7,045
Deferred tax assets	87,485	75,465
Other	433,489	184,392
Allowance for doubtful accounts	(9,584)	(23,768)
Total current assets	19,204,567	19,835,846
Non-current assets		
Property, plant and equipment		
Buildings	204,906	204,447
Accumulated depreciation	(151,690)	(156,003)
Buildings, net	53,215	48,443
Vehicles	11,033	11,033
Accumulated depreciation	(8,873)	(9,592)
Vehicles, net	2,160	1,441
Tools, furniture and fixtures	39,226	40,529
Accumulated depreciation	(23,779)	(25,976)
Tools, furniture and fixtures, net	15,446	14,552
Land	322,711	322,711
Total property, plant and equipment	393,534	387,148
Intangible assets	41,965	29,237
Investments and other assets		
Investment securities	1,876,859	1,875,277
Deferred tax assets	21,442	20,574
Other	269,331	242,924
Total investments and other assets	2,167,632	2,138,775
Total non-current assets	2,603,132	2,555,162
Total assets	21,807,700	22,391,008

(Thousands of yen)

	As of August 31, 2014	As of August 31, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	3,255,031	4,161,299
Income taxes payable	721,456	668,176
Provision for bonuses	35,318	36,180
Other	316,901	318,950
Total current liabilities	4,328,707	5,184,606
Non-current liabilities		
Deferred tax liabilities	58,478	72,365
Net defined benefit liability	70,282	74,538
Other	340,297	341,232
Total non-current liabilities	469,058	488,137
Total liabilities	4,797,765	5,672,744
Net assets		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	15,780,396	17,403,581
Treasury shares	(200,828)	(2,200,828)
Total shareholders' equity	16,385,558	16,008,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	438,949	492,576
Total accumulated other comprehensive income	438,949	492,576
Minority interests	185,426	216,944
Total net assets	17,009,934	16,718,264
Total liabilities and net assets	21,807,700	22,391,008

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

(Thousands of yen)

	Fiscal year ended August 31, 2014	Fiscal year ended August 31, 2015
Net sales	22,298,748	23,910,863
Cost of sales	17,959,652	19,494,112
Gross profit	4,339,095	4,416,750
Selling, general and administrative expenses	963,085	1,004,873
Operating income	3,376,009	3,411,877
Non-operating income		
Interest income	5,824	5,294
Dividend income	19,088	26,259
Gain on investments in silent partnership	58,356	–
Subsidy income	–	30,774
Other	2,925	4,208
Total non-operating income	86,195	66,535
Non-operating expenses		
Commission fee	–	33,589
Listing related expenses	6,921	7,163
Loss on investments in partnership	127,809	16,523
expenditure for research and development	–	28,204
Other	2	9
Total non-operating expenses	134,733	85,490
Ordinary income	3,327,471	3,392,922
Extraordinary income		
Gain on sales of investment securities	42,320	76,173
Gain on bargain purchase	51,613	–
Total extraordinary income	93,933	76,173
Extraordinary losses		
Loss on retirement of non-current assets	9,677	3,545
Loss on sales of investment securities	25,850	1,708
Total extraordinary losses	35,527	5,253
Income before income taxes and minority interests	3,385,877	3,463,842
Income taxes - current	1,346,790	1,299,173
Income taxes - deferred	(36,403)	34,427
Total income taxes	1,310,386	1,333,601
Income before minority interests	2,075,491	2,130,241
Minority interests in income	47,992	36,827
Net income	2,027,498	2,093,414

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2014	Fiscal year ended August 31, 2015
Income before minority interests	2,075,491	2,130,241
Other comprehensive income		
Valuation difference on available-for-sale securities	274,006	53,635
Total other comprehensive income	274,006	53,635
Comprehensive income	2,349,498	2,183,876
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,301,755	2,147,040
Comprehensive income attributable to minority interests	47,743	36,835

Consolidated statements of changes in equity

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

Fiscal year ended August 31, 2015

(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	15,780,396	(200,828)	16,385,558
Changes of items during period					
Dividends of surplus			(470,229)		(470,229)
Net income			2,093,414		2,093,414
Change of scope of consolidation					-
Purchase of treasury shares				(2,000,000)	(2,000,000)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,623,185	(2,000,000)	(376,814)
Balance at end of current period	414,750	391,240	17,403,581	(2,200,828)	16,008,743

	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	438,949	438,949	185,426	17,009,934
Changes of items during period				
Dividends of surplus				(470,229)
Net income				2,093,414
Change of scope of consolidation				-
Purchase of treasury shares				(2,000,000)
Net changes of items other than shareholders' equity	53,626	53,626	31,518	85,144
Total changes of items during period	53,626	53,626	31,518	(291,670)
Balance at end of current period	492,576	492,576	216,944	16,718,264

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2014	Fiscal year ended August 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	3,385,877	3,463,842
Depreciation	23,279	20,726
Increase (decrease) in provision for bonuses	(3,065)	862
Increase (decrease) in net defined benefit liability	(14,681)	4,256
Amortization of goodwill	15,655	6,101
Increase (decrease) in allowance for doubtful accounts	2,334	14,183
Interest and dividend income	(24,913)	(31,553)
Loss on retirement of non-current assets	9,677	3,545
Loss (gain) on sales of investment securities	(16,470)	(74,465)
Loss (gain) on investments in silent partnership	(58,356)	–
Loss (gain) on investments in partnership	127,809	16,523
Decrease (increase) in notes and accounts receivable - trade	(845,679)	(1,305,909)
Decrease (increase) in inventories	2,602	(1,028)
Decrease (increase) in advance payments	(173,636)	264,412
Increase (decrease) in notes and accounts payable - trade	1,424,982	906,267
Increase (decrease) in accrued consumption taxes	38,702	35,733
Other, net	(59,188)	(51,599)
Subtotal	3,834,931	3,271,898
Interest and dividend income received	24,913	31,553
Income taxes paid	(1,394,537)	(1,345,209)
Net cash provided by (used in) operating activities	2,465,306	1,958,242
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,488)	(1,302)
Purchase of intangible assets	(13,917)	(12,557)
Purchase of investment securities	–	(368,559)
Proceeds from sales of investment securities	182,960	290,110
Purchase of treasury shares of subsidiaries	(99,488)	–
Other, net	90,401	8,750
Net cash provided by (used in) investing activities	151,468	(83,558)
Cash flows from financing activities		
Purchase of treasury shares	(166)	(2,000,000)
Cash dividends paid	(705,322)	(470,205)
Cash dividends paid to minority shareholders	(8,076)	(5,317)
Net cash provided by (used in) financing activities	(713,566)	(2,475,522)
Net increase (decrease) in cash and cash equivalents	1,903,209	(600,838)
Cash and cash equivalents at beginning of period	13,934,706	15,836,072
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,842)	–
Cash and cash equivalents at end of period	15,836,072	15,235,233