

Translation

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Summary of Consolidated Financial Results for the Three Months Ended November 30, 2015 (Based on Japanese GAAP)

January 8, 2016

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: January 13, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended November 30, 2015 (from September 1, 2015 to November 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended November 30, 2015	4,644	(12.2)	555	(23.3)	571	(18.9)	410	(7.9)
Three months ended November 30, 2014	5,291	1.2	724	(18.0)	704	(22.8)	446	(17.9)

Note: Comprehensive income Three months ended November 30, 2015 ¥403 million [(4.0) %]
 Three months ended November 30, 2014 ¥419 million [(36.9) %]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended November 30, 2015	27.99		–	
Three months ended November 30, 2014	28.47		–	

* The Company conducted the stock split at a ratio of 1:2 of common shares on December 1, 2014. Earnings per share has been calculated on the basis that the stock split had been effective at the beginning of the year ended August 31, 2015.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2015	21,879	16,822	75.9	1,131.86
As of August 31, 2015	22,391	16,718	73.7	1,124.50

Reference: Equity As of November 30, 2015 ¥16,609 million
 As of August 31, 2015 ¥16,501 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, 2015.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended August 31, 2015	–	15.00	–	20.00	35.00
Year ending August 31, 2016	–				
Year ending August 31, 2016 (Forecast)		15.00	–	20.00	35.00

Note: Revision of cash dividend forecast most recently announced: No

Notes: (1) 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
 (2) Details of interim dividends for the six months ending February 28, 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		Earnings 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

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

4. Notes

- (1) Changes in significant subsidiaries during the three months ended November 30, 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: Yes
- 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 November 30, 2015	15,000,000 shares	As of August 31, 2015	16,000,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2015	325,698 shares	As of August 31, 2015	1,325,698 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended November 30, 2015	14,674,302 shares	Three months ended November 30, 2014	15,674,302 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, 2015.

* 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, 2015	As of November 30, 2015
Assets		
Current assets		
Cash and deposits	15,235,233	15,161,978
Notes and accounts receivable - trade	4,147,801	3,681,971
Securities	200,480	200,320
Merchandise	127	126
Work in process	9,069	27,732
Supplies	7,045	9,184
Deferred tax assets	75,465	47,174
Other	184,392	182,170
Allowance for doubtful accounts	(23,768)	(22,919)
Total current assets	19,835,846	19,287,738
Non-current assets		
Property, plant and equipment		
Buildings, net	48,443	47,450
Vehicles, net	1,441	1,321
Tools, furniture and fixtures, net	14,552	24,541
Land	322,711	322,711
Total property, plant and equipment	387,148	396,024
Intangible assets	29,237	28,780
Investments and other assets		
Investment securities	1,875,277	1,908,160
Deferred tax assets	20,574	20,189
Other	242,924	238,918
Total investments and other assets	2,138,775	2,167,268
Total non-current assets	2,555,162	2,592,073
Total assets	22,391,008	21,879,811

(Thousands of yen)

	As of August 31, 2015	As of November 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	4,161,299	3,960,351
Income taxes payable	668,176	191,834
Provision for bonuses	36,180	32,370
Other	318,950	389,323
Total current liabilities	5,184,606	4,573,879
Non-current liabilities		
Deferred tax liabilities	72,365	66,756
Net defined benefit liability	74,538	75,283
Other	341,232	341,232
Total non-current liabilities	488,137	483,272
Total liabilities	5,672,744	5,057,152
Net assets		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	17,403,581	15,860,727
Treasury shares	(2,200,828)	(540,700)
Total shareholders' equity	16,008,743	16,126,016
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	492,576	483,293
Total accumulated other comprehensive income	492,576	483,293
Non-controlling interests	216,944	213,349
Total net assets	16,718,264	16,822,659
Total liabilities and net assets	22,391,008	21,879,811

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended November 30, 2014	Three months ended November 30, 2015
Net sales	5,291,781	4,644,415
Cost of sales	4,311,034	3,849,528
Gross profit	980,747	794,887
Selling, general and administrative expenses	256,491	239,488
Operating income	724,256	555,399
Non-operating income		
Interest income	2,134	1,876
Dividend income	925	1,259
Gain on investments in partnership	–	1,515
Subsidy income	–	23,368
Other	1,947	1,213
Total non-operating income	5,006	29,232
Non-operating expenses		
Listing related expenses	2,323	2,322
Loss on investments in partnership	820	–
expenditure for research and development	21,431	10,638
Total non-operating expenses	24,575	12,960
Ordinary income	704,688	571,670
Extraordinary income		
Gain on sales of investment securities	484	–
Total extraordinary income	484	–
Income before income taxes and minority interests	705,172	571,670
Income taxes - current	240,924	130,978
Income taxes - deferred	18,033	28,298
Total income taxes	258,958	159,277
Profit	446,213	412,393
Profit attributable to non-controlling interests	43	1,634
Profit attributable to owners of parent	446,170	410,759

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended November 30, 2014	Three months ended November 30, 2015
Profit	446,213	412,393
Other comprehensive income		
Valuation difference on available-for-sale securities	(26,366)	(9,195)
Total other comprehensive income	(26,366)	(9,195)
Comprehensive income	419,847	403,198
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	419,755	401,476
Comprehensive income attributable to non-controlling interests	91	1,721