

**Translation**

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## Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2016 (Based on Japanese GAAP)

July 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: July 14, 2016  
 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, 2016 (from September 1, 2015 to May 31, 2016)

## (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	%
Nine months ended May 31, 2016	17,670	(2.2)	2,801	4.0	2,800	6.4	1,795	12.5
Nine months ended May 31, 2015	18,066	5.0	2,693	(7.2)	2,630	(6.1)	1,595	(5.4)

Note: Comprehensive income Nine months ended May 31, 2016 ¥1,834 million [9.6 %]  
 Nine months ended May 31, 2015 ¥1,674 million [(10.6) %]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2016	122.32	–
Nine months ended May 31, 2015	103.92	–

\* 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 May 31, 2016	22,390	18,034	79.4	1,211.00
As of August 31, 2015	22,391	16,718	73.7	1,124.50

Reference: Equity As of May 31, 2016 ¥17,770 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	Yen	Yen	Yen	Yen
Year ended August 31, 2015	–	15.00	–	20.00	35.00
Year ending August 31, 2016	–	15.00	–		
Year ending August 31, 2016 (Forecast)				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 ended 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
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 nine months ended May 31, 2016 (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 May 31, 2016	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 May 31, 2016	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)

Nine months ended May 31, 2016	14,674,302 shares	Nine months ended May 31, 2015	15,348,295 shares
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### \* 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 May 31, 2016
Assets		
Current assets		
Cash and deposits	15,235,233	15,975,232
Notes and accounts receivable - trade	4,147,801	3,231,465
Securities	200,480	–
Merchandise	127	128
Work in process	9,069	7,795
Supplies	7,045	8,052
Deferred tax assets	75,465	45,174
Other	184,392	294,279
Allowance for doubtful accounts	(23,768)	(21,191)
Total current assets	19,835,846	19,540,938
Non-current assets		
Property, plant and equipment		
Buildings, net	48,443	45,465
Vehicles, net	1,441	1,081
Tools, furniture and fixtures, net	14,552	24,110
Land	322,711	322,711
Total property, plant and equipment	387,148	393,367
Intangible assets	29,237	24,968
Investments and other assets		
Investment securities	1,875,277	2,183,424
Deferred tax assets	20,574	20,119
Other	242,924	227,252
Total investments and other assets	2,138,775	2,430,796
Total non-current assets	2,555,162	2,849,132
Total assets	22,391,008	22,390,070

(Thousands of yen)

	As of August 31, 2015	As of May 31, 2016
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	4,161,299	2,921,135
Income taxes payable	668,176	409,645
Provision for bonuses	36,180	32,510
Other	318,950	515,116
Total current liabilities	5,184,606	3,878,407
Non-current liabilities		
Deferred tax liabilities	72,365	56,448
Net defined benefit liability	74,538	79,748
Other	341,232	341,232
Total non-current liabilities	488,137	477,428
Total liabilities	5,672,744	4,355,836
<b>Net assets</b>		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	17,403,581	17,024,853
Treasury shares	(2,200,828)	(540,700)
Total shareholders' equity	16,008,743	17,290,143
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	492,576	480,423
Total accumulated other comprehensive income	492,576	480,423
Non-controlling interests	216,944	263,667
Total net assets	16,718,264	18,034,234
<b>Total liabilities and net assets</b>	<b>22,391,008</b>	<b>22,390,070</b>

**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, 2015	Nine months ended May 31, 2016
Net sales	18,066,315	17,670,638
Cost of sales	14,622,315	14,132,435
Gross profit	3,444,000	3,538,202
Selling, general and administrative expenses	750,163	736,439
Operating income	2,693,836	2,801,762
Non-operating income		
Interest income	4,616	4,451
Dividend income	7,743	8,202
Subsidy income	–	23,368
Other	4,101	1,318
Total non-operating income	16,462	37,340
Non-operating expenses		
Commission fee	33,589	–
Listing related expenses	6,145	5,128
Loss on investments in partnership	14,211	9,068
expenditure for research and development	25,590	20,037
Other	9	4,795
Total non-operating expenses	79,546	39,030
Ordinary income	2,630,752	2,800,073
Extraordinary income		
Gain on sales of investment securities	18,897	–
Total extraordinary income	18,897	–
Extraordinary losses		
Loss on retirement of non-current assets	3,545	256
Loss on sales of investment securities	1,708	–
Total extraordinary losses	5,253	256
Income before income taxes and minority interests	2,644,395	2,799,816
Income taxes - current	953,756	914,612
Income taxes - deferred	56,046	38,220
Total income taxes	1,009,803	952,833
Profit	1,634,592	1,846,983
Profit attributable to non-controlling interests	39,526	51,983
Profit attributable to owners of parent	1,595,065	1,795,000

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Nine months ended May 31, 2015	Nine months ended May 31, 2016
Profit	1,634,592	1,846,983
Other comprehensive income		
Valuation difference on available-for-sale securities	39,885	(12,095)
Total other comprehensive income	39,885	(12,095)
Comprehensive income	1,674,478	1,834,887
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,634,856	1,782,847
Comprehensive income attributable to non-controlling interests	39,621	52,040