

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended November 30, 2016 (Based on Japanese GAAP)

January 10, 2017

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, 2017  
 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, 2016 (from September 1, 2016 to November 30, 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	%
Three months ended November 30, 2016	3,751	(19.2)	469	(15.4)	450	(21.2)	309	(24.7)
Three months ended November 30, 2015	4,644	(12.2)	555	(23.3)	571	(18.9)	410	(7.9)

Note: Comprehensive income Three months ended November 30, 2016 ¥415 million [3.2 %]  
 Three months ended November 30, 2015 ¥403 million [(4.0) %]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended November 30, 2016	21.07		–	
Three months ended November 30, 2015	27.99		–	

(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, 2016	22,488	18,665	81.8	1,254.32
As of August 31, 2016	23,356	18,548	78.3	1,246.07

Reference: Equity As of November 30, 2016 ¥18,406 million  
 As of August 31, 2016 ¥18,285 million

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, 2016	–	15.00	–	20.00	35.00
Year ending August 31, 2017	–	–	–	–	–
Year ending August 31, 2017 (Forecast)	–	15.00	–	20.00	35.00

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

Notes: (1) Details of year-end dividends for the year ended August 31, 2016 ordinary dividends 15 yen special dividends 5 yen  
 (2) Details of year-end dividends for the year ending August 31, 2017 ordinary dividends 15 yen special dividends 5 yen

3. Forecast of consolidated financial results for the year ending August 31, 2017 (from September 1, 2016 to August 31, 2017)

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 28, 2017	9,000	(28.2)	1,490	(18.2)	1,500	(18.2)	960	(20.1)	65.42
Full year	21,000	(9.4)	3,150	(10.0)	3,150	(10.0)	2,060	(9.8)	140.38

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, 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: 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 November 30, 2016	15,000,000 shares	As of August 31, 2016	15,000,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2016	325,698 shares	As of August 31, 2016	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, 2016	14,674,302 shares	Three months ended November 30, 2015	14,674,302 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, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	15,652,615	15,340,998
Notes and accounts receivable - trade	4,419,251	3,922,692
Merchandise	129	130
Work in process	8,412	31,667
Supplies	7,232	11,510
Deferred tax assets	57,687	40,327
Other	361,541	237,064
Allowance for doubtful accounts	(24,381)	(23,626)
Total current assets	20,482,488	19,560,766
Non-current assets		
Property, plant and equipment		
Buildings, net	44,461	43,607
Vehicles, net	961	881
Tools, furniture and fixtures, net	23,775	23,528
Land	322,711	322,711
Total property, plant and equipment	391,909	390,728
Intangible assets	22,785	24,248
Investments and other assets		
Investment securities	2,220,553	2,281,158
Deferred tax assets	21,081	21,863
Other	218,172	210,190
Total investments and other assets	2,459,808	2,513,212
Total non-current assets	2,874,503	2,928,189
Total assets	23,356,991	22,488,955

(Thousands of yen)

	As of August 31, 2016	As of November 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	3,724,029	3,036,343
Income taxes payable	529,995	121,964
Provision for bonuses	34,980	32,370
Other	246,150	308,404
<b>Total current liabilities</b>	<b>4,535,155</b>	<b>3,499,082</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	172,429	222,080
Net defined benefit liability	81,848	83,069
Other	19,188	19,188
<b>Total non-current liabilities</b>	<b>273,465</b>	<b>324,337</b>
<b>Total liabilities</b>	<b>4,808,620</b>	<b>3,823,420</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	17,513,526	17,529,291
Treasury shares	(540,700)	(540,700)
<b>Total shareholders' equity</b>	<b>17,778,816</b>	<b>17,794,581</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	506,335	611,685
<b>Total accumulated other comprehensive income</b>	<b>506,335</b>	<b>611,685</b>
<b>Non-controlling interests</b>	<b>263,218</b>	<b>259,267</b>
<b>Total net assets</b>	<b>18,548,370</b>	<b>18,665,535</b>
<b>Total liabilities and net assets</b>	<b>23,356,991</b>	<b>22,488,955</b>

**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, 2015	Three months ended November 30, 2016
Net sales	4,644,415	3,751,278
Cost of sales	3,849,528	3,039,295
Gross profit	794,887	711,983
Selling, general and administrative expenses	239,488	242,049
Operating income	555,399	469,933
Non-operating income		
Interest income	1,876	1,293
Dividend income	1,259	1,895
Gain on investments in partnership	1,515	–
Subsidy income	23,368	–
Other	1,213	1,025
Total non-operating income	29,232	4,214
Non-operating expenses		
Listing related expenses	2,322	2,226
Loss on investments in partnership	–	2,460
expenditure for research and development	10,638	4,098
Compensation expenses	–	5,643
Foreign exchange losses	–	9,045
Total non-operating expenses	12,960	23,475
Ordinary income	571,670	450,673
Extraordinary income		
Gain on sales of investment securities	–	26,421
Total extraordinary income	–	26,421
Extraordinary losses		
Loss on sales of investment securities	–	24,205
Total extraordinary losses	–	24,205
Profit before income taxes	571,670	452,888
Income taxes - current	130,978	122,247
Income taxes - deferred	28,298	19,822
Total income taxes	159,277	142,069
Profit	412,393	310,818
Profit attributable to non-controlling interests	1,634	1,567
Profit attributable to owners of parent	410,759	309,250

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

(Thousands of yen)

	Three months ended November 30, 2015	Three months ended November 30, 2016
Profit	412,393	310,818
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,195)	105,149
Total other comprehensive income	(9,195)	105,149
Comprehensive income	403,198	415,967
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	401,476	414,601
Comprehensive income attributable to non-controlling interests	1,721	1,366