

Translation

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

August 4, 2016

Company name: Tohto Suisan Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8038 URL <http://www.tohsui.co.jp>
 Representative: President and Representative Director Yoshinari Sekimoto
 Director, General Affairs Dept. and
 Inquiries: Accountants Dept. Koh Ehara TEL 03-3541-5468
 Scheduled date to file Quarterly Securities Report: August 10, 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 June 30, 2016 (from April 1, 2016 to June 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 June 30, 2016	27,505	(6.8)	221	34.4	268	22.9	246	103.3
Three months ended June 30, 2015	29,505	1.9	164	(46.3)	218	(40.1)	121	(54.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	6.20		–	
Three months ended June 30, 2015	3.05		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	25,268	13,203	52.3	331.88
As of March 31, 2016	25,628	13,215	51.6	332.17

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 March 31, 2016	–	–	–	6.00	6.00
Year ending March 31, 2017	–	–	–	–	–
Year ending March 31, 2017 (Forecast)	–	–	–	60.00	60.00

The Company is scheduled to conduct a 10-for-1 reverse split on common share as of October 1, 2016. The expected year-end dividend and full-year dividend per share for the fiscal year ending March 31, 2017 take into account the reverse stock split. Without taking into account the reverse stock split, the expected year-end dividend and full-year dividend for the fiscal year ending March 31, 2017 will be 6 yen.

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 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
Full year	120,000	(3.5)	1,000	(29.0)	1,100	(31.3)	700	(43.3)	175.95

The earnings per share estimate in the forecast for the fiscal year ending March 31, 2017 takes into account the effect of the reverse stock split. Without taking into account the reverse stock split, the estimated earnings per share for the fiscal year ending March 31, 2017 will be 17.59 yen.

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- 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 June 30, 2016	40,260,000 shares	As of March 31, 2016	40,260,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2016	475,792 shares	As of March 31, 2016	475,536 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2016	39,784,272 shares	Three months ended June 30, 2015	39,786,294 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	8,742	7,359
Notes and accounts receivable - trade	6,159	6,491
Merchandise and finished goods	2,378	2,733
Work in process	27	30
Raw materials and supplies	219	354
Other	362	374
Allowance for doubtful accounts	(801)	(776)
Total current assets	17,086	16,568
Non-current assets		
Property, plant and equipment		
Land	3,549	3,549
Other, net	2,407	2,480
Total property, plant and equipment	5,957	6,029
Intangible assets	679	784
Investments and other assets		
Other	2,282	2,257
Allowance for doubtful accounts	(377)	(372)
Total investments and other assets	1,905	1,885
Total non-current assets	8,542	8,699
Total assets	25,628	25,268
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,757	2,771
Short-term loans payable	3,301	3,171
Income taxes payable	114	36
Provision for bonuses	82	169
Other	907	928
Total current liabilities	7,163	7,077
Non-current liabilities		
Long-term loans payable	1,917	1,697
Net defined benefit liability	1,694	1,670
Provision for stocks payment	8	8
Asset retirement obligations	51	51
Other	1,577	1,559
Total non-current liabilities	5,249	4,986
Total liabilities	12,413	12,064

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	2,376	2,376
Capital surplus	1,048	1,048
Retained earnings	9,648	9,654
Treasury shares	(95)	(95)
Total shareholders' equity	12,978	12,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	258	259
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	360	360
Foreign currency translation adjustment	(222)	(244)
Remeasurements of defined benefit plans	(159)	(154)
Total accumulated other comprehensive income	237	220
Total net assets	13,215	13,203
Total liabilities and net assets	25,628	25,268

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	29,505	27,505
Cost of sales	27,886	25,916
Gross profit	1,618	1,589
Selling, general and administrative expenses	1,454	1,368
Operating income	164	221
Non-operating income		
Interest income	12	14
Dividend income	31	30
Foreign exchange gains	51	–
Gain on valuation of currency swaps	–	9
Other	24	10
Total non-operating income	120	65
Non-operating expenses		
Interest expenses	12	8
Foreign exchange losses	–	4
Loss on valuation of currency swaps	47	–
Other	5	5
Total non-operating expenses	66	18
Ordinary income	218	268
Profit before income taxes	218	268
Income taxes - current	89	35
Income taxes - deferred	7	(13)
Total income taxes	97	21
Profit	121	246
Profit attributable to owners of parent	121	246

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	121	246
Other comprehensive income		
Valuation difference on available-for-sale securities	143	0
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(459)	(22)
Remeasurements of defined benefit plans, net of tax	0	4
Total other comprehensive income	(315)	(16)
Comprehensive income	(193)	230
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(193)	230
Comprehensive income attributable to non-controlling interests	—	—