

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 8, 2018

Company name: Tohto Suisan Co., Ltd  
 Stock exchange listing: Tokyo  
 Stock code: 8038 URL <http://www.tohsui.co.jp>  
 Representative: President and Representative Director Koh Ehara  
 Inquiries: Operating Officer, Accounting Dept. Hiroshi Tanaka TEL 03-3541-5468  
 Scheduled date of ordinary general meeting of shareholders: June 27, 2018  
 Scheduled date to file Securities Report: June 27, 2018  
 Scheduled date to commence dividend payments: June 28, 2018  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	117,195	(1.7)	1,407	4.6	1,483	(2.2)	979	(21.4)
Year ended March 31, 2017	119,232	(4.1)	1,345	(4.5)	1,516	(5.3)	1,246	1.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	246.32	–	6.5	5.4	1.2
Year ended March 31, 2017	313.25	–	9.0	5.9	1.1

The Company has conducted a 1-for-10 reverse split on common share as of October 1, 2016. Accordingly, earnings per share have been calculated as if this reverse split on common share was conducted at the beginning of the previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	28,752	15,512	54.0	3,900.06
As of March 31, 2017	26,150	14,480	55.4	3,640.44

#### (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 March 31, 2018	573	(1,545)	681	4,747
Year ended March 31, 2017	904	(1,184)	(864)	5,027

### 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 March 31, 2017	–	–	–	60.00	60.00	241	19.2	1.7
Year ended March 31, 2018	–	–	–	65.00	65.00	261	26.4	1.7
Year ending March 31, 2019 (Forecast)	–	–	–	60.00	60.00		39.8	

Details of year-end dividends for the year ended March 31, 2018

ordinary dividends                      60 yen                      commemorative dividends                      5 yen

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	115,000	(1.9)	700	(50.3)	800	(46.1)	600	(38.8)	150.85

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2018	4,026,000 shares	As of March 31, 2017	4,026,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	48,599 shares	As of March 31, 2017	48,405 shares
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Average number of shares during the period

Year ended March 31, 2018	3,977,500 shares	Year ended March 31, 2017	3,978,082 shares
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The Company has conducted a 1-for-10 reverse split on common share as of October 1, 2016. Accordingly, average number of shares during the period has been calculated as if this reverse split on common share was conducted at the beginning of the previous fiscal year.

\* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	6,800	6,321
Notes and accounts receivable - trade	6,562	6,781
Merchandise and finished goods	2,371	3,004
Work in process	18	5
Raw materials and supplies	262	205
Deferred tax assets	119	79
Other	216	959
Allowance for doubtful accounts	(769)	(792)
Total current assets	15,582	16,565
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,657	10,151
Accumulated depreciation	(7,022)	(6,731)
Buildings and structures, net	1,634	3,419
Machinery, equipment and vehicles	3,439	3,866
Accumulated depreciation	(2,725)	(2,815)
Machinery, equipment and vehicles, net	714	1,050
Land	3,548	3,206
Construction in progress	911	277
Other	610	553
Accumulated depreciation	(563)	(488)
Other, net	47	64
Total property, plant and equipment	6,856	8,019
Intangible assets		
Leasehold right	184	184
Other	1,035	1,397
Total intangible assets	1,220	1,582
Investments and other assets		
Investment securities	1,932	2,122
Deferred tax assets	109	23
Claims provable in bankruptcy, claims provable in rehabilitation and other	392	239
Other	415	414
Allowance for doubtful accounts	(359)	(216)
Total investments and other assets	2,490	2,584
Total non-current assets	10,568	12,186
Total assets	26,150	28,752

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,592	2,798
Short-term loans payable	2,894	3,504
Income taxes payable	129	28
Provision for bonuses	79	78
Other	818	1,714
<b>Total current liabilities</b>	<b>6,515</b>	<b>8,124</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,715	2,041
Deferred tax liabilities	396	367
Long-term guarantee deposited	969	951
Deferred tax liabilities for land revaluation	298	298
Net defined benefit liability	1,687	1,367
Provision for stocks payment	15	22
Asset retirement obligations	46	45
Other	23	20
<b>Total non-current liabilities</b>	<b>5,154</b>	<b>5,115</b>
<b>Total liabilities</b>	<b>11,669</b>	<b>13,239</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,376	2,376
Capital surplus	1,048	1,048
Retained earnings	10,653	11,391
Treasury shares	(96)	(97)
<b>Total shareholders' equity</b>	<b>13,981</b>	<b>14,719</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	553	605
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	360	360
Foreign currency translation adjustment	(337)	(157)
Remeasurements of defined benefit plans	(78)	(15)
<b>Total accumulated other comprehensive income</b>	<b>498</b>	<b>792</b>
<b>Total net assets</b>	<b>14,480</b>	<b>15,512</b>
<b>Total liabilities and net assets</b>	<b>26,150</b>	<b>28,752</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	119,232	117,195
Cost of sales	112,166	110,351
Gross profit	7,065	6,844
Selling, general and administrative expenses	5,720	5,437
Operating profit	1,345	1,407
Non-operating income		
Interest income	49	35
Dividend income	46	56
Rent income	17	17
Insurance fee	–	17
Gain on sales of non-current assets	31	2
Foreign exchange gains	27	–
Gain on valuation of currency swaps	18	–
Other	42	39
Total non-operating income	233	168
Non-operating expenses		
Interest expenses	30	26
Loss on retirement of non-current assets	29	23
Loss on valuation of currency swaps	–	18
Foreign exchange losses	–	18
Other	2	5
Total non-operating expenses	62	92
Ordinary profit	1,516	1,483
Extraordinary income		
Compensation income for damage by rumor	52	1
Total extraordinary income	52	1
Extraordinary losses		
Impairment loss	–	209
Total extraordinary losses	–	209
Profit before income taxes	1,568	1,274
Income taxes - current	394	217
Income taxes - deferred	(72)	77
Total income taxes	322	295
Profit	1,246	979
Profit attributable to owners of parent	1,246	979

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,246	979
Other comprehensive income		
Valuation difference on available-for-sale securities	295	51
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(115)	179
Remeasurements of defined benefit plans, net of tax	81	63
Total other comprehensive income	261	294
Comprehensive income	1,507	1,273
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,507	1,273
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,376	1,048	9,648	(95)	12,978
Changes of items during period					
Dividends of surplus			(241)		(241)
Profit attributable to owners of parent			1,246		1,246
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,004	(1)	1,003
Balance at end of current period	2,376	1,048	10,653	(96)	13,981

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	258	0	360	(222)	(159)	237	13,215
Changes of items during period							
Dividends of surplus							(241)
Profit attributable to owners of parent							1,246
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	295	0	–	(115)	81	261	261
Total changes of items during period	295	0	–	(115)	81	261	1,264
Balance at end of current period	553	0	360	(337)	(78)	498	14,480

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,376	1,048	10,653	(96)	13,981
Changes of items during period					
Dividends of surplus			(241)		(241)
Profit attributable to owners of parent			979		979
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	738	(0)	737
Balance at end of current period	2,376	1,048	11,391	(97)	14,719

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	553	0	360	(337)	(78)	498	14,480
Changes of items during period							
Dividends of surplus							(241)
Profit attributable to owners of parent							979
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	51	0	–	179	63	294	294
Total changes of items during period	51	0	–	179	63	294	1,031
Balance at end of current period	605	0	360	(157)	(15)	792	15,512



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,568	1,274
Depreciation	342	310
Impairment loss	–	209
Increase (decrease) in allowance for doubtful accounts	(33)	13
Increase (decrease) in provision for bonuses	(3)	(0)
Increase (decrease) in net defined benefit liability	(6)	(319)
Increase (decrease) in provision for stocks payment	7	6
Interest and dividend income	(95)	(91)
Interest expenses	30	26
Loss (gain) on sales of property, plant and equipment	(31)	(2)
Decrease (increase) in notes and accounts receivable - trade	(361)	(205)
Decrease (increase) in inventories	(31)	(546)
Increase (decrease) in notes and accounts payable - trade	(112)	154
Increase (decrease) in accrued consumption taxes	(146)	4
Other, net	53	115
Subtotal	1,178	949
Interest and dividend income received	97	93
Interest expenses paid	(29)	(26)
Income taxes (paid) refund	(342)	(442)
Net cash provided by (used in) operating activities	904	573
Cash flows from investing activities		
Payments into time deposits	(1,123)	(674)
Proceeds from withdrawal of time deposits	1,819	944
Proceeds from sales of property, plant and equipment and intangible assets	31	324
Purchase of property, plant and equipment	(1,251)	(1,422)
Purchase of intangible assets	(642)	(335)
Purchase of investment securities	(94)	(106)
Payments of loans receivable	(7)	(280)
Collection of loans receivable	5	11
Other, net	79	(7)
Net cash provided by (used in) investing activities	(1,184)	(1,545)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(40)	600
Proceeds from long-term loans payable	750	1,250
Repayments of long-term loans payable	(1,319)	(914)
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(240)	(241)
Other, net	(14)	(11)
Net cash provided by (used in) financing activities	(864)	681
Effect of exchange rate change on cash and cash equivalents	(80)	10
Net increase (decrease) in cash and cash equivalents	(1,225)	(280)
Cash and cash equivalents at beginning of period	6,253	5,027
Cash and cash equivalents at end of period	5,027	4,747