

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 9, 2017

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 of ordinary general meeting of shareholders: June 28, 2017
 Scheduled date to file Securities Report: June 28, 2017
 Scheduled date to commence dividend payments: June 29, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	119,232	(4.1)	1,345	(4.5)	1,516	(5.3)	1,246	1.0
Year ended March 31, 2016	124,360	(1.6)	1,408	(16.2)	1,601	(17.7)	1,234	(22.9)

	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, 2017	313.25	–	9.0	5.9	1.1
Year ended March 31, 2016	310.17	–	9.3	6.0	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, 2017	26,150	14,480	55.4	3,640.44
As of March 31, 2016	25,628	13,215	51.6	3,321.73

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

(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, 2017	904	(1,184)	(864)	5,027
Year ended March 31, 2016	3,493	(1,504)	(1,678)	6,253

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, 2016	–	–	–	6.00	6.00	241	19.3	1.8
Year ended March 31, 2017	–	–	–	60.00	60.00	241	19.2	1.7
Year ending March 31, 2018 (Forecast)	–	–	–	60.00	60.00		23.9	

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

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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	(3.6)	1,200	(10.8)	1,300	(14.3)	1,000	(19.8)	251.41

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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: Yes
 Changes in accounting policies due to other reasons: No
 Changes in accounting estimates: Yes
 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, 2017	4,026,000 shares	As of March 31, 2016	4,026,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	48,405 shares	As of March 31, 2016	47,553 shares
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Average number of shares during the period

Year ended March 31, 2017	3,978,082 shares	Year ended March 31, 2016	3,978,517 shares
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The Company has conducted a 1-for-10 reverse split on common share as of October 1, 2016. Accordingly, total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares during the period have 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, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	8,742	6,800
Notes and accounts receivable - trade	6,159	6,562
Merchandise and finished goods	2,378	2,371
Work in process	27	18
Raw materials and supplies	219	262
Deferred tax assets	80	119
Other	281	216
Allowance for doubtful accounts	(801)	(769)
Total current assets	17,086	15,582
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,582	8,657
Accumulated depreciation	(6,880)	(7,022)
Buildings and structures, net	1,701	1,634
Machinery, equipment and vehicles	3,267	3,439
Accumulated depreciation	(2,644)	(2,725)
Machinery, equipment and vehicles, net	622	714
Land	3,549	3,548
Construction in progress	27	911
Other	609	610
Accumulated depreciation	(554)	(563)
Other, net	55	47
Total property, plant and equipment	5,957	6,856
Intangible assets		
Leasehold right	184	184
Other	495	1,035
Total intangible assets	679	1,220
Investments and other assets		
Investment securities	1,432	1,932
Deferred tax assets	75	109
Claims provable in bankruptcy, claims provable in rehabilitation and other	423	392
Other	351	415
Allowance for doubtful accounts	(377)	(359)
Total investments and other assets	1,905	2,490
Total non-current assets	8,542	10,568
Total assets	25,628	26,150

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,757	2,592
Short-term loans payable	3,301	2,894
Income taxes payable	114	129
Provision for bonuses	82	79
Other	907	818
Total current liabilities	7,163	6,515
Non-current liabilities		
Long-term loans payable	1,917	1,715
Deferred tax liabilities	282	396
Long-term guarantee deposited	965	969
Deferred tax liabilities for land revaluation	298	298
Net defined benefit liability	1,694	1,687
Provision for stocks payment	8	15
Asset retirement obligations	51	46
Other	30	23
Total non-current liabilities	5,249	5,154
Total liabilities	12,413	11,669
Net assets		
Shareholders' equity		
Capital stock	2,376	2,376
Capital surplus	1,048	1,048
Retained earnings	9,648	10,653
Treasury shares	(95)	(96)
Total shareholders' equity	12,978	13,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	258	553
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	360	360
Foreign currency translation adjustment	(222)	(337)
Remeasurements of defined benefit plans	(159)	(78)
Total accumulated other comprehensive income	237	498
Total net assets	13,215	14,480
Total liabilities and net assets	25,628	26,150

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	124,360	119,232
Cost of sales	117,221	112,166
Gross profit	7,139	7,065
Selling, general and administrative expenses	5,731	5,720
Operating profit	1,408	1,345
Non-operating income		
Interest income	46	49
Dividend income	88	46
Rent income	15	17
Gain on sales of non-current assets	–	31
Foreign exchange gains	148	27
Gain on valuation of currency swaps	–	18
Other	50	42
Total non-operating income	349	233
Non-operating expenses		
Interest expenses	46	30
Loss on retirement of non-current assets	51	29
Loss on valuation of currency swaps	43	–
Other	15	2
Total non-operating expenses	156	62
Ordinary profit	1,601	1,516
Extraordinary income		
Compensation income for damage by rumor	61	52
Total extraordinary income	61	52
Extraordinary losses		
Impairment loss	79	–
Total extraordinary losses	79	–
Profit before income taxes	1,583	1,568
Income taxes - current	349	394
Income taxes - deferred	(0)	(72)
Total income taxes	349	322
Profit	1,234	1,246
Profit attributable to owners of parent	1,234	1,246

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	1,234	1,246
Other comprehensive income		
Valuation difference on available-for-sale securities	(146)	295
Deferred gains or losses on hedges	(0)	0
Revaluation reserve for land	16	–
Foreign currency translation adjustment	(854)	(115)
Remeasurements of defined benefit plans, net of tax	(72)	81
Total other comprehensive income	(1,057)	261
Comprehensive income	176	1,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	176	1,507
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(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	8,597	(94)	11,927
Changes of items during period					
Dividends of surplus			(201)		(201)
Profit attributable to owners of parent			1,234		1,234
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			18		18
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,051	(0)	1,050
Balance at end of current period	2,376	1,048	9,648	(95)	12,978

	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	405	0	362	632	(86)	1,313	13,240
Changes of items during period							
Dividends of surplus							(201)
Profit attributable to owners of parent							1,234
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							18
Net changes of items other than shareholders' equity	(146)	(0)	(2)	(854)	(72)	(1,076)	(1,076)
Total changes of items during period	(146)	(0)	(2)	(854)	(72)	(1,076)	(25)
Balance at end of current period	258	0	360	(222)	(159)	237	13,215

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,583	1,568
Depreciation	468	342
Impairment loss	79	–
Increase (decrease) in allowance for doubtful accounts	(96)	(33)
Increase (decrease) in provision for bonuses	0	(3)
Increase (decrease) in net defined benefit liability	8	(6)
Increase (decrease) in provision for stocks payment	8	7
Interest and dividend income	(135)	(95)
Interest expenses	46	30
Loss (gain) on sales of property, plant and equipment	66	(31)
Decrease (increase) in notes and accounts receivable - trade	640	(361)
Decrease (increase) in inventories	1,247	(31)
Increase (decrease) in notes and accounts payable - trade	(307)	(112)
Increase (decrease) in accrued consumption taxes	149	(146)
Other, net	1	53
Subtotal	3,761	1,178
Interest and dividend income received	136	97
Interest expenses paid	(44)	(29)
Income taxes (paid) refund	(359)	(342)
Net cash provided by (used in) operating activities	3,493	904
Cash flows from investing activities		
Payments into time deposits	(2,013)	(1,123)
Proceeds from withdrawal of time deposits	871	1,819
Proceeds from sales of property, plant and equipment and intangible assets	–	31
Purchase of property, plant and equipment	(295)	(1,251)
Purchase of intangible assets	(60)	(642)
Purchase of investment securities	(0)	(94)
Payments of loans receivable	(7)	(7)
Collection of loans receivable	4	5
Other, net	(3)	79
Net cash provided by (used in) investing activities	(1,504)	(1,184)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(500)	(40)
Proceeds from long-term loans payable	500	750
Repayments of long-term loans payable	(1,469)	(1,319)
Purchase of treasury shares	(0)	(1)
Cash dividends paid	(201)	(240)
Other, net	(7)	(14)
Net cash provided by (used in) financing activities	(1,678)	(864)
Effect of exchange rate change on cash and cash equivalents	(198)	(80)
Net increase (decrease) in cash and cash equivalents	111	(1,225)
Cash and cash equivalents at beginning of period	6,141	6,253
Cash and cash equivalents at end of period	6,253	5,027