

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 13, 2016

Company name: EXCEL CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 7591 URL <http://www.excelweb.co.jp>
 Representative: PRESIDENT and CEO NOBUAKI OTAKI
 DIRECTOR
 Inquiries: GENERAL MANAGER KATSUO OTA TEL 03-5733-8404
 FINANCE and ACCOUNTING DIVISION
 Scheduled date of ordinary general meeting of shareholders: June 24, 2016
 Scheduled date to file Securities Report: June 27, 2016
 Scheduled date to commence dividend payments: June 27, 2016
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

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	%
Year ended March 31, 2016	148,945	(36.7)	3,054	(32.9)	2,651	(43.0)	2,330	–
Year ended March 31, 2015	235,272	81.2	4,549	127.5	4,653	105.6	(7,805)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	268.87	–	10.7	3.0	2.1
Year ended March 31, 2015	(900.72)	–	(31.7)	5.3	1.9

(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, 2016	67,192	22,915	33.9	2,628.34
As of March 31, 2015	107,949	20,864	19.3	2,401.57

(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, 2016	31,977	(60)	(28,177)	16,284
Year ended March 31, 2015	(39,224)	(49)	41,467	12,708

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, 2015	–	17.00	–	17.00	34.00	294	–	1.2
Year ended March 31, 2016	–	17.00	–	17.00	34.00	294	12.6	1.4
Year ending March 31, 2017 (Forecast)	–	17.00	–	17.00	34.00		21.0	

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
Six months ending September 30, 2016	46,700	(46.8)	910	(58.2)	750	(62.2)	745	(61.1)	85.97
Full year	100,500	(32.5)	1,880	(38.4)	1,580	(40.4)	1,400	(39.9)	161.55

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(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: 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, 2016	∴	9,086,755 shares	As of March 31, 2015	∴	9,086,755 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	∴	420,467 shares	As of March 31, 2015	∴	420,447 shares
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Average number of shares during the period

Year ended March 31, 2016	∴	8,666,291 shares	Year ended March 31, 2015	∴	8,666,308 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	13,260	16,829
Notes and accounts receivable - trade	45,785	25,449
Merchandise and finished goods	37,758	15,889
Deferred tax assets	79	73
Other	1,480	664
Allowance for doubtful accounts	(42)	(12)
Total current assets	98,322	58,895
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,178	1,185
Accumulated depreciation	(677)	(706)
Buildings and structures, net	500	479
Land	1,677	1,677
Other	175	171
Accumulated depreciation	(149)	(139)
Other, net	25	32
Total property, plant and equipment	2,203	2,189
Intangible assets		
Other	46	15
Total intangible assets	46	15
Investments and other assets		
Investment securities	5,190	4,161
Claims provable in bankruptcy, claims provable in rehabilitation and other	15,635	15,149
Deferred tax assets	2,058	1,801
Other	159	162
Allowance for doubtful accounts	(15,667)	(15,180)
Total investments and other assets	7,377	6,093
Total non-current assets	9,627	8,297
Total assets	107,949	67,192

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,422	10,769
Short-term loans payable	44,101	19,737
Current portion of long-term loans payable	3,076	2,884
Income taxes payable	247	155
Provision for bonuses	138	131
Provision for directors' bonuses	–	41
Early retirement expense allowance	–	25
Other	783	773
Total current liabilities	72,768	34,520
Non-current liabilities		
Long-term loans payable	12,305	8,248
Deferred tax liabilities	1,609	1,186
Net defined benefit liability	215	219
Asset retirement obligations	6	6
Negative goodwill	125	62
Other	53	33
Total non-current liabilities	14,315	9,756
Total liabilities	87,084	44,276
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,126	3,126
Retained earnings	12,266	14,302
Treasury shares	(571)	(571)
Total shareholders' equity	17,908	19,944
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,679	2,017
Deferred gains or losses on hedges	(5)	(0)
Foreign currency translation adjustment	192	802
Remeasurements of defined benefit plans	36	14
Total accumulated other comprehensive income	2,904	2,833
Non-controlling interests	52	137
Total net assets	20,864	22,915
Total liabilities and net assets	107,949	67,192

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	235,272	148,945
Cost of sales	226,493	141,446
Gross profit	8,779	7,498
Selling, general and administrative expenses	4,229	4,444
Operating income	4,549	3,054
Non-operating income		
Interest income	7	21
Dividend income	57	74
Purchase discounts	28	14
Amortization of negative goodwill	62	62
Foreign exchange gains	129	–
Other	13	18
Total non-operating income	299	191
Non-operating expenses		
Interest expenses	170	384
Sales discounts	5	2
Foreign exchange losses	–	192
Other	19	15
Total non-operating expenses	194	594
Ordinary income	4,653	2,651
Extraordinary income		
Reversal of allowance for doubtful accounts	–	496
Other	–	0
Total extraordinary income	–	496
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Provision of allowance for doubtful accounts	13,720	–
Provision of Early retirement expense allowance	–	25
Total extraordinary losses	13,720	25
Profit (loss) before income taxes	(9,067)	3,121
Income taxes - current	424	471
Income taxes - deferred	(1,704)	234
Total income taxes	(1,279)	706
Profit (loss)	(7,787)	2,415
Profit attributable to non-controlling interests	18	85
Profit (loss) attributable to owners of parent	(7,805)	2,330

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit (loss)	(7,787)	2,415
Other comprehensive income		
Valuation difference on available-for-sale securities	521	(662)
Deferred gains or losses on hedges	(5)	4
Foreign currency translation adjustment	(78)	609
Remeasurements of defined benefit plans, net of tax	32	(22)
Total other comprehensive income	470	(70)
Comprehensive income	(7,317)	2,345
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(7,342)	2,259
Comprehensive income attributable to non-controlling interests	24	85

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,086	3,126	20,367	(571)	26,009
Changes of items during period					
Dividends of surplus			(294)		(294)
Profit (loss) attributable to owners of parent			(7,805)		(7,805)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(8,100)	–	(8,100)
Balance at end of current period	3,086	3,126	12,266	(571)	17,908

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,157	–	278	4	2,440	27	28,476
Changes of items during period							
Dividends of surplus							(294)
Profit (loss) attributable to owners of parent							(7,805)
Net changes of items other than shareholders' equity	521	(5)	(85)	32	463	24	488
Total changes of items during period	521	(5)	(85)	32	463	24	(7,611)
Balance at end of current period	2,679	(5)	192	36	2,904	52	20,864

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	3,086	3,126	12,266	(571)	17,908
Changes of items during period					
Dividends of surplus			(294)		(294)
Profit (loss) attributable to owners of parent			2,330		2,330
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,035	(0)	2,035
Balance at end of current period	3,086	3,126	14,302	(571)	19,944

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,679	(5)	192	36	2,904	52	20,864
Changes of items during period							
Dividends of surplus							(294)
Profit (loss) attributable to owners of parent							2,330
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(662)	4	609	(22)	(70)	85	15
Total changes of items during period	(662)	4	609	(22)	(70)	85	2,050
Balance at end of current period	2,017	(0)	802	14	2,833	137	22,915

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit (loss) before income taxes	(9,067)	3,121
Depreciation	86	80
Amortization of goodwill & negative goodwill	(62)	(62)
Increase (decrease) in allowance for doubtful accounts	13,748	(526)
Increase (decrease) in provision for bonuses	(47)	(6)
Increase (decrease) in provision for directors' bonuses	(38)	41
Increase (decrease) in Provision for early retirement expense allowance	–	25
Increase (decrease) in net defined benefit liability	(38)	(18)
Interest and dividend income	(65)	(96)
Interest expenses	170	384
Foreign exchange losses (gains)	(229)	10
Loss (gain) on sales and retirement of non-current assets	0	0
Decrease (increase) in notes and accounts receivable - trade	(17,772)	21,057
Decrease (increase) in inventories	(22,185)	21,966
Decrease (increase) in accounts receivable - other	8	(39)
Decrease (increase) in consumption taxes refund receivable	(370)	764
Increase (decrease) in notes and accounts payable - trade	(2,546)	(13,684)
Increase (decrease) in accounts payable - other	(21)	21
Other, net	70	(233)
Subtotal	(38,361)	32,807
Interest and dividend income received	62	93
Interest expenses paid	(167)	(358)
Income taxes paid	(758)	(565)
Net cash provided by (used in) operating activities	(39,224)	31,977

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from investing activities		
Payments into time deposits	(0)	(354)
Proceeds from withdrawal of time deposits	–	347
Purchase of property, plant and equipment	(14)	(32)
Purchase of intangible assets	(8)	(2)
Purchase of investment securities	(26)	(15)
Payments of loans receivable	(3)	(3)
Purchase of insurance funds	(7)	(7)
Other, net	10	8
Net cash provided by (used in) investing activities	(49)	(60)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	26,582	(24,365)
Proceeds from long-term loans payable	15,179	–
Repayments of long-term loans payable	–	(3,517)
Cash dividends paid	(294)	(294)
Other, net	–	(0)
Net cash provided by (used in) financing activities	41,467	(28,177)
Effect of exchange rate change on cash and cash equivalents	706	(163)
Net increase (decrease) in cash and cash equivalents	2,899	3,575
Cash and cash equivalents at beginning of period	9,809	12,708
Cash and cash equivalents at end of period	12,708	16,284