

Translation

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

July 29, 2016

Company name: EXCEL CO.,LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7591 URL <http://www.excelweb.co.jp>  
 Representative: President and CEO Nobuaki Ohtaki  
 Inquiries: Director Group Chief Financial Officer Hajime Kawabata TEL 03-5733-8404  
 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	24,774	(45.3)	354	(73.6)	167	(86.5)	111	(88.4)
Three months ended June 30, 2015	45,281	(19.9)	1,342	14.0	1,239	(1.4)	964	(3.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	12.90		–	
Three months ended June 30, 2015	111.33		–	

(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	62,348	22,948	36.6	2,633.04
As of March 31, 2016	67,192	22,915	33.9	2,628.34

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2016	–	17.00	–	17.00	34.00
Year ending March 31, 2017	–	–	–	–	–
Year ending March 31, 2017 (Forecast)	–	17.00	–	17.00	34.00

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 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:                                                               | 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 June 30, 2016	9,086,755 shares	As of March 31, 2016	9,086,755 shares
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Number of treasury shares at the end of the period

As of June 30, 2016	420,467 shares	As of March 31, 2016	420,467 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	8,666,288 shares	Three months ended June 30, 2015	8,666,301 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
<b>Assets</b>		
Current assets		
Cash and deposits	16,829	19,914
Notes and accounts receivable - trade	25,449	23,709
Merchandise and finished goods	15,889	9,657
Other	738	1,028
Allowance for doubtful accounts	(12)	(11)
Total current assets	58,895	54,298
Non-current assets		
Property, plant and equipment	2,189	2,180
Intangible assets	15	12
Investments and other assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	15,149	14,153
Other	6,125	5,889
Allowance for doubtful accounts	(15,180)	(14,185)
Total investments and other assets	6,093	5,857
Total non-current assets	8,297	8,050
Total assets	67,192	62,348
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	10,769	9,922
Short-term loans payable	19,737	17,405
Current portion of long-term loans payable	2,884	2,634
Income taxes payable	155	106
Provision for bonuses	131	77
Provision for directors' bonuses	41	4
Early retirement expense allowance	25	–
Other	773	928
Total current liabilities	34,520	31,079
Non-current liabilities		
Long-term loans payable	8,248	6,874
Net defined benefit liability	219	204
Asset retirement obligations	6	6
Negative goodwill	62	46
Other	1,220	1,187
Total non-current liabilities	9,756	8,320
Total liabilities	44,276	39,399

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,126	3,126
Retained earnings	14,302	14,266
Treasury shares	(571)	(571)
Total shareholders' equity	19,944	19,908
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,017	1,951
Deferred gains or losses on hedges	(0)	33
Foreign currency translation adjustment	802	910
Remeasurements of defined benefit plans	14	14
Total accumulated other comprehensive income	2,833	2,910
Non-controlling interests	137	130
Total net assets	22,915	22,948
Total liabilities and net assets	67,192	62,348

**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	45,281	24,774
Cost of sales	42,830	23,472
Gross profit	2,451	1,302
Selling, general and administrative expenses	1,108	947
Operating income	1,342	354
Non-operating income		
Interest income	1	13
Dividend income	20	23
Amortization of negative goodwill	15	15
Other	0	27
Total non-operating income	38	80
Non-operating expenses		
Interest expenses	109	89
Foreign exchange losses	27	175
Other	4	2
Total non-operating expenses	141	267
Ordinary income	1,239	167
Extraordinary losses		
Loss on sales of non-current assets	0	–
Total extraordinary losses	0	–
Profit before income taxes	1,239	167
Income taxes - current	178	76
Income taxes - deferred	72	(22)
Total income taxes	251	53
Profit	988	113
Profit attributable to non-controlling interests	23	1
Profit attributable to owners of parent	964	111

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

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	988	113
Other comprehensive income		
Valuation difference on available-for-sale securities	(31)	(66)
Deferred gains or losses on hedges	(36)	34
Foreign currency translation adjustment	(324)	99
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	(393)	67
Comprehensive income	594	180
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	571	188
Comprehensive income attributable to non-controlling interests	23	(7)