

Translation

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

October 31, 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: November 14, 2016
 Scheduled date to commence dividend payments: December 5, 2016
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 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	%
Six months ended September 30, 2016	47,391	(46.0)	910	(58.1)	662	(66.6)	642	(66.5)
Six months ended September 30, 2015	87,700	(24.4)	2,175	(0.5)	1,986	(12.9)	1,913	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	74.09		-	
Six months ended September 30, 2015	220.86		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	57,465	22,768	39.4	2,613.45
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	-	17.00	-	-	-
Year ending March 31, 2017 (Forecast)	-	-	-	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
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 six months ended September 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 September 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 September 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)

Six months ended September 30, 2016	8,666,288 shares	Six months ended September 30, 2015	8,666,295 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	16,829	16,206
Notes and accounts receivable - trade	25,449	19,994
Merchandise and finished goods	15,889	11,953
Other	738	1,257
Allowance for doubtful accounts	(12)	(10)
Total current assets	58,895	49,401
Non-current assets		
Property, plant and equipment	2,189	2,189
Intangible assets	15	11
Investments and other assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	15,149	12,760
Other	6,125	5,895
Allowance for doubtful accounts	(15,180)	(12,792)
Total investments and other assets	6,093	5,863
Total non-current assets	8,297	8,064
Total assets	67,192	57,465
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,769	9,646
Short-term loans payable	19,737	15,280
Current portion of long-term loans payable	2,884	2,588
Income taxes payable	155	115
Provision for bonuses	131	147
Provision for directors' bonuses	41	8
Early retirement expense allowance	25	—
Other	773	1,075
Total current liabilities	34,520	28,862
Non-current liabilities		
Long-term loans payable	8,248	4,368
Net defined benefit liability	219	204
Asset retirement obligations	6	6
Negative goodwill	62	31
Other	1,220	1,223
Total non-current liabilities	9,756	5,834
Total liabilities	44,276	34,696

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,126	3,126
Retained earnings	14,302	14,796
Treasury shares	(571)	(571)
Total shareholders' equity	19,944	20,438
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,017	2,094
Deferred gains or losses on hedges	(0)	18
Foreign currency translation adjustment	802	82
Remeasurements of defined benefit plans	14	14
Total accumulated other comprehensive income	2,833	2,210
Non-controlling interests	137	119
Total net assets	22,915	22,768
Total liabilities and net assets	67,192	57,465

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	87,700	47,391
Cost of sales	83,319	44,602
Gross profit	4,381	2,789
Selling, general and administrative expenses	2,205	1,878
Operating income	2,175	910
Non-operating income		
Interest income	4	33
Dividend income	35	42
Amortization of negative goodwill	31	31
Other	13	37
Total non-operating income	84	144
Non-operating expenses		
Interest expenses	200	178
Foreign exchange losses	62	209
Other	10	4
Total non-operating expenses	273	392
Ordinary income	1,986	662
Extraordinary income		
Reversal of allowance for doubtful accounts	493	179
Total extraordinary income	493	179
Extraordinary losses		
Loss on valuation of membership	–	7
Total extraordinary losses	–	7
Profit before income taxes	2,479	835
Income taxes - current	298	130
Income taxes - deferred	236	61
Total income taxes	535	191
Profit	1,944	644
Profit attributable to non-controlling interests	30	2
Profit attributable to owners of parent	1,913	642

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	1,944	644
Other comprehensive income		
Valuation difference on available-for-sale securities	(270)	76
Deferred gains or losses on hedges	4	18
Foreign currency translation adjustment	258	(739)
Remeasurements of defined benefit plans, net of tax	(0)	0
Total other comprehensive income	(8)	(644)
Comprehensive income	1,935	0
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,904	18
Comprehensive income attributable to non-controlling interests	31	(18)