# INVESTORS GUIDE 2016

TOKYO SANGYO CO., LTD.

## Message from the President

Since its founding in 1947, Tokyo Sangyo Co., Ltd., as a general trading company dealing in machinery, has always upheld the ideas of "Trust" and "Contribution" as part of its corporate philosophy when pursuing its activities. Specifically, by closely aligning our sales activities to our customers, accurately grasping their needs, and swiftly proposing solutions to their problems and providing optimal products, we have been able to earn the trust of our customers while also making contributions to society. We are truly grateful to our customers and all of our stakeholders for the assistance and support they have provided, without which our history of more than 60 years would have never been possible. By making efforts to further streamline our organization and enhance efficiency and by focusing on the cultivation of human resources and new product development, we will continue to steadily build up a corporate structure capable of responding quickly to drastic changes in the business climate.

#### **Analysis of Operations**

The Japanese economy during the fiscal year under review was on a gradual recovery trend as corporate earnings and employment conditions trended to improve on the back of the government' s economic policies and the Bank of Japan's monetary policies; however, uncertainty still remains due to such factors as the economic slowdown of emerging countries such as China and resource-rich countries, the introduction of negative interest rates by the Bank of Japan and exchange rate fluctuations.

Under such circumstances, for the fiscal year under review, the Company recorded a contract volume of 109,443 million yen, up 8,194 million yen (8.1%) from the previous fiscal year. Further, net sales increased by 30,046 million yen (37.1%) from the previous fiscal year to 111,028 million yen. As a result, gross profit of 6,709 million yen, operating income of 2,067 million yen, ordinary income of 2,276 million yen and net income of 1,519 million yen were recorded.

I would like to ask all of our stakeholders for your continued support and encouragement in the years to come.

President: Toshio Satomi



# Non-Consolidated Financial Highlights



## Overview of Operations by Segment

#### **Electrical Power-related Segment**

#### **Description of Main Businesses**

Power Department, Electrical Machinery Department: We are mainly engaged in the sale of various facilities to the power industry, including turbines and boilers for power generation and power transmission and distribution equipment, as well as in the maintenance of existing facilities.

#### **Overview of Operations for the Current Fiscal Year**

Contract volume increased by 1,126 million yen (2.1%) from the previous fiscal year to 54,200 million yen, due to the solid performance of the after-sales service business. Further, net sales increased by 22,291 million yen (57.4%) from the previous fiscal year to 61,158 million yen, and an operating income of 770 million yen was recorded.



#### **Chemical Machinery-related Segment**

#### **Description of Main Businesses**

Chemical Engineering Department, Plant Machinery Department: From the sale of stand-alone equipment to the chemical, pharmaceutical, paper manufacturing, non-ferrous metals industries, to total plant engineering and construction, we are engaged in a wide range of domestic and overseas businesses that meet the needs of our customers. We are also focusing our efforts on the renewable energy business, including photovoltaic, binary cycle and wind generation. Additionally, we were the first in Japan after World War II to engage in ship exporting, and since then we have been handling various types of marine vessels ship board machines and ship maintenance materials. vessels, ship board machines and ship maintenance materials.

#### **Overview of Operations for the Current Fiscal Year**

Significant growth of the renewable energy business, among other factors, resulted in an increase in contract volume by 2,560 million yen (12.0%) from the previous fiscal year to 23,889 million yen. Net sales also increased by 4,246 million yen (23.7.%) from the previous fiscal year to 22,165 million yen, and an operating income of 360 million yen was recorded.



#### **Precision & Electronic Machinery-related Segment**

#### **Description of Main Businesses**

Precision & Electronic Machinery Department: In addition to supplying machine tools, metal processing machinery, precision measurement equipment, various automated machinery, and electronic machinery, we provide total engineering services for facilities and equipment. In our overseas business, we have been providing various machinery, equipment and services over the years from Japan to each region in the world from our bases in China, Taiwan, the ASEAN countries, Europe and the United States.

#### **Overview of Operations for the Current Fiscal Year**

Contract volume increased by 1,257 million yen (7.7%) from the previous fiscal year to 17,639 million yen, attributable primarily to brisk capital investments targeted at overseas automotive-related industries, as well as solid demand for smartphone-related machinery in China. Net sales also increased by 661 million yen (4.0%) from the previous fiscal year to 17,114 million yen, and an operating income of 827 million yen was recorded.



#### **Environment-related Segment**

#### **Description of Main Businesses**

Energy & Environment Department: We select and provide the optimal equipment and products to meet the "energy-saving," "CO2 reduction," and "energy cost reduction" needs of our customers. We also provide a broad spectrum of support services to environment-related businesses ranging from the planning of various waste disposal and processing facilities and the acquisition of permits and subsidies to the construction and operation of such facilities.

We are engaged in the leasing and sale of environmentally consideration devices, including water-saving

devices for toilets.

We are engaged in the sale of general polyethylene products including packaging and bags made of environmentally-friendly materials, garbage bags designated by municipalities and plastic bags for retailers, in addition to the sale of packaging materials.

#### **Overview of Operations for the Current Fiscal Year**

Contract volume increased by 3,246 million yen (31.4%) from the previous fiscal year to 13,575 million yen, due to such factors as the increase in orders received for polyethylene packaging materials targeted at convenience stores and supermarkets. Net sales also increased by 2,843 million yen (37.4%) from the previous fiscal year to 10,453 million yen, and an operating income of 44 million yen was recorded.



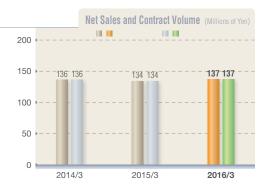
#### **Others**

#### **Description of Main Businesses**

#### We are engaged in the leasing of real estate.

#### Overview of Operations for the Current Fiscal Year

Contract volume increased by 2 million yen from the previous fiscal year to 137 million yen. Net sales likewise increased by 2 million yen from the previous fiscal year to 137 million yen, and an operating income of 64 million yen was recorded.



3

#### 2016

# Non-Consolidated Statement of Financial Position

		(Millions of Ye
	2015	2016
ssets		
Current assets		
Cash and deposits	7,322	5,569
Notes receivable - trade	1,763	2,698
Accounts receivable - trade	14,763	21,222
Operating accounts receivable	348	490
Lease receivables	14	_
Lease investment assets	2	0
Securities	1,100	2,400
Beneficiary right of accounts receivable in trust	2,399	699
Merchandise	853	1,215
Advance payments - trade	2,716	241
Prepaid expenses	141	173
Accounts receivable - other	59	54
Deferred tax assets	148	188
Derivatives	42	Ę
Other	24	24
Allowance for doubtful accounts	(37)	(14
Total current assets	31,664	34,970
Non-current assets		
Property, plant and equipment		
Buildings	2,173	2,204
Accumulated depreciation and impairment loss	(1,048)	(1,117
Buildings, net	1,124	1,087
Machinery and equipment	244	533
Accumulated depreciation and impairment loss	(126)	(175
Machinery and equipment, net	117	358
Vehicles	2	_
Accumulated depreciation	(2)	_
Vehicles, net	0	_
Tools, furniture and fixtures	883	910
Accumulated depreciation and impairment loss	(587)	(626
Tools, furniture and fixtures, net	296	283
Land	626	626
Leased assets	43	605
Accumulated depreciation	(13)	(2
Leased assets, net	29	584
Construction in progress	96	533
Total property, plant and equipment	2,290	3,474
Intangible assets		
Patent right	0	(
Software	6	19
Leased assets	223	195
Other	3	
Total intangible assets	234	218
Investments and other assets	0.070	4.700
Investment securities	6,079	4,790
Shares of subsidiaries and associates	243	181
Investments in capital of subsidiaries and associates	287	287
Long-term loans receivable	3	3
Long-term loans receivable from subsidiaries and associates	40	
Long-term loans receivable from employees	12	11
Golf club membership	97	91
Prepaid pension cost	1,140	1,496
Other	336	413
Allowance for doubtful accounts	(23)	(8)
Total investments and other assets	8,217	7,267
Total non-current assets	10,742	10,960
otal assets	42,407	45,930

	0045	(Millions of Yen)
	2015	2016
Liabilities		
Current liabilities		
Notes payable - trade	2,233	2,370
Accounts payable - trade	4,805	6,778
Accounts payable - consignment	7,723	11,228
Operating accounts payable	121	69
Short-term loans payable	1,570	1,570
Lease obligations	81	108
Accounts payable - other	150	228
Income taxes payable	242	441
Accrued expenses	74	92
Advances received	3,878	467
Deposits received	43	44
Provision for bonuses	292	309
Provision for directors' bonuses	40	50
Deferred installment income	27	23
Derivatives liabilities	11	94
Other	19	5
Total current liabilities	21,315	23,882
Non-current liabilities		
Long-term loans payable	10	_
Lease obligations	195	753
Provision for directors' retirement benefits	46	44
Provision for loss on guarantees	22	17
Provision for employee stock ownership plan trust	_	33
Provision for management board incentive plan trust	_	15
Long-term guarantee deposited	92	94
Deferred tax liabilities	906	687
Deferred tax liabilities for land revaluation	17	16
Total non-current liabilities	1,289	1,661
Total liabilities	22,604	25,544
Net assets		
Shareholders' equity	0.440	0.440
Capital stock	3,443	3,443
Capital surplus	0.055	0.055
Legal capital surplus	2,655	2,655
Other capital surplus	108	166
Total capital surpluses	2,764	2,821
Retained earnings	005	005
Legal retained earnings	385	385
Other retained earnings General reserve	7 110	7 110
	7,113	7,113
Reserve for special depreciation	36	50
Reserve for reduction entry	39	40
Retained earnings brought forward	5,205	6,295
Total retained earnings	12,779	13,885
Treasury shares	(647)	(705)
Total shareholders' equity	18,339	19,445
Valuation and translation adjustments	4 400	005
Valuation difference on available-for-sale securities	1,406	965
Deferred gains or losses on hedges	21	(61)
Revaluation reserve for land	35	36
Total valuation and translation adjustments	1,462	940
Total net assets  Total liabilities and net assets	19,802	20,385
iotai naunities and net assets	42,407	45,930

# Non-Consolidated Income Statement

Net sales         104,778         104,778         104,778         104,778         104,778         104,778         3,586         3,586         3,586         3,586         3,586         3,586         3,586         3,586         3,586         3,586         3,586         3,586         3,586         3,586         3,586         2,586         2,586         3,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586         2,586<		2015	(Millions of Yen) 2016
Bet such crimited controller         2,395         5,385           Agoncy controllers         6,995         110,02           Cost of sales         8         5         88           Cest of purchased goods         75,088         99,513           Total         175,088         99,513           Total         1,000         1,000           Lending goods         83         1,215           Cest of goods sold         72,807         99,220           Cost of construction sales         1,000         5,000           Total cost of sales         74,911         104,319           Gross profit         6,070         6,070           Reversal of uneralized income on installment sales         3         3           Gross profit         6,074         6,743           Selling, general and administrative expenses         4,411         6,463           Selling, general and administrative expenses         4,411         6,463           Selling, general and administrative expenses         4,41         6,463           Divisional process         4,41         6,463           Selling, general and administrative expenses         2,10         6,004           Divisional process         1,2         6,004 <t< td=""><td>Net sales</td><td></td><td></td></t<>	Net sales		
Bet such crimited controller         2,395         5,385           Agoncy controllers         6,995         110,02           Cost of sales         8         5         88           Cest of purchased goods         75,088         99,513           Total         175,088         99,513           Total         1,000         1,000           Lending goods         83         1,215           Cest of goods sold         72,807         99,220           Cost of construction sales         1,000         5,000           Total cost of sales         74,911         104,319           Gross profit         6,070         6,070           Reversal of uneralized income on installment sales         3         3           Gross profit         6,074         6,743           Selling, general and administrative expenses         4,411         6,463           Selling, general and administrative expenses         4,411         6,463           Selling, general and administrative expenses         4,41         6,463           Divisional process         4,41         6,463           Selling, general and administrative expenses         2,10         6,004           Divisional process         1,2         6,004 <t< td=""><td>Net sales of goods</td><td>77,795</td><td>104,778</td></t<>	Net sales of goods	77,795	104,778
Agency commission income         89         891           Total net sales         Cost of sales           Desprinting protes         572         88.98           Cost of pathesate goods         75,786         99.813           Total income         73,860         100.486           Ending goods         28.33         121.21           Cost of professord         28.33         122.03           Cost of professord         29.13         100.830           Cost of professord         74,911         104.93           Gross profit         6,070         6,070           Reversal of unrealized income inistallinent sales         3         2           Cross profit         6,074         6,713           Selling, general and administrative expenses         4,511         4,645           Operating income         3         2           Interest incore         3         2           Interest incore         3         2           Interest incore         3         2           Interest incore         3         2           Uniford incore         3         2           Other conspersing income         3         2           Interest incore         3         <			
Total calasian	Agency commission income		
Beginning gades         572         883           Cost of purchesor gardes         73,086         90,081           Total         73,086         100,486           Ending pooles         683         1,215           Cost of gades said         72,907         90,908           Cost of gades said         74,911         104,319           Total cost of sailes         74,911         104,319           Gross profit         6,073         6,703           Reversal of unrealized income on installment sales         3         3           Gross profit         6,074         6,713           Salling, general and administrative expenses         4,041         4,645           Operating income         1,663         2,057           Non-operating income         3         2           Inferest income         3         2           Other         3         2           Total income perating expenses         3 <td< td=""><td></td><td>80,981</td><td>111,028</td></td<>		80,981	111,028
Cost of purchased goods         73,088         9,813           Total         73,660         10,466           Endring goods         823         12,207         99250           Cost of pools sold         72,807         99250           Cost of pools sold         7,911         10,308           Total cost of sales         7,911         10,308           Total cost of sales         6,070         6,709           Reversal of uncalized income on installments ales         3         3           Gross profit         6,070         6,709           Salling, general and administrative expenses         4,411         4,645           Selling, general and administrative expenses         3         2           Interest of social income         3         2           Interest of social income         3         2           Interest of social income         158         173           Land and house ent received         49         48           Other         74         33           Total non-operating expenses         17         48           Feedy machine plosses         17         46           Frequency of polysis of a sile of non-aument assets         2         7           Other	Cost of sales		,
Total         73,600         100,406           Enting poods         653         1215           Cost of poods said         22,07         92,250           Cost of construction sales         2,103         5,508           Total cost of sales         74,911         104,319           Gross profit         6,070         6,709           Reversal of unrealized income on installment sales         3         3           Gross profit - nel         6,074         6,743           Selling, general and administrative expenses         4,411         4,645           Gross profit income         1,663         2,067           Non-operating income         3         2           Interest income         3         2           Interest on securities         21         22           Dividend income         158         173           Land and house rest received         49         48           Other         74         33           Total non-operating income         19         18           Non-operating expenses         19         18           Inferest operating expenses         19         4           Profit contange lesses         -         4           Inferes	Beginning goods	572	853
Interest poores         73,660         10,466           Entitipopols         853         1,215           Cost of poorts said         22,007         98,256           Cost of construction saices         74,911         104,319           Total cost of sales         74,911         10,439           Gross profit         6,074         6,713           Servers and unrealized income on installment sales         3         3           Gross profit         6,074         6,733           Selling, general and administrative expenses         4,411         4,645           Operating income         1,653         2,057           Interest income         3         2           Interest income         3         2           Interest income         3         2           Interest on occurring         3         2           Interest on occurring         4         4           Other         74         33           Total inon-operating income         3         2           Interest openses         19         14           Interest openses         19         14           Foreign exchange losses         19         6           Foreign exchange losses		73,088	99,613
Ending goods         863         1,215           Cost of goods sold         72,807         99,256           Cost of construction sales         2,103         5,088           Total cost of sales         74,911         104,319           Gross profit         6,070         6,709           Reversal of unrealized income on installment sales         3         3           Gross profit         6,074         6,713           Selling, general and administrative expenses         4,411         4,645           Operating income         1,663         2,067           Non-operating income         3         2           Interest incorrie         158         173           Land and house not notived         158         173           Other of the control of th		<u> </u>	
Cost of poots seld         72,807         99,850           Cost of construction sales         2,103         5,056           Total cost of sales         74,911         104,319           Cross profit         6,070         6,079           Reversal of unrealized income on installment sales         3         3           Selling, general and administrative expenses         4,411         4,645           Operating income         1         6,674         6,713           Interest income         3         2           Interest on socialities         21         2           Load and house and received         48         2           Under         74         3           Total non-operating income         158         173           Land and house and received         49         48           Under         74         3           Total non-operating expenses         19         18           Interest expenses         19         18           Int	Ending goods		
Cost of construction sales         2,103         5,088           Total cost of sales         74,911         104,319         104,319         104,319         104,319         104,319         104,019         6,709         6,709         6,709         6,709         6,709         76,709         78         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         2         109         100         100         3         2,00         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100         100 <t< td=""><td></td><td></td><td></td></t<>			
Total cost of sales         74,911         104,319           Gross profit         6,070         6,709           Reversal of unrealized income on installment sales         3         3           Gross profit - net         6,074         6,713           Selling, general and administrative expenses         4,411         4,645           Operating income         1         4,615           Non-operating income         3         2           Interest incore         158         173           Lend and house rent notived         48         173           Land and house rent notived         48         28           Other         74         33         280           Non-operating expenses         19         18           Interest expenses         2         7			
Cross profit         6,070         6,079           Reversal of unealized income on installment sales         3         3           Gross profit—let         6,074         6,713           Selling, general and administrative expenses         4,411         4,645           Operating income         1,663         2,067           Interest on securities         3         2           Interest on securities         21         22           Divided income         3         2           Lead and house rent received         49         48           Other         7         33           To lat on-operating income         19         18           Non-operating expenses         19         18           Interest expenses         19         18           Fordiga exchange losses         7         4           Provision of allowance for doubtful accounts         19         18           Total non-operating expenses         19         18           Total on-operating expenses         19         18           Total on-operating expenses         19         18           Total contract of contract access         2         7           Other         2         1			
Reversal of unrealized income on installment sales         3         3           Gross profit - net         6,74         6,713         6,713           Selling, peneral and administrative expenses         4,414         4,645           Deparating income         1,663         2,067           Interest income         3         2         2           Interest income         1,52         2         2           Dividend income         1,58         1,73         3         3         3         1,73         3         3         1,73         3         1,73         4         3         3         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         3         3         3         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2	Gross profit		
Selling, general and administrative expenses         4,411         4,645           Operating income         1,663         2,067           Non-operating income         3         2           Interest income         3         2           Interest on securities         21         22           Dividend income         49         48           Command in June rent received         49         48           Other         74         33           Total non-operating income         308         280           Non-operating expenses         7         48           Foreign exchange losses         19         18           Foreign exchange losses              19             18           Foreign exchange losses              19             18                Foreign exchange losses              19              18          Foreign exchange losses              19              18          Foreign exchange losses              19              18          Foreign exchange losses              19              18          Foreign exchange losses              19              18          Foreign exchange losses of operating expenses              19              2              2              7			
Selling, general and administrative expenses         4,411         4,645           Operating income         1,663         2,067           Non-operating income         3         2           Interest income         3         2           Interest on securities         21         22           Dividend income         49         48           Command in June rent received         49         48           Other         74         33           Total non-operating income         308         280           Non-operating expenses         7         48           Foreign exchange losses         19         18           Foreign exchange losses              19             18           Foreign exchange losses              19             18                Foreign exchange losses              19              18          Foreign exchange losses              19              18          Foreign exchange losses              19              18          Foreign exchange losses              19              18          Foreign exchange losses              19              18          Foreign exchange losses of operating expenses              19              2              2              7	Gross profit - net	6,074	6,713
Operating income         1,663         2,067           Non-operating income         3         2           Interest on securities         21         22           Dividend income         158         173           Land and house rent received         49         48           Other         74         33           Total non-operating income         308         280           Non-operating expenses         9         18           Interest expenses         9         18           Provision of allowance for doubtful accounts         17         -           Other         5         4           Total non-operating expenses         17         -           Other         5         4           Total non-operating expenses         9         18           Extraordinary income         19         2           Gain on sales of non-current assets         8         1           Other         6         5           Gain on sales of investment securities         8         1           Other         6         7           Loss on sales of inflowestment securities         8         1           Other consiste of special expenses         1 <td< td=""><td>· · · · · · · · · · · · · · · · · · ·</td><td></td><td></td></td<>	· · · · · · · · · · · · · · · · · · ·		
Non-operating income         a         2           Interest in oncome         3         2           Interest on securities         21         22           Dividend income         158         173           Land and house rent received         49         48           Other         74         33           Total non-operating income         38         280           Non-operating expenses         19         18           Foreign exchange losses         19         18           Foreign exchange losses         19         18           Other         5         4           Total non-operating expenses         19         18           Total non-operating expenses         42         71           Other         5         4           Total non-operating expenses         42         71           Other         5         4         71           Extraordinary income         8         2         75           Gain on sales of investment securities         8         7           Total extraordinary income         8         7           Extraordinary income         8         7           Total con-current assets         9			
Interest income         3         2           Interest on securities         21         22           Divided income         158         173           Land and house rent received         49         48           Other         74         33           Total non-operating income         308         280           Non-operating expenses         19         18           Foreign exchange losses         19         18           Foreign exchange losses         19         18           Foreign exchange losses         19         18           Provision of allowance for doubtful accounts         17         -           Other         5         4         2         71           Other Other         1,928         2,276         2         71         71         -         6         6         2         71         71         -         6         6         2         71         71         -         6         2         71         71         -         6         2         71         71         -         6         6         2         71         71         -         6         6         1         6         6         6         71		-	,
Interest on securities         21         22           Dividend Income         158         173           Land and house rent received         49         48           Other         74         33           Total non-operating income         308         280           Non-operating expenses         19         18           Foreign exchange losses         19         18           Provision of allowance for doubtful accounts         17         —           Other         5         4           Total non-operating expenses         42         71           Other         5         4           Total non-operating expenses         42         71           Other         5         4         71           Other         5         4         71           Other         9         2,27         5           Extraordinary income         8         2,27           Extraordinary income         8         7           Extraordinary income         8         7           Extraordinary income         8         7           Extraordinary income         8         7           Extraordinary income         8         7     <		3	2
Dividend income         158         173           Land and house rent received         49         48           Other         73         33         28           Total non-operating income         308         280           Non-operating expenses         19         18           Foreign exchange losses          48           Provision of allowance for doubtful accounts         17            Other         5         4         7           Other of total non-operating expenses         42         71           Total non-operating expenses         42         71           Other of total non-during expenses         42         71           Extraordinary income         1,28         2,276           Extraordinary income         8         1           Gain on sales of investment securities         8         1           Other         6         8         1           Loss on sales of investment securities         8         1           Cobs on sales of non-current assets         4         0           Loss on sales of non-current assets         2         -           Loss on valuation of shares of subsidiaries and associates         19         61	Interest on securities		
Land and house rent received         49         48           Other         74         33           Total non-operating income         308         280           Non-operating expenses         39         18           Foreign exchange losses         19         18           Foreign exchange losses          48           Provision of allowance for doubtful accounts         17            Other         5         4           Total non-operating expenses         42         71           Other         1928         2,276           Extraordinary income          5           Gain on sales of non-current assets         8         1           Other          0           Total extraordinary income         8         7           Extraordinary losses         8         1           Loss on disposal of non-current assets         2         6           Loss on disposal of non-current assets         2         6           Loss on sales of non-current assets         2         6           Loss on sales of opol club membership         3            Loss on sales of opol club membership         3	Dividend income		
Other         74         33           Total non-operating income         308         280           Non-operating expenses         8         280           Interest expenses         9         18         6         6         4         4         8         9         18         6         6         4         8         8         7         -         4         8         9         10         -         -         4         4         6         -         -         4         4         7         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -			
Total non-operating expenses         308         280           Non-operating expenses         19         18           Foreign exchange losses         —         48           Provision of allowance for doubtful accounts         17         —           Other         5         4           Total non-operating expenses         42         71           Ordinary income         1,928         2,276           Extraordinary income         8         1           Gain on sales of non-current assets         8         1           Other         6         6         6           Total extraordinary income         8         7           Extraordinary losses         8         7           Loss on disposal of non-current assets         4         0           Loss on sales of non-current assets         4         0           Loss on sales of non-current assets         19         61           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on valuation of golf club memberships         3         —           Loss on valuation of golf club memberships         6         7           Inpairment loss         13         —           Other         <			
Non-operating expenses           Interest expenses         19         18           Foreign exchange losses         —         48           Provision of allowance for doubtful accounts         17         —           Other         5         4           Total non-operating expenses         42         71           Ordinary income         1,928         2,276           Extraordinary income         —         5           Gain on sales of investment securities         8         1           Other         —         0           Total extraordinary income         8         7           Extraordinary income         8         7           Extraordinary losses         8         1           Loss on disposal of non-current assets         4         0           Loss on sales of poli club memberships         20         —           Loss on valuation of spiculo membership         —         8           Impairment loss         13         —           Other         62         71           Profit before income taxes         62         71           Income taxes - current         513         668           Income taxes - deferred         247	Total non-operating income		
Interest expenses         19         18           Foreign exchange losses         —         48           Provision of allowance for doubtful accounts         17         —           Other         5         4           Total non-operating expenses         42         71           Ordinary income         1,928         2,776           Extraordinary income         —         5           Gain on sales of non-current assets         —         5           Gain on sales of investment securities         8         1           Other         —         0           Total extraordinary income         8         7           Extraordinary losses         4         0           Loss on disposal of non-current assets         4         0           Loss on sales of non-current assets         4         0           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on valuation of golf club memberships         3         —           Loss on valuation of golf club membership         3         —           Loss on valuation of golf club membership         6         7           Other         0         1           Total extraordinary losses         62			
Foreign exchange losses         —         48           Provision of allowance for doubtful accounts         17         —           Other         5         4           Total non-operating expenses         42         71           Ordinary income         1,928         2,276           Extraordinary income         —         5           Gain on sales of non-current assets         —         5           Gain on sales of investment securities         8         1           Other         —         0           Extraordinary income         8         7           Extraordinary losses         —         0           Loss on disposal of non-current assets         4         0           Loss on sales of non-current assets         4         0           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on valuation of golf club memberships         3         —           Loss on valuation of golf club membership         -         8           Other         0         1           Total extraordinary losses         7         7           Other         0 </td <td></td> <td>19</td> <td>18</td>		19	18
Provision of allowance for doubtful accounts         17         ————————————————————————————————————		<u> </u>	
Other         5         4           Total non-operating expenses         42         71           Ordinary income         1,928         2,276           Extraordinary income         8         2,276           Gain on sales of non-current assets         8         1           Other          0           Total extraordinary income         8         7           Extraordinary losses         4         0           Loss on disposal of non-current assets         4         0           Loss on sales of non-current assets         20            Loss on valuation of shares of subsidiaries and associates         19         61           Loss on valuation of golf club memberships         3            Loss on valuation of golf club membership         3            Other         0         13            Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         3         668           Income taxes - deferred         247         25           Total income taxes         760         693		17	_
Ordinary income         1,928         2,276           Extraordinary income         Companies         <		5	4
Ordinary income         1,928         2,276           Extraordinary income         Companies         <	Total non-operating expenses	42	71
Extraordinary income         Gain on sales of non-current assets       —       5         Gain on sales of investment securities       8       1         Other       —       0         Total extraordinary income       8       7         Extraordinary losses       —       5         Loss on disposal of non-current assets       4       0         Loss on sales of non-current assets       20       —         Loss on valuation of shares of subsidiaries and associates       19       61         Loss on sales of golf club memberships       3       —         Loss on valuation of golf club membership       8       —         Other       0       1         Total extraordinary losses       62       71         Profit before income taxes       1,874       2,212         Income taxes - current       513       668         Income taxes - deferred       247       25         Total income taxes       760       693			
Gain on sales of non-current assets         —         5           Gain on sales of investment securities         8         1           Other         —         0           Total extraordinary income         8         7           Extraordinary losses         **         **           Loss on disposal of non-current assets         4         0           Loss on sales of non-current assets         20         —           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on sales of golf club memberships         3         —           Loss on valuation of golf club membership         8         1           Impairment loss         13         —           Other         0         1           Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693		-	
Other         —         0           Total extraordinary income         8         7           Extraordinary losses         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         ***         *** <t< td=""><td></td><td>_</td><td>5</td></t<>		_	5
Total extraordinary income         8         7           Extraordinary losses         Extraordinary losses           Loss on disposal of non-current assets         4         0           Loss on sales of non-current assets         20         —           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on sales of golf club memberships         3         —           Loss on valuation of golf club membership         8         7           Impairment loss         13         —           Other         0         1           Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693	Gain on sales of investment securities	8	1
Extraordinary losses         4         0           Loss on disposal of non-current assets         20         —           Loss on sales of non-current assets         20         —           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on sales of golf club memberships         3         —           Loss on valuation of golf club membership         —         8           Impairment loss         13         —           Other         0         1           Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693	Other	_	0
Loss on disposal of non-current assets       4       0         Loss on sales of non-current assets       20       —         Loss on valuation of shares of subsidiaries and associates       19       61         Loss on sales of golf club memberships       3       —         Loss on valuation of golf club membership       8       13       —         Other       0       1         Total extraordinary losses       62       71         Profit before income taxes       1,874       2,212         Income taxes - current       513       668         Income taxes - deferred       247       25         Total income taxes       760       693	Total extraordinary income	8	7
Loss on sales of non-current assets         20         —           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on sales of golf club memberships         3         —           Loss on valuation of golf club membership         —         8           Impairment loss         13         —           Other         0         1           Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693			
Loss on sales of non-current assets         20         —           Loss on valuation of shares of subsidiaries and associates         19         61           Loss on sales of golf club memberships         3         —           Loss on valuation of golf club membership         —         8           Impairment loss         13         —           Other         0         1           Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693	Loss on disposal of non-current assets	4	0
Loss on sales of golf club memberships       3       —         Loss on valuation of golf club membership       —       8         Impairment loss       13       —         Other       0       1         Total extraordinary losses       62       71         Profit before income taxes       1,874       2,212         Income taxes - current       513       668         Income taxes - deferred       247       25         Total income taxes       760       693		20	_
Loss on sales of golf club memberships       3       —         Loss on valuation of golf club membership       —       8         Impairment loss       13       —         Other       0       1         Total extraordinary losses       62       71         Profit before income taxes       1,874       2,212         Income taxes - current       513       668         Income taxes - deferred       247       25         Total income taxes       760       693	Loss on valuation of shares of subsidiaries and associates	19	61
Loss on valuation of golf club membership       —       8         Impairment loss       13       —         Other       0       1         Total extraordinary losses       62       71         Profit before income taxes       1,874       2,212         Income taxes - current       513       668         Income taxes - deferred       247       25         Total income taxes       760       693	Loss on sales of golf club memberships	3	_
Impairment loss         13         —           Other         0         1           Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693		<u> </u>	8
Other         0         1           Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693		13	_
Total extraordinary losses         62         71           Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693			1
Profit before income taxes         1,874         2,212           Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693	Total extraordinary losses	·	71
Income taxes - current         513         668           Income taxes - deferred         247         25           Total income taxes         760         693			
Income taxes - deferred24725Total income taxes760693			
Total income taxes 760 693			
	Profit	1,113	1,519

#### Office and Locations

Main Office

Main Office Shin-Otemachi Building, 2-1 Otemachi 2-chome, Chiyoda-ku, Tokyo 100-0004 Tel +81-3-5203-7690, Fax +81-3-5203-0640 http://www.tscom.co.jp/

Sapporo Office
Hokkaido Building, 1 Kita 2 Jo Nishi 4-chome,
Chuo-ku, Sapporo, Hokkaido 060-0002
Tel +81-11-221-7146, Fax +81-11-221-7149

Sendai Office

Toryo Building, 8-1, Ichibancho 1-chome, Aoba-ku, Sendai, Miyagi 980-0811 Tel +81-22-266-4111, Fax +81-22-227-6693

Niigata Office Hokuriku Building, 2-23, Higashi Odori 1-chome, Chuo-ku, Niigata 950-0087 Tel +81-25-243-0011, Fax +81-25-243-0014

**Fukushima Office** 

Sanen Building, 1-7, Taira Tamachi, lwaki, Fukushima 970-8026 Tel +81-246-35-5015, Fax +81-246-24-0025

Kashima Branch
Otake Building, 64-181 Hiraizumi Higashi 1-chome,
Kamisu, Ibaraki 314-0145
Tel +81-299-93-5131, +81-299-93-5132,
Fax +81-299-93-5137

Shizuoka Office
South Spot Shizuoka Building, 18-1 Minamicho,
Suruga-ku, Shizuoka 422-8067
Tel +81-54-280-0551, Fax +81-54-281-5041

Nagoya Office Dai Nagoya Building, 28-12 Meieki 3-chome, Nakamura-ku, Nagoya, Aichi 450-6421 Tel +81-52-589-1770, Fax +81-52-583-5570

Ship Kobe Kaigan Building, 3 Kaigan Street, Chuo-ku, Kobe, Hyogo 650-0024 Tel +81-78-321-2461, Fax +81-78-321-2463

West Japan

West Sapan KMM Building, 14-1 Asano 2, Kokurakita-ku, Kitakyushu, Fukuoka 802-0001 Tel +81-93-512-5361, Fax +81-93-512-5363

West Japan Hiroshima Office

Hiroshima Inarimachi Daiichi Seimei Building, 2-16 Inarimachi, Minami-ku, Hiroshima 732-0827 Tel +81-82-261-0870, Fax +81-82-261-0909

West Japan Fukuoka Office

Hakataekimae, 3-chome, Hakataekimae, 3-chome, Hakata-ku, Fukuoka 812-0011 Tel +81-92-432-3811, Fax +81-92-483-0677

Nagasaki Office

Nagasaki Daiichi Seimei Building, 2-24 Kouzen-machi, Nagasaki 850-0032 Tel +81-95-826-4266, Fax +81-95-826-4268

Subsidiary Company

Tokyo Sangyo Fudosan K.K. (real estate management, brokerage,

And insurance businesses)
Shin-Otemachi Building, 2-1 Otemachi 2-chome,
Chiyoda-ku, Tokyo 100-0004
Tel +81-3-5203-7868, Fax +81-3-5203-7932

Tokyo Sangyo, Inc. 1510 W 135th Street Gardena, CA 90249, U.S.A.

Branch Offices

Main Office and Regional Offices

Innovation of Social Environment Co., Ltd. Wakuya Building, 10-14 Nakamachi, Koriyama, Fukushima 963-8004 Tel +81-24-983-1118, Fax +81-24-983-1107

Tokyo Sangyo, Inc. Ohio Office 7577 Central Parke Blvd. Suite 213 Mason, OH

45040, U.S.A. Tel 1-513-204-1679, Fax 1-513-204-1610

Tokyo Sangyo Machinery, S. A. de C. V. Edificio Montecarlo Av. Las Americas #608-203 Fracc. La Fuente C.P. 20239 Aguascalientes, Ags. Mexico

Tel 52-449-915-5091, Fax 52-449-915-5315

Tokyo Sangyo Europe GmbH An der Welle 4, 60322 Frankfurt/Main, Germany Tel 49-69-7593-8556, Fax 49-69-7593-8200

#### **Overseas Offices and Locations of Local Representatives**

Taipei Office

14F-5, No.85, Zhongxiao E Rd., Sec.1, Taipei R.O.C.
Sec.1, Taipei R.O.C.
Tel 886-2-2396-6131, 886-2-2396-6151, Fax 886-2-2396-6171

#### **Subsidiary Companies**

Tokyo Sangyo Singapore (Pte.) Ltd. 80 Raffles Place UOB Plaza 1 #36-12 048624, Singapore Tel +65-6248-4637, Fax +65-6248-4531

TSC (Shanghai) Corp.

Room D-405, Oriental International Plaza, 85-Loushanguan Road, Chang Ning, Shanghai 200336 P.R.China Tel 86-21-6235-1333, Fax 86-21-6235-1821

Roangzhou Branch (TSC (Shanghai) Corp.)
Room D-13, 16th Floor, VILI International Bldg,
No.167, LinHexi Rd, Tian He Dist,
Guangzhou 510000, P.R.China

Tokyo Sangyo (Thailand) Co., Ltd. 323, United Center Building, Unit 2901, 29 Floor Silom Road, Bangrak, Bangkok 10500, Thailand Tel 66-2-631-1981, Fax 66-2-631-1983

PT. Tokyo Sangyo Indonesia Indonesia Stock Exchange Tower 1Lt. 17 Suite 1707A, Jl. Sudirman Kav. 52-53, Jakarta Selatan 12190, Indonesia Tel 62-21-515-1267, Fax 62-21-515-1268

## History

Establishment of Yamato Kikai Co.,Ltd. the forerunner of the current company a manufacturer and seller of machinery and equipment.

#### **July 1947**

With the breakup of the previous Mitsubishi corporation members of the Machinery Division take over the management of the company, and change the company name to TOKYO SANGYO CO.,LTD.

#### October 1947

With the support of Mitsubishi Group companies, beginning of domestic sales and the import-export of general industrial equipment and machinery.

#### August 1959

First listing on the Tokyo Stock Exchange as an OTC company.

To diversify its product line, company makes equal-partner merger with Nikkyo Sangyo, a ship and shipping machinery importer-exporter. Main office moved to 2-6 Marunouchi, Chiyoda-Ku, Tokyo.

#### October 1961

First listing on the Tokyo Stock Exchange, Second Section.

#### July 1963

Main office moved to 3-2 Marunouchi, Chiyoda-Ku, Tokyo.

#### **April 1977**

Established Tokyo Sangyo Singapore (Pte) Itd.

#### April 1996

Opened the Jakarta Representative office.

#### September 1996

First listing on the Tokyo Stock Exchange, First Section.

Main office moved to No.16-4 2-Chome Konan Minato-Ku, Tokyo.

#### August 2006

Main office moved to 2-1, Otemachi 2-Chome Chiyoda-Ku, Tokyo.

#### August 2006

Opened the Bangkok Representative Office.

#### October 2006

Established TSC (Shanghai) Co.,Ltd.

Integrated the Osaka Office and the Kobe Office and opened the Kansai Office.

### October 2011

Established Tokyo Sangyo (Thailand) Co., Ltd.

#### December 2012

Established PT. Tokyo Sangyo Indonesia

Established Tokyo Sangyo, Inc.

#### April 2014

Established TSC Machinery Co.,Ltd.

#### May 2014

Established Tokyo Sangyo Machinery, S.A.

#### June 2014

Established Tokyo Sangyo Europe GmbH.

### April 2016

Established Innovation of Social Environment Co., Ltd.

6

## Corporate Profile

### **Corporate Profile**

Name of the Company	Tokyo Sangyo Co.,Ltd.
Address	Shin-Otemachi Building, 2-1 Otemachi 2-chome, Chiyoda-Ku, Tokyo 100-0004, Japan
Date of Establishment	October 20, 1947
Capital Fund	3,443 million Japanese yen (the stock is listed on Tokyo stock Exchange, First Section)
Number of Employees	258
URL	http://www.tscom.co.jp/

### **Business Operations**

Domestic and international sales of machinery, plant, materials, tools, chemicals and real estate renting operations.

## Stock and Shareholders Information

Stock Information	(As of March 31, 2016)		
Number of Shares Authorized	64,000,000 shares		
<b>Total Number of Shares Issued</b> 28,678,486 sha (Includes 957,269 shares of treasury stock held by the Comp			
Number of Shareholders	4,191		

#### Maior Shareholders

(As of March 31, 2016)

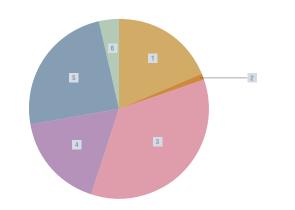
majui siiaitiiulutis	(AS 01 March 31, 2010)		
Name	Number of Shares held (Thousands)	Percentage of Share Ownership (%)	
MITSUBISHI HITACHI POWER SYSTEMS,LTD.	3,913	14.1	
Mitsubishi Corporation	3,849	13.9	
CGML PB CLIENT ACCOUNT/COLLATERAL	2,125	7.7	
Japan Trustee Services Bank, Ltd. (Trust account)	1,759	6.3	
Mitsubishi Electric Corporation	1,026	3.7	
The Master Trust Bank of Japan, Ltd (ESOP Trust account)	611	2.2	
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	543	2.0	
Meiji Yasuda Life Insurance Company	500	1.8	
Mitsubishi Kakoki Kaisha, Ltd.	480	1.7	
Tokyo Energy & Systems Inc.	461	1.7	

note) In addition to the above, there are 957,269 shares (3.34%) of treasury shares held by the Company.

<b>Directors and Corporate Auditors</b>	(As of June 29, 2016)
Representative Director/President	Toshio Satomi
Senior Executive Director	Yuji Kanemaki
Managing Director	Hiroshi Ito
Managing Director	Takashi Sudo
Managing Director	Ichiro Ito
Director	Yoshiaki Yoneyama
Director	Minoru Kambara
Director	Yoshiki Fuse
Director	Osamu Kawaguchi
Director	Shozo Kaneko
Standing Corporate Auditor	Tamoji Negishi
Corporate Auditor	Yutaka Koide
Corporate Auditor	Seiko Fukuzaki

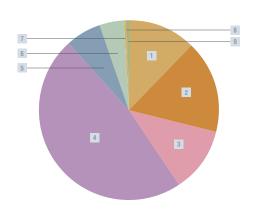
#### **Distribution of Shares**

(As of March 31, 2016)



### Distribution of Shares by Type of Shareholder

6 Treasury Shares	957,269	3.34%
5 Individuals, Others	7,001,731	24.42%
4 Foreign Companies, etc.	4,913,574	17.13%
3 Other Companies	10,118,998	35.28%
2 Financial instruments business operators	272,101	0.95%
1 Financial Institutions	5,414,813	18.88%



#### **Distribution of Shares by Number of Shares Held**

1 Less than 1 unit	557	13.29%	6 100 or more units	158	3.77%
2 1 or more units	1,037	24.74%	7 500 or more units	13	0.31%
3 5 or more units	489	11.67%	8 1,000 or more units	19	0.45%
4 10 or more units	1,678	40.04%	9 5,000 or more units	9	0.22%
5 50 or more units	231	5.51%			