



Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the First Three Months of the Fiscal Year Ending March 2015 (Japanese Accounting Standards)

August 1, 2014

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

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Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): August 8, 2014

Scheduled date for commencement of dividend payments: -

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

(Figures of less than one million are rounded down.)

1. Consolidated business results for the first three months of the fiscal year ending March 2015 (April 1, 2014 – June 30, 2014)

(1) Consolidated business results (sum total) (%: Change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Three Months to June 2014	251,823	(0.5)	3,865	(17.9)	3,626	(29.5)	2,143	(30.9)
First Three Months to June 2013	253,022	4.1	4,707	2.3	5,147	24.7	3,099	28.5

(Note) Comprehensive income: 1,957 million yen (-69.0%) for the first three months to June 2014
6,316 million yen (256.2%) for the first three months to June 2013

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
First Three Months to June 2014	5.10	-
First Three Months to June 2013	7.38	-

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2014	412,400	96,262	17.5
As of March 31, 2014	428,459	96,204	16.7

(Reference) Shareholders' equity: 72,200 million yen as of June 30, 2014
71,657 million yen as of March 31, 2014

2. Dividends

(Record date)	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2014	-	1.50	-	1.50	3.00
Fiscal year ending March 2015	-				
Fiscal year ending March 2015 (Forecasts)		2.50	-	1.50	4.00

(Note) Revisions to dividend forecasts published most recently: None

(Note) Breakdown of dividends to be paid (forecast) at the end of the 2nd quarter of FY2014 ending March 2015: common dividend 1.50 yen, commemorative dividend 1.00 yen

3. Forecasts for consolidated results ending March 2015 (April 1, 2014 – March 31, 2015)

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,150,000	3.2	22,000	11.2	20,500	1.7	11,000	(6.8)	26.19

(Note) Revisions to results forecasts published most recently: None

* Notes

(1) Important change in subsidiaries during the term (Change in scope of consolidation): None

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please see the statement under the heading of “2. Matters Relating to Summary Information (Notes), (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements” on page 4 of accompanying materials.

(3) Changes in accounting policies and changes or restatement of accounting estimates

- | | |
|---|------|
| 1. Changes in accounting policies associated with the revision of accounting standards, etc.: | Yes |
| 2. Changes in accounting policies other than 1.: | Yes |
| 3. Changes in accounting estimates: | None |
| 4. Restatement: | None |

(4) Number of outstanding shares (common shares)

- | | | | |
|--|--------------------|------------------------------|--------------------|
| 1. Number of outstanding shares including treasury stock | | | |
| First three months (2014/6): | 422,501,010 shares | Fiscal year (2014/3): | 422,501,010 shares |
| 2. Number of treasury stock | | | |
| First three months (2014/6): | 2,329,316 shares | Fiscal year (2014/3): | 2,323,295 shares |
| 3. Average number of shares during the period (First three months) | | | |
| First three months (2014/6): | 420,174,292 shares | First three months (2013/6): | 419,997,220 shares |

* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

* Explanation about the proper use of results forecasts, and additional information

The results forecasts and forward-looking statements included in this document are based on information that the Company has obtained on the date of the announcement and certain assumptions that the Company considers reasonable. The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements. Actual results might be significantly different from the forecasts in the document, depending on various factors. Refer to “(3) Information on the future outlook, including consolidated business performance forecasts” in “1. Qualitative Information on Consolidated Results, Etc. for the First Three Months of the Fiscal Year Ending March 2015” on page 3 of accompanying materials for further information on results forecasts.

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1. Qualitative Information on Consolidated Results, Etc. for the First Three Months of the Fiscal Year Ending March 2015

(1) Details of consolidated results

In the first quarter under review (from April 1, 2014 to June 30, 2014), the U.S. economy recovered, reflecting a turnaround in the employment situation and personal spending. The European economy was on a moderate recovery trend. The Chinese economy maintained steady growth, while emerging Asian economies continued to recover moderately.

In Japan, a wide range of industries experienced a reaction to the spike in demand before the consumption tax hike, but the Japanese economy recovered, albeit modestly, with business confidence improving given the effects of government policies.

In this environment, the results of the Group for the first quarter under review are as shown below.

Consolidated net sales slipped ¥1,199 million (0.5%) year on year, to ¥251,823 million. With the fall in net sales, consolidated gross trading profit fell ¥788 million (3.8%) from a year earlier, to ¥19,951 million. Consolidated operating income dropped ¥842 million (17.9%) year on year, to ¥3,865 million. Non-operating income decreased ¥679 million year on year, primarily because of a decrease in foreign exchange gains. As a result, consolidated ordinary income declined ¥1,521 million (29.5%) year on year, to ¥3,626 million. Income before income taxes and minority interests fell ¥1,336 million (27.1%), to ¥3,591 million. The Group posted consolidated net income of ¥2,143 million, a decrease of ¥956 million (30.9%) year on year.

Results for each business segment are described below.

(i) Electronics & Devices

The semiconductor parts and manufacturing equipment business performed well, reflecting an increase in transactions of products for amusement and educational terminals and a rise in demand for capital expenditure associated with smartphones. In the ICT solutions business and the mobile solutions business, both sales and income declined, chiefly due to a reaction to a spike in demand before the consumption tax hike.

As a result, net sales in the Electronics and Devices Division fell ¥4,996 million year on year, to ¥57,144 million. Operating income declined ¥319 million, to ¥866 million.

(ii) Foods & Grain

In the meat products business, the market was on a recovery trend, and the movement of goods to the food-service industry was favorable. In the foodstuffs business, overall transactions, especially transactions of soybeans for food, were strong.

As a result, in the Foods & Grain Division, net sales increased ¥2,668 million year on year, to ¥75,453 million. Operating income rose ¥265 million, to ¥1,098 million.

(iii) Steel, Materials & Plant

In the plant business, transactions involving machine tools, industrial machinery, and plant infrastructure were strong. In the iron and steel business, the specialty steel business for automobiles for Europe and the United States were solid. The oilfield tubing business, a mainstay in iron and steel, was somewhat weak early in the first quarter, reflecting a sluggish recovery in offshore drilling despite the strength of shale gas processing. The energy business struggled with the sluggish pace of price pass-through to purchasers of petroleum products.

As a result, net sales in the Steel, Materials & Plant Division increased ¥610 million year on year, to ¥103,181 million. Operating income fell ¥686 million, to ¥865 million.

(iv) Motor Vehicles & Aerospace

In the aerospace business, transactions of aircraft parts, including aircraft rotatable parts, remained stable. In the motor vehicles and parts business, transactions involving motorcycle and motor vehicle parts for Europe, the United States, and Asia were strong.

As a result, in the Motor Vehicles & Aerospace Division, net sales rose ¥1,852 million year on year, to ¥15,341 million. Operating income declined ¥40 million, to ¥908 million.

(v) Other

Net sales declined ¥1,334 million year on year, to ¥701 million. Operating income fell ¥72 million, to ¥92 million.

(2) Details of financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first quarter under review declined ¥16,059 million from the end of the previous fiscal year, to ¥412,400 million.

Interest-bearing debt declined ¥2,911 million from the end of the previous fiscal year, to ¥138,994 million. Net interest-bearing debt, which is interest-bearing debt minus cash and bank deposits, decreased ¥326 million from the end of the previous fiscal year, to ¥67,712 million.

Net assets stood at ¥96,262 million, up ¥58 million from the end of the previous fiscal year, thanks to an increase in retained earnings as a result of the posting of net income, despite cash dividends paid, among other factors. Shareholders' equity, obtained by subtracting minority interests from net assets, increased ¥543 million from the end of the previous fiscal year, to ¥72,200 million.

As a result, the equity ratio improved 0.8 percentage point from the end of the previous fiscal year, to 17.5%. The ratio of net interest-bearing debt to equity ("net DER") was 0.9, remaining unchanged.

(ii) Cash flows

In the first quarter under review, net cash provided by operating activities stood at ¥1,875 million, net cash used in investing activities came to ¥547 million, and net cash used in financing activities was ¥3,624 million. With the effect of exchange rate changes on cash and cash equivalents added, cash and cash equivalents at the end of the first quarter under review came to ¥70,921 million.

(Cash flows from operating activities)

Net cash provided by operating activities in the first quarter under review stood at ¥1,875 million (versus net cash provided of ¥3,602 million in the first quarter of the previous fiscal year), primarily reflecting operating income.

(Cash flows from investing activities)

Net cash used in investing activities in the first quarter under review was ¥547 million (versus net cash used of ¥3,450 million in the first quarter of the previous fiscal year) chiefly due to payments for acquisition of tangible fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities in the first quarter under review came to ¥3,624 million (versus net cash used of ¥2,847 million in the first quarter of the previous fiscal year), reflecting the repayment of debt, among other factors.

(3) Information on the future outlook, including consolidated business performance forecasts

We have not changed the forecasts for consolidated results that we announced on May 9, 2014.

The forecasts above are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company does not guarantee that the forecasts will be achieved. Actual results may differ materially from forecasts due to a number of factors.

2. Matters Relating to Summary Information (Notes)

(1) Important change in subsidiaries during the term

Not applicable.

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements

(Calculation of tax expenses)

Certain consolidated subsidiaries calculated tax expenses by multiplying income before income taxes and minority interests by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes for the fiscal year, including the first quarter under review.

(3) Changes in accounting policies and changes or restatement of accounting estimates

Changes in accounting policies

(Application of accounting standard for retirement benefits)

The provisions of the main clause of Article 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; "Accounting Standard") and the main clause of Article 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; "Guidance") were adopted in the first three months under review, and the method of calculating retirement benefit obligations and service costs was reviewed. The method of allocating expected retirement benefits to periods has been changed from the fixed-amount method to the projected benefit method, and the discount rate has been changed from a discount rate based on the number of years approximating the employees' average remaining service years to a single weighted average discount rate reflecting the estimated periods of benefit payments and amounts for each estimated period.

The Accounting Standard and Guidance are adopted in accordance with transitional accounting as stipulated in Article 37 of the Accounting Standard, and we have made an adjustment for the financial impact of the change in the method of calculating retirement benefit obligations and service costs to retained earnings at the beginning of the first three months under review.

As a result, at the beginning of the first three months under review, net defined benefit liability rose ¥797 million and retained earnings fell ¥681 million. In the first three months under review, operating income, ordinary income, and income before income taxes and minority interests each increased ¥21 million.

(Change in depreciation method for tangible fixed assets)

The Company and certain domestic consolidated subsidiaries mainly used the declining-balance method as the depreciation method for tangible fixed assets. From the first three months under review, however, the Company and certain domestic consolidated subsidiaries are using the straight-line method.

Following acquisitions of businesses by the Group in Japan and overseas, the relative importance of companies adopting the straight-line method increased, and the Group examined its use of its tangible fixed assets in detail. Based on this examination, the Group expects that the economic benefits of the assets will be used evenly during their service life and has changed the depreciation method to the straight-line method.

The effect of the change on earnings is minor.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

	(Million yen)	
	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and bank deposits	73,867	71,281
Notes and accounts receivable	178,984	154,646
Lease investment assets	541	449
Short-term investment	16	3
Inventories	66,256	75,250
Short-term loans receivable	825	865
Deferred tax assets	2,660	2,104
Other	22,364	25,000
Allowance for doubtful accounts	(149)	(143)
Total current assets	345,366	329,456
Long-term assets		
Tangible fixed assets	24,218	24,018
Intangible fixed assets		
Goodwill	3,175	3,060
Other	8,531	8,341
Total intangible fixed assets	11,706	11,401
Investments and other assets		
Investments in securities	32,198	32,740
Long-term loans receivable	1,798	1,733
Doubtful accounts	902	889
Deferred tax assets	8,782	8,555
Other	6,236	6,306
Allowance for doubtful accounts	(2,750)	(2,701)
Total investments and other assets	47,167	47,523
Total long-term assets	83,093	82,944
Total assets	428,459	412,400

(Million yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable	142,821	128,419
Short-term borrowings	80,792	81,197
Lease obligations	760	722
Accrued income taxes	1,951	260
Deferred tax liabilities	1	1
Asset retirement obligations	6	1
Other	32,302	34,617
Total current liabilities	258,635	245,220
Non-current liabilities		
Long-term borrowings	61,113	57,796
Lease obligations	1,033	924
Deferred tax liabilities	368	363
Net defined benefit liability	4,630	5,331
Provision for retirement benefits for directors and statutory auditors	387	293
Asset retirement obligations	804	843
Other	5,281	5,365
Total non-current liabilities	73,620	70,918
Total liabilities	332,255	316,138
Net assets		
Shareholder's equity		
Common stock	27,781	27,781
Capital surplus	27,493	27,493
Retained earnings	35,737	36,568
Treasury stock	(321)	(322)
Total shareholder's capital	90,690	91,520
Accumulated other comprehensive income		
Net unrealized gains on securities, net of tax	1,743	2,172
Net gains (losses) on deferred hedges, net of tax	(18)	(235)
Revaluation reserves for land	104	104
Foreign currency translation adjustments	(20,758)	(21,313)
Remeasurements of defined benefit plans	(104)	(48)
Total accumulated other comprehensive income	(19,033)	(19,320)
Minority interests in consolidated subsidiaries	24,547	24,062
Total net assets	96,204	96,262
Total liabilities and net assets	428,459	412,400

(2) Consolidated statements of income / consolidated statement of comprehensive income

Consolidated statements of income

[First three months]

(Million yen)

	FY2014 First quarter (From April 1, 2013 to June 30, 2013)	FY2015 First quarter (From April 1, 2014 to June 30, 2014)
Net sales	253,022	251,823
Cost of sales	232,282	231,872
Gross profit	20,739	19,951
Selling, general and administrative expenses	16,032	16,085
Operating income	4,707	3,865
Non-operating income		
Interest income	85	96
Dividends income	280	236
Equity in earnings of affiliates	40	177
Foreign exchange gains	949	55
Other	234	299
Total non-operating income	1,590	865
Non-operating expenses		
Interest expenses	826	809
Other	323	295
Total non-operating expenses	1,150	1,104
Ordinary income	5,147	3,626
Extraordinary gains		
Gain on sale of tangible fixed assets	2	2
Gain on sale of investment in securities	80	0
Total extraordinary gains	82	2
Extraordinary losses		
Loss on disposal of fixed assets	5	9
Impairment loss on fixed assets	–	4
Loss on sale of investments in securities	31	–
Impairment loss on investments in securities	–	23
Loss on closure of business	265	–
Total extraordinary losses	302	37
Income before income taxes and minority interests	4,927	3,591
Income taxes – current	734	376
Income taxes – deferred	668	781
Total income taxes	1,402	1,158
Income before minority interests	3,524	2,433
Minority interests in consolidated subsidiaries	425	290
Net income	3,099	2,143

Consolidated statement of comprehensive income
[First three months]

(Million yen)

	FY2014 First quarter (From April 1, 2013 to June 30, 2013)	FY2015 First quarter (From April 1, 2014 to June 30, 2014)
Income before minority interests	3,524	2,433
Other comprehensive income		
Net unrealized gains on securities, net of tax	39	434
Net gains (losses) on deferred hedges, net of tax	(135)	(209)
Foreign currency translation adjustment	2,734	(774)
Remeasurements of defined benefit plans, net of tax	–	53
Share of other comprehensive income of associates accounted for equity method	154	20
Total other comprehensive income	2,792	(475)
Comprehensive income	6,316	1,957
Comprehensive income attributable to the shareholders of the Company	5,487	1,855
Comprehensive income attributable to minority interests	829	101

(3) Consolidated statements of cash flows

(Million yen)

	FY2014 First quarter (From April 1, 2013 to June 30, 2013)	FY2015 First quarter (From April 1, 2014 to June 30, 2014)
Cash flows from operating activities:		
Income before income taxes and minority interests	4,927	3,591
Depreciation and amortization	714	754
Increase (decrease) in allowance for doubtful accounts	(63)	(40)
Increase (decrease) in provision for employees' retirement and severance benefits	(1)	–
Increase (decrease) in net defined benefit liability	–	(60)
Interest and dividend income	(366)	(332)
Interest expense	826	809
Equity in gains of affiliated	(40)	(177)
Gain or loss on sales or disposal of fixed assets (gain)	3	7
Impairment loss on fixed assets	–	4
Gain or loss on sale of investments in securities (gain), net	(48)	(0)
Impairment loss on investments in securities	–	23
Loss on closure of business	265	–
Decrease (increase) in notes and accounts receivable	14,669	23,288
Decrease (increase) in inventories	(7,062)	(9,517)
Increase (decrease) in notes and accounts payable	(7,184)	(13,687)
Other	(897)	273
Sub total	5,742	4,936
Interest and dividend received	489	459
Interest paid	(548)	(533)
Business structure improvement expenses	–	(42)
Income taxes paid	(2,080)	(2,944)
Net cash provided by operating activities	3,602	1,875
Cash flows from investing activities:		
Decrease (increase) in time deposits	(24)	(40)
Payments for tangible fixed assets	(580)	(783)
Proceeds from sale of tangible fixed assets	91	301
Payments for intangible fixed assets	(190)	(56)
Payments for investments in securities	(61)	(11)
Proceeds from sale of investments in securities	260	1
Payment for purchase of investments in subsidiaries	(96)	–
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,761)	–
Increase in loans receivable	(18)	(65)
Decrease in loans receivable	34	89
Other	(105)	19
Net cash provided by (used in) investing activities	(3,450)	(547)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	3,090	181
Proceeds from long-term borrowings	300	–
Repayment of long-term borrowings	(5,793)	(2,869)
Cash dividends paid	–	(521)
Other	(445)	(415)
Net cash provided by (used in) financing activities	(2,847)	(3,624)
Effect of exchange rate changes on cash and cash equivalents	682	(331)
Net increase (decrease) in cash and cash equivalents	(2,014)	(2,627)
Cash and cash equivalent at beginning of year	60,032	73,548
Cash and cash equivalent at end of quarter	58,018	70,921

(4) Notes on the consolidated financial statements
 (Notes on the going concern assumption)
 Not applicable.

(Notes if there is a significant change in the amount of equity capital)
 Not applicable.

(Segment information)

I. Previous first three months (From April 1, 2013 to June 30, 2013)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statements (Note 3)
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total				
Net sales									
Customers	62,140	72,785	102,571	13,489	250,986	2,035	253,022	–	253,022
Inter-segment	75	1	5	0	82	18	100	(100)	–
Total	62,215	72,786	102,577	13,489	251,069	2,053	253,122	(100)	253,022
Segment income	1,185	833	1,551	948	4,519	164	4,684	23	4,707

(Note 1) “Others” is a business segment that is not included in the reportable segments and includes the aluminum recycling business and the logistics and insurance service business, etc.

(Note 2) Adjustment of ¥23 million for segment income includes a net goodwill write-down of ¥19 million and inter-segment elimination of ¥3 million.

(Note 3) Segment income is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by reported segment

(Significant impairment loss relating to fixed assets)

Not applicable in the first quarter under review

(Significant change in the amount of goodwill)

In the Electronics & Devices Division, KCS Investment, a consolidated subsidiary of the Company, acquired all shares in BD Holdings, Inc., thereby making it a consolidated subsidiary. With the acquisition, goodwill increased ¥2,895 million in the first three months under review. Because the allocation of acquisition costs has not been completed, the amount of goodwill is calculated tentatively based on reasonable information available.

(Significant gain on negative goodwill)

Not applicable in the first quarter under review

II. First three months under review (From April 1, 2014 to June 30, 2014)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statements (Note 3)
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total				
Net sales									
Customers	57,144	75,453	103,181	15,341	251,121	701	251,823	–	251,823
Inter-segment	112	1	2	0	116	12	129	(129)	–
Total	57,257	75,454	103,184	15,341	251,238	714	251,952	(129)	251,823
Segment income	866	1,098	865	908	3,738	92	3,831	34	3,865

(Note 1) “Others” is a business segment that is not included in the reportable segments and includes the logistics and insurance service business, etc.

(Note 2) Adjustment of ¥34 million for segment income includes a net goodwill write-down of ¥19 million and inter-segment elimination of ¥15 million.

(Note 3) Segment income is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by reported segment

(Significant impairment loss relating to fixed assets)

Not applicable in the first quarter under review

(Significant change in the amount of goodwill)

Not applicable in the first quarter under review

(Significant gain on negative goodwill)

Not applicable in the first quarter under review

(Significant subsequent events)

Not applicable.

Highlights of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 2015

Although net sales and income declined year on year, progress vis-à-vis the full year forecast was good.

Net sales	251.8 billion yen	0.5% Down
Operating income	3.9 billion yen	17.9% Down
Ordinary income	3.6 billion yen	29.5% Down
Net income	2.1 billion yen	30.9% Down

Income Statement						
(Unit: 100 million yen)	Q1 of FY2014	Q1 of FY2015	Year-on-year		FY2015	
			Change	Change (%)	Forecasts	Progress
Net sales	2,530	2,518	(12)	(0.5%)	11,500	21.9%
Gross trading profit	207	200	(8)	(3.8%)	-	-
SG&A expenses	160	161	1	0.3%	-	-
Operating income	47	39	(8)	(17.9%)	220	17.6%
Dividends income	3	2	0	-	-	-
Interest	(7)	(7)	0	-	-	-
Equity in earnings of affiliated companies	0	2	1	-	-	-
Foreign exchange gains/losses	9	1	(9)	-	-	-
Others	(1)	0	1	-	-	-
Non-operating income/expenses	4	(2)	(7)	-	-	-
Ordinary income	51	36	(15)	(29.5%)	205	17.7%
Extraordinary gains/losses	(2)	0	-	-	-	-
Income (loss) before income taxes and minority interests	49	36	(13)	(27.1%)	-	-
Income taxes and minority interests	18	14	(4)	-	-	-
Net income	31	21	(10)	(30.9%)	110	19.5%

[Net sales]
A general reaction to the spike in demand before the consumption tax hike emerged. In this environment, sales rose in the Foods segment and the Motor Vehicles & Aerospace segment rose, but sales fell in the Electronics & Devices segment. Overall net sales declined 1.2 billion yen.

[Operating income]
Operating income declined 0.8 billion yen, reflecting weak income in the Steel, Materials & Plant segment and in the Electronics & Devices segment early in the quarter.

[Ordinary income]
A 1.5 billion yen decline in ordinary income due to a fall in operating income and a decrease in foreign exchange gains

[Net income]
A 1.0 billion yen decrease in net income with the decline in ordinary income

Assets, Liabilities and Net Assets				
(Unit: 100 million yen)	3/2014	6/2014	Comparison with 3/2014	
			Change	Change (%)
Total assets	4,285	4,124	(161)	(3.8%)
Gross interest-bearing debt	1,419	1,390	(29)	(2.1%)
Net interest-bearing debt	680	677	(3)	(0.5%)
Equity capital	907	915	8	0.9%
Accumulated other comprehensive income	(190)	(193)	(3)	-
Minority interests	245	241	(5)	(2.0%)
Total net assets	962	963	1	0.1%
Shareholders' equity (Note 1)	717	722	5	0.8%
Equity ratio (Note 2)	16.7%	17.5%	0.8 pt improved	-
Net debt-equity ratio (Note 3)	0.9 times	0.9 times	-	-

[Interest-bearing debt]
Gross interest-bearing debt declined 2.9 billion yen. Net interest-bearing debt declined 0.3 billion yen.

[Net assets]
Net assets rose 0.1 billion yen thanks to an increase in retained earnings as a result of the posting of net income, despite cash dividends paid. Shareholders' equity, which is net assets minus minority interests, rose 0.5 billion yen.

As a result, the equity ratio improved to 17.5%. Net DER remained 0.9 times.

(Note 1) Shareholders' equity = Total net assets - Minority interests
(Note 2) Equity ratio = Shareholders' equity / Total assets
(Note 3) Net debt-equity ratio = Net interest-bearing debt / Shareholders' equity

Cash Flows			Dividends	
(Unit: 100 million yen)	Q1 of FY2014	Q1 of FY2015	FY2015	
			Cash flows from operating activities	36
Cash flows from investing activities	(35)	(5)	Year-end (forecast)	1.5 yen per share
Free cash flows	2	13	Annual (forecast)	4.0 yen per share
Cash flows from financing activities	(28)	(36)	* A breakdown of interim dividends Common dividends of 1.5 yen Commemorative dividend of 1.0 yen	
Effect of exchange rate changes	7	(3)		
Increase (decrease) in cash and cash equivalents	(20)	(26)		

[CF from operating activities]
Net cash provided stood at 1.9 billion yen mainly due to operating income.

[CF from investing activities]
Net cash used was 0.5 billion yen, chiefly reflecting payments for acquisition of tangible fixed assets.

[CF from financing activities]
Net cash used was 3.6 billion yen chiefly due to the repayment of debt.

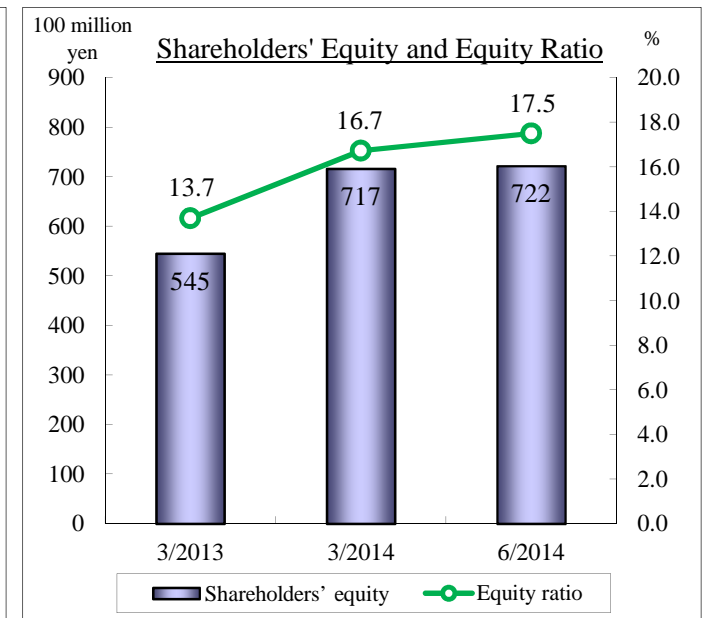
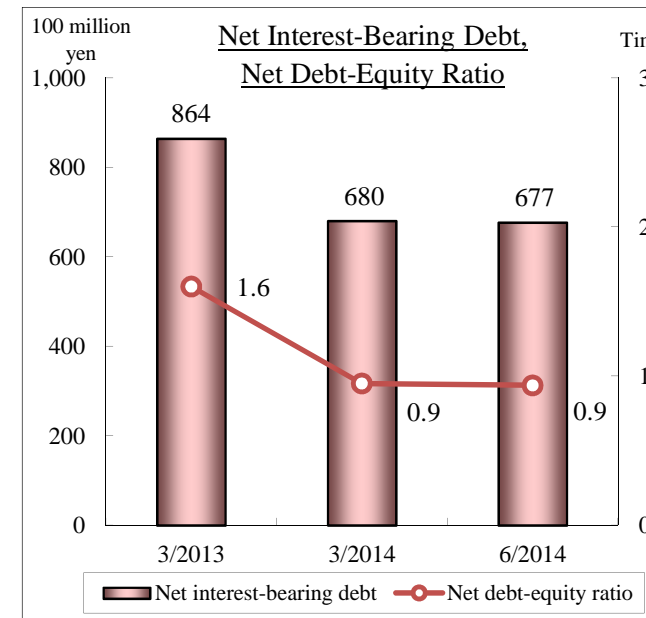
Segment information						
(Unit: 100 million yen)	Net sales (net external sales)			Operating income		
	Q1 of FY2014	Q1 of FY2015	Change	Q1 of FY2014	Q1 of FY2015	Change
Electronics & Devices	621	571	(50)	12	9	(3)
Foods & Grain	728	755	27	8	11	3
Steel, Materials & Plant	1,026	1,032	6	16	9	(7)
Motor Vehicles & Aerospace	135	153	19	9	9	0
Total for reportable segments	2,510	2,511	1	45	37	(8)
Other (including adjustment)	20	7	(13)	2	1	(1)
Grand total	2,530	2,518	(12)	47	39	(8)

[Electronics & Devices] **A decline in net sales and income**
The semiconductor parts and equipment business performed well, reflecting an increase in transactions involving products for amusement and educational terminals and a rise in demand for capital expenditure associated with smartphones. The ICT solutions business and the mobile solutions business were adversely affected by the reaction to a spike in demand before the consumption tax hike.

[Foods & Grain] **An increase in net sales and income**
In the meat products business, the market was recovering, and the movement of goods to the food-service industry was favorable. In the foodstuffs business, overall transactions, especially transactions of soybeans for food, were strong.

[Steel, Materials & Plant] **A rise in net sales and a decline in income**
In the plant business, transactions of machine tools, industrial machinery, and plant infrastructure were strong. In the iron and steel business, the specialty steel business for automobiles for Europe and the United States were solid. The oilfield tubing business, a mainstay in iron and steel, was slightly weak early in the first quarter, reflecting a sluggish recovery in offshore drilling despite strong shale gas processing. The energy business struggled with the sluggish pace of price pass-through to purchasers of petroleum products.

[Motor Vehicles & Aerospace] **A rise in net sales and income remaining flat**
In the aerospace business, transactions involving aircraft parts, including aircraft rotatable parts, remained stable. In the motor vehicles and parts business, transactions involving motorcycle and motor vehicle parts for Europe, the United States, and Asia were strong.



* The forward-looking statements, including results forecasts, included in this material are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company does not promise to achieve them. Actual results might differ materially from the forecasts due to a number of factors.
* Since the figures above are rounded off to the nearest 100 million yen, the sum of each item and the total may differ.
* FY2014 (the fiscal year ended March 31, 2014)
* FY2015 (the fiscal year ended March 31, 2015)