



Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the First Three Months of the Fiscal Year Ending March 2016 (Japanese Accounting Standards)

August 5, 2015

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 13, 2015

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 2016 (April 1, 2015 – June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Three Months to June 2015	263,602	4.7	2,730	(29.4)	3,027	(16.5)	1,810	(15.5)
First Three Months to June 2014	251,823	(0.5)	3,865	(17.9)	3,626	(29.5)	2,143	(30.9)

(Note) Comprehensive income: 3,552 million yen (81.5%) for the first three months to June 2015
1,957 million yen (-69.0%) for the first three months to June 2014

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
First Three Months to June 2015	4.30	-
First Three Months to June 2014	5.10	-

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2015	452,829	121,224	20.5
As of March 31, 2015	459,011	118,731	19.6

(Reference) Shareholders' equity: 92,837 million yen as of June 30, 2015
90,101 million yen as of March 31, 2015

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 2015	-	2.50	-	1.50	4.00
Fiscal year ending March 2016	-				
Fiscal year ending March 2016 (Forecasts)		2.50	-	2.50	5.00

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

3. Forecasts for consolidated results ending March 2016 (April 1, 2015 – March 31, 2016)

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,200,000	7.4	24,000	8.5	23,000	0.5	12,500	9.0	29.75

(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.: | None |
| 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 (2015/6): | 422,501,010 shares | Fiscal year (2015/3): | 422,501,010 shares |
| 2. Number of treasury stock | | | |
| First three months (2015/6): | 1,673,063 shares | Fiscal year (2015/3): | 1,663,126 shares |
| 3. Average number of shares during the period (First three months) | | | |
| First three months (2015/6): | 420,833,199 shares | First three months (2014/6): | 420,174,292 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 2016” 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 2016

(1) Details of consolidated results

During the first quarter under review (from April 1, 2015 to June 30, 2015), the U.S. economy expanded steadily, but there was a fair share of uncertainty about the economies in other parts of the world. This uncertainty stemmed from concerns about the slowdown in the Chinese economy, the slackening recovery of emerging Asian economies, and debt problems in Europe.

The Japanese economy maintained a modest recovery trend, backed by improvement in personal consumption and corporate performance.

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

Consolidated net sales rose ¥11,779 million (4.7%) year on year, to ¥263,602 million. The consolidated gross profit increased ¥567 million (2.8%) from a year earlier, to ¥20,518 million. Consolidated operating income rose ¥1,135 million (29.4%) from a year earlier, to ¥27,030 million. Non-operating income/expenses improved ¥535 million year on year, reflecting primarily an increase in foreign exchange gains and an improvement in interest income/expenses. As a result, ordinary income decreased ¥599 million (16.5%) year on year, to ¥3,027 million. Income before income taxes and minority interests declined ¥581 million (16.2%) from a year ago, to ¥3,010 million. Quarterly Net income attributable to owners of the parent fell ¥333 million (15.5%) year on year, to ¥1,810 million.

Results for each business segment are described below.

(i) Electronics & Devices

In the electronics components and materials business and semiconductors business, transactions of in-car products and material were strong. Transactions of materials for smartphones were also buoyant, thanks to robust demand in China. Exports of imaging devices to North America and Asia grew steadily. In the ICT solutions business, demand from business for IT investment remained largely the same year-on-year, while sales were strong in the mobile business.

As a result, net sales in the Electronics and Devices Division rose ¥3,594 million year on year, to ¥60,738 million. Operating income climbed ¥42 million to ¥908 million.

(ii) Foods & Grain

The food business performed well, primarily in the transactions of agricultural products. On the other hand, the meat products business and feedstuff business faced difficult conditions, mainly because higher import prices caused by the weak yen had a negative impact on operating income.

As a result, in the Foods & Grain Division, net sales rose ¥5,742 million year on year, to ¥81,195 million. Operating income decreased ¥1,338 million, to a negative ¥240 million.

(iii) Steel, Materials & Plant

In the plant business, transactions involving machine tools and industrial machinery were strong, backed by strong domestic demand. In the iron and steel business, transactions involving specialty steels for automobiles in Europe and America remained steady, but demand was weak in the mainstay business of oilfield tubing. The energy business faced steep challenges.

As a result, net sales in the Steel, Materials & Plant Division declined ¥4,687 million year on year, to ¥98,494 million. Operating income fell ¥365 million, to ¥500 million.

(iv) Motor Vehicles & Aerospace

In the motor vehicles and parts business, transactions involving motor vehicle parts were strong. In the aerospace business, transactions of aircraft parts remained stable.

As a result, in the Motor Vehicles & Aerospace Division, net sales rose ¥4,807 million year on year, to ¥20,148 million. Operating income grew ¥596 million to ¥1,504 million.

(v) Other

Net sales increased ¥2,322 million from a year earlier, to ¥3,023 million. Operating income fell ¥22 million to ¥70 million.

(2) Details of financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first quarter under review declined ¥6,182 million from the end of the previous fiscal year, to ¥452,829 million.

Interest-bearing debt increased ¥1,482 million from the end of the previous fiscal year, to ¥137,597 million. Net interest-bearing debt, which is interest-bearing debt minus cash and bank deposits, rose ¥6,532 million from the end of the previous fiscal year, to ¥74,178 million.

Net assets stood at ¥121,224 million, up ¥2,493 million from the end of the previous fiscal year, thanks primarily to an increase in retained earnings. This increase was the result of posting quarterly net income attributable to owners of the parent, and an improvement in the net unrealized gains on securities. Shareholders' equity, which is obtained by subtracting non-controlling interests from net assets, increased ¥2,736 million from the end of the previous fiscal year, to ¥92,837 million.

As a result, the equity ratio improved 0.9 percentage point from the end of the previous fiscal year, to 20.5%. The net debt-equity ratio ("net DER") was 0.8 times.

(ii) Cash flows

During the first quarter under review, net cash used in operating activities stood at ¥3,021 million, net cash used in investing activities came to ¥2,786 million, and net cash provided by financing activities was ¥454 million. As a result of the adjustment of the effect of exchange rate changes on cash and cash equivalents, cash and cash equivalents at the end of the first quarter under review stood at ¥62,272 million.

(Cash flows from operating activities)

Net cash used in operating activities in the first quarter under review stood at ¥3,021 million (versus net cash provided of ¥1,875 million in the first quarter of the previous fiscal year), primarily reflecting an increase in inventories and decrease in notes and accounts payable, despite income from the accumulation of operating income.

(Cash flows from investing activities)

Net cash used in investing activities in the first quarter under review was ¥2,786 million (versus net cash used of ¥547 million in the first quarter of the previous fiscal year). This was largely due to payments for investments in securities.

(Cash flows from financing activities)

Net cash provided by financing activities in the first quarter under review came to ¥454 million (versus net cash used of ¥3,624 million in the first quarter of the previous fiscal year), reflecting an increase in short-term borrowings and 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 8, 2015. The forecasts above are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. Actual results might differ materially from the 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 three months under review.

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

Changes in accounting policies

(Application of Accounting Standard for Business Combinations and other standards)

Starting in the first quarter under review, standards such as the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013; hereinafter “the Accounting Standard for Business Combinations”), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013; hereinafter “the Accounting Standard for Consolidated Financial Statements”), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; hereinafter “the Accounting Standard for Business Divestitures”) have been applied. Accordingly, the method to appropriate changes in the Company’s ownership interests in a subsidiary while retaining controlling financial interests in the subsidiary as capital surplus and to appropriate expenses related to this acquisition as expenses in the consolidated fiscal year in which they arise has been adopted. In regards to business combinations that may be implemented after the beginning of the first quarter under review, the method to reflect the adjustment of amounts after finalizing the provisional accounting treatment of purchase price allocation in the consolidated quarterly financial statements for the quarterly period in which the business combination occurs has been applied. In addition, the presentation of quarterly net income has been changed, and the presentation of minority interests has been changed to non-controlling interests. To reflect these changes in presentation, the Company has made certain reclassifications to its consolidated financial statements for the previous consolidated first quarter and fiscal year.

In regards to the Accounting Standard for Business Combinations, this standard was adopted as at the beginning of the first quarter under review, and will continue to be applied in the future in accordance with the provisional measures specified in Item 58-2(4) of the Accounting Standard for Business Combinations, Item 44-5(4) of the Accounting Standards for Consolidated Financial Statements, and Item 57-4(4) of the Accounting Standard for Business Divestitures.

The impact of these changes during the consolidated first quarter under review on the consolidated financial statements for the quarter was immaterial.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

	(Million yen)	
	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and bank deposits	68,468	63,419
Notes and accounts receivable	180,319	159,515
Lease investment assets	227	173
Short-term investment	3	1
Inventories	87,254	100,697
Short-term loans receivable	297	271
Deferred tax assets	3,250	3,030
Other	27,148	31,465
Allowance for doubtful accounts	(158)	(103)
Total current assets	366,811	358,471
Long-term assets		
Tangible fixed assets	28,931	29,115
Intangible fixed assets		
Goodwill	6,063	5,901
Other	8,661	8,609
Total intangible fixed assets	14,725	14,511
Investments and other assets		
Investments in securities	38,372	41,380
Long-term loans receivable	2,134	2,081
Doubtful accounts	765	763
Net defined benefit asset	199	222
Deferred tax assets	3,643	2,782
Other	6,098	6,140
Allowance for doubtful accounts	(2,671)	(2,638)
Total investments and other assets	48,543	50,732
Total long-term assets	92,200	94,358
Total assets	459,011	452,829

(Million yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable	149,097	137,186
Short-term borrowings	61,688	61,802
Lease obligations	638	596
Accrued income taxes	2,492	440
Deferred tax liabilities	1	1
Asset retirement obligations	107	0
Other	38,322	42,405
Total current liabilities	252,347	242,432
Non-current liabilities		
Long-term borrowings	74,426	75,795
Lease obligations	1,286	1,199
Deferred tax liabilities	488	481
Net defined benefit liability	5,137	5,078
Provision for retirement benefits for directors and statutory auditors	367	315
Asset retirement obligations	810	886
Other	5,414	5,416
Total non-current liabilities	87,931	89,172
Total liabilities	340,279	331,605
Net assets		
Shareholder's equity		
Common stock	27,781	27,781
Capital surplus	27,502	27,502
Retained earnings	44,845	46,024
Treasury stock	(222)	(224)
Total shareholders' equity	99,906	101,083
Accumulated other comprehensive income		
Net unrealized gains on securities, net of tax	4,020	5,029
Net gains (losses) on deferred hedges, net of tax	559	521
Revaluation reserves for land	104	109
Foreign currency translation adjustments	(14,687)	(14,111)
Remeasurements of defined benefit plans	198	205
Total accumulated other comprehensive income	(9,805)	(8,245)
Non-controlling interests	28,630	28,387
Total net assets	118,731	121,224
Total liabilities and net assets	459,011	452,829

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

Consolidated statements of income

[First three months]

(Million yen)

	FY2015 First quarter (From April 1, 2014 to June 30, 2014)	FY2016 First quarter (From April 1, 2015 to June 30, 2015)
Net sales	251,823	263,602
Cost of sales	231,872	243,084
Gross profit	19,951	20,518
Selling, general and administrative expenses	16,085	17,787
Operating income	3,865	2,730
Non-operating income		
Interest income	96	107
Dividends income	236	333
Equity in earnings of affiliates	177	36
Foreign exchange gains	55	533
Other	299	283
Total non-operating income	865	1,295
Non-operating expenses		
Interest expenses	809	621
Other	295	377
Total non-operating expenses	1,104	998
Ordinary income	3,626	3,027
Extraordinary gains		
Gain on sale of tangible fixed assets	2	5
Gain on sale of investment in securities	0	–
Total extraordinary gains	2	5
Extraordinary losses		
Loss on disposal of fixed assets	9	22
Impairment loss on fixed assets	4	–
Impairment loss on investments in securities	23	–
Total extraordinary losses	37	22
Income before income taxes and minority interests	3,591	3,010
Income taxes – current	376	379
Income taxes – deferred	781	606
Total income taxes	1,158	985
Net income	2,433	2,025
Net income attributable to non-controlling interests	290	214
Net income attributable to owners of the parent	2,143	1,810

Consolidated statement of comprehensive income
 [First three months]

(Million yen)

	FY2015 First quarter (From April 1, 2014 to June 30, 2014)	FY2016 First quarter (From April 1, 2015 to June 30, 2015)
Net income	2,433	2,025
Other comprehensive income		
Net unrealized gains on securities, net of tax	434	1,018
Net gains (losses) on deferred hedges, net of tax	(209)	(38)
Foreign currency translation adjustment	(774)	553
Remeasurements of defined benefit plans	53	17
Share of other comprehensive income of associates accounted for equity method	20	(24)
Total other comprehensive income	(475)	1,526
Comprehensive income	1,957	3,552
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,855	3,369
Comprehensive income attributable to non- controlling interests	101	182

(3) Consolidated statements of cash flows

(Million yen)

	FY2015 First quarter (From April 1, 2014 to June 30, 2014)	FY2016 First quarter (From April 1, 2015 to June 30, 2015)
Cash flows from operating activities:		
Income before income taxes and minority interests	3,591	3,010
Depreciation and amortization	754	817
(Decrease) Increase in allowance for doubtful accounts	(40)	(65)
Increase (decrease) in net defined benefit liability	(60)	(67)
Interest and dividend income	(332)	(441)
Interest expense	809	621
Equity in gains of affiliates	(177)	(36)
(Gain) Loss on disposal of fixed assets	7	17
Impairment loss on fixed assets	4	–
Gain on sale of investments in securities, net	(0)	–
Impairment loss on investments in securities	23	–
(Increase) Decrease in notes and accounts receivable	23,288	22,895
Decrease (increase) in inventories	(9,517)	(13,371)
Increase (decrease) in notes and accounts payable	(13,687)	(11,486)
Other	273	(1,417)
Sub total	4,936	475
Interest and dividends received	459	661
Interest paid	(533)	(447)
Business structure improvement expenses	(42)	–
Income taxes paid	(2,944)	(3,710)
Net cash provided by operating activities	1,875	(3,021)
Cash flows from investing activities:		
Decrease (increase) in time deposits, net	(40)	11
Payments for tangible fixed assets	(783)	(630)
Proceeds from sale of tangible fixed assets	301	140
Payments for intangible fixed assets	(56)	(126)
Payments for investments in securities	(11)	(2,132)
Proceeds from sale of investments in securities	1	0
Increase in loans receivable	(65)	(607)
Proceeds from collection of loans receivable	89	686
Other	19	(129)
Net cash provided by (used in) investing activities	(547)	(2,786)
Cash flows from financing activities		
Decrease in short-term borrowings, net	181	3,157
Proceeds from long-term borrowings	–	2,000
Repayment of long-term borrowings	(2,869)	(3,709)
Cash dividends paid	(521)	(542)
Other	(415)	(450)
Net cash provided by (used in) financing activities	(3,624)	454
Effect of exchange rate changes on cash and cash equivalents	(331)	122
Net increase (decrease) in cash and cash equivalents	(2,627)	(5,230)
Cash and cash equivalent at beginning of year	73,548	67,377
Net increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	125
Cash and cash equivalent at end of quarter	70,921	62,272

(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 shareholder's equity)
 Not applicable.

(Segment information)

I. Previous first three months (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) "Other" 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 bargain purchase)

Not applicable in the first quarter under review

II. First three months under review (From April 1, 2015 to June 30, 2015)

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	60,738	81,195	98,494	20,148	260,578	3,023	263,602	–	263,602
Inter-segment	76	1	121	1	200	23	223	(223)	–
Total	60,814	81,197	98,616	20,150	260,778	3,046	263,825	(223)	263,602
Segment income (loss)	908	(240)	500	1,504	2,673	70	2,744	(13)	2,730

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

(Note 2) Adjustment of negative ¥13 million for segment income (loss) includes the inter-segment elimination of negative ¥13 million.

(Note 3) Segment income (loss) is adjusted for operating income in the consolidated quarterly 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 bargain purchase)

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 2016

■ Net sales and gross trading profit rose year on year, but net income declined 0.3 billion yen.

Net sales	263.6 billion yen	4.7% Up
Operating income	2.7 billion yen	29.4% Down
Ordinary income	3.0 billion yen	16.5% Down
Net income attributable to owners of the parent	1.8 billion yen	15.5% Down

Income Statement						
(Unit: billion yen)	Q1 of FY2015		Q1 of FY2016		Year-on-year	
	Q1 of FY2015	Q1 of FY2016	Change	Change (%)	FY2016	
					Forecasts	Progress
Net sales	251.8	263.6	11.8	4.7%	1,200	22.0%
Gross trading profit	20.0	20.5	0.6	2.8%	95	21.6%
SG&A expenses	16.1	17.8	1.7	10.6%	-	-
Operating income	3.9	2.7	Δ 1.1	Δ29.4%	24	11.4%
Dividends received	0.2	0.3	0.1	-	-	-
Interest	Δ 0.7	Δ 0.5	0.2	-	-	-
Equity in earnings of affiliated companies	0.2	0.0	Δ 0.1	-	-	-
Foreign exchange gains/losses	0.1	0.5	0.5	-	-	-
Others	0.0	Δ 0.1	Δ 0.1	-	-	-
	Δ 0.2	0.3	0.5	-	-	-
Ordinary income	3.6	3.0	Δ 0.6	Δ16.5%	23	13.2%
Extraordinary gains/loss	Δ 0.0	Δ 0.0	0.0	-	-	-
Income (loss) before income taxes and minority interests	3.6	3.0	Δ 0.6	Δ16.2%	-	-
Income taxes and profit attributable to non-controlling interests	1.4	1.2	Δ 0.2	-	-	-
Net income attributable to owners of the parent	2.1	1.8	Δ 0.3	Δ15.5%	12.5	14.5%
Net income per share (yen)	5.10	4.30	Δ 0.80	Δ15.7%	29.75	14.5%

【Net sales】 Consolidated net sales increased 11.8 billion yen year on year due to increases in sales in the Motor Vehicles & Aerospace Division, Foods & Grain Division, and Electronics & Devices Division.

【Operating income】 Consolidated operating income declined 1.1 billion yen, reflecting the low tone in the Foods & Grain Division, mainly because of the weaker yen.

【Ordinary income】 Despite an improvement in foreign exchange losses (gains) and interest income and expenses, consolidated ordinary income fell 0.6 billion yen due to the decrease in operating income.

【Net income】 Net income attributable to owners of the parent decreased 0.3 billion yen in association with the decline in ordinary income.

Assets, Liabilities and Net Assets				
(Unit: billion yen)			Comparison with 3/2015	
	3/2015	6/2015	Change	Change(%)
Total assets	459.0	452.8	Δ 6.2	Δ1.4%
Gross interest-bearing debt	136.1	137.6	1.5	1.1%
Net interest-bearing debt	67.6	74.2	6.5	9.7%
Equity capital	99.9	101.1	1.2	1.2%
Accumulated other comprehensive income	Δ 9.8	Δ 8.2	1.6	-
Minority interests	28.6	28.4	Δ 0.2	Δ0.9%
Total net assets	118.7	121.2	2.5	2.1%
Shareholders' equity (Note 1)	90.1	92.8	2.7	3.0%
Net assets per share (yen)	21.4	22.1	0.7	3.2%
Equity ratio (Note 2)	19.6%	20.5%	0.9pt improved	-
Net debt-equity ratio (Note 3)	0.8times	0.8times	+0.0pt	-

【Total assets】 Gross interest-bearing debt increased 1.5 billion yen. Net interest-bearing debt rose 6.5 billion yen, reflecting increases in operating assets and funds for investment.

【Net assets】 Net assets rose 2.5 billion yen mainly due to the addition of net income to retained earnings and an improvement in valuation difference on available-for-sale securities. Shareholders' equity, obtained by subtracting minority interests from net assets, increased 2.7 billion yen.

As a result, the equity ratio improved to 20.5%. Net DER was 0.8 times.

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

Cash Flows			Dividends	
(Unit: billion yen)				
	Q1 of FY2015	Q1 of FY2016		
CF from operating activities	1.9	Δ 3.0	【FY2015】 Interim* 2.5 yen per share Year-end (plan) 1.5 yen per share Annual (plan) 4.0 yen per share	
CF from investing activities	Δ 0.5	Δ 2.8		
Free cash flows	1.3	Δ 5.8		
Cash flows from financing activities	Δ 3.6	0.5	* A breakdown of interim dividends Common dividend of 1.5 yen Commemorative dividend of 1.0 yen 【FY2016】 Interim (plan) 2.5 yen per share Year-end (plan) 2.5 yen per share Annual (plan) 5.0 yen per share	
Effect of exchange rate changes	Δ 0.3	0.1		
Increase (decrease) in cash and cash equivalents	Δ 2.6	Δ 5.2		

Annual (Plan)	FY2014	FY2015	FY2016
Consolidated payout ratio	10.7%	14.7%	16.8%

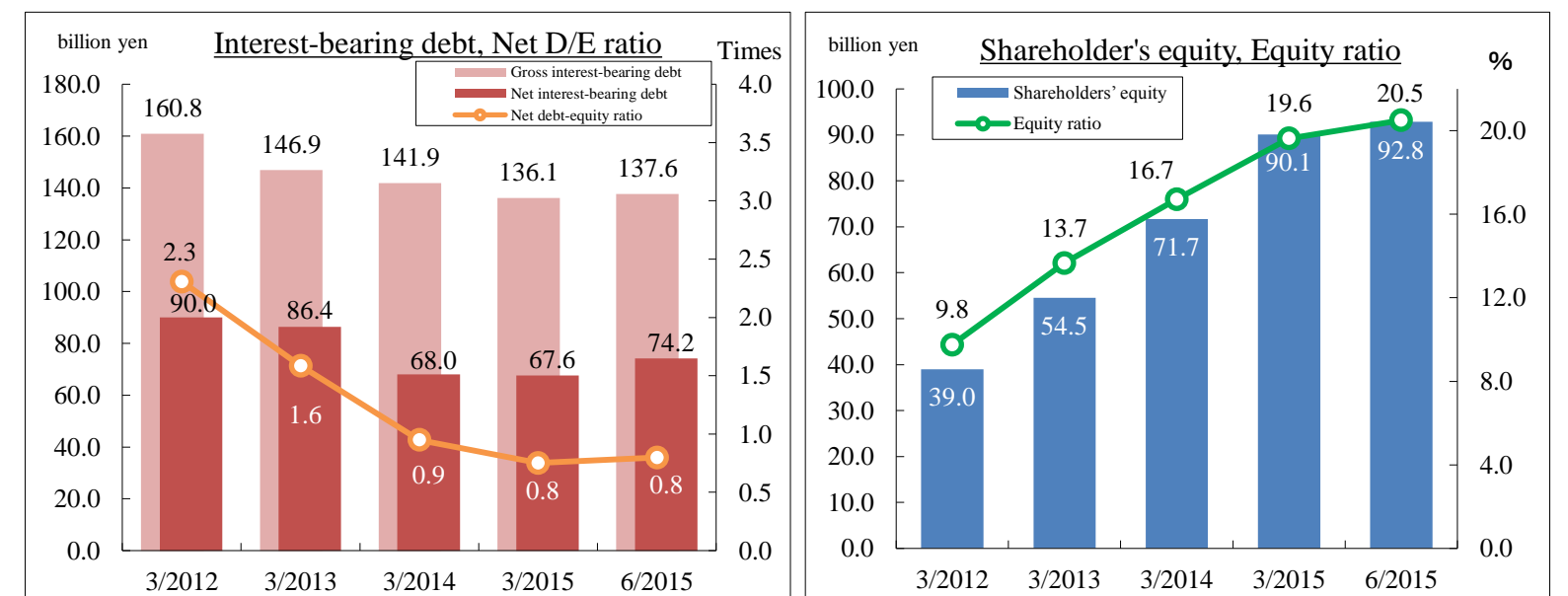
Segment information						
(Unit: billion yen)	Net sales (net external sales)			Operating income		
	Q1 of FY2015	Q1 of FY2016	Change	Q1 of FY2015	Q1 of FY2016	Change
Electronics & Devices	57.1	60.7	3.6	0.9	0.9	0.0
Foods & Grain	75.5	81.2	5.7	1.1	Δ 0.2	Δ 1.3
Steel, Materials & Plant	103.2	98.5	Δ 4.7	0.9	0.5	Δ 0.4
Motor Vehicles & Aerospace	15.3	20.1	4.8	0.9	1.5	0.6
Total for reportable segments	251.1	260.6	9.5	3.7	2.7	Δ 1.1
Other (including adjustment)	0.7	3.0	2.3	0.0	0.0	Δ 0.0
Grand total	251.8	263.6	11.8	3.9	2.7	Δ 1.1

【Electronics & Devices】 An increase in net sales and income In the electronic components and materials business and semiconductors business, in-car electronics, components for smartphones for China, and imaging equipment exported to North America and Asia all performed well. In the ICT solutions business, corporate IT spending was steady. The mobile business also performed well.

【Food】 A rise in net sales and a decline in income In the food business, agricultural products were strong. In the feedstuff business, sales were steady, and income including foreign exchange gains, was strong. However, losses on futures hedges emerged temporarily. The meat products business declined from the previous fiscal year.

【Steel, Materials & Plant】 A decline in net sales and income In the plant business, machine tools and industrial machinery performed well. However, income in the business declined, reflecting large-scale projects in the previous fiscal year. In the iron and steel business, performance in the oilfield tubing business was slowing due to weak demand. The energy business struggled, reflecting low market prices.

【Motor Vehicle & Aerospace】 An increase in net sales and income In the aerospace business, aircraft parts remained stable. The motor vehicles and parts business remained stable, mainly the motor vehicle parts business.



* 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)