



Member of Financial Accounting Standards Foundation

# Consolidated Financial Summary for the FY 2015 Ended March 31, 2015 (Japanese Accounting Standards)

May 8, 2015

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

URL: <http://www.kanematsu.co.jp>

Representative: President and CEO, Masayuki Shimojima

Contact: General Manager of Accounting Dept., Takeshi Otsuka

TEL (03) 5440-8111

Scheduled date for the Ordinary General Meeting of Shareholders: June 24, 2015

Scheduled date for commencement of dividend payments: June 4, 2015

Scheduled date for the submission of financial statements: June 24, 2015

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and analysts)

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

## 1. Consolidated business results for the fiscal year ended March 2015 (April 1, 2014 – March 31, 2015)

### (1) Consolidated business results (%: Change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2015	1,117,096	0.2	22,125	11.9	22,895	13.6	11,470	(2.8)
Fiscal year ended March 2014	1,114,539	9.4	19,776	8.3	20,160	20.7	11,799	23.4

(Note) Comprehensive income: 24,708 million yen (16.1%) for the fiscal year ended March 2015  
21,274 million yen (22.2%) for the fiscal year ended March 2014

	Net income per share	Net income per share (diluted basis)	Return on equity	Ordinary income to total assets ratio	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2015	27.30	–	14.2	5.2	2.0
Fiscal year ended March 2014	28.09	–	18.7	4.9	1.8

(Note) Equity in earnings of affiliated companies: 1,145 million yen for the fiscal year ended March 2015  
739 million yen for the fiscal year ended March 2014

### (2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	459,011	118,731	19.6	214.10
As of March 31, 2014	428,459	96,204	16.7	170.54

(Reference) Shareholders' equity: 90,101 million yen as of March 31, 2015  
71,657 million yen as of March 31, 2014

### (3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2015	10,115	(8,903)	(9,895)	67,377
Fiscal year ended March 2014	22,384	(1,111)	(9,351)	73,548

## 2. Dividends

(Record date)	Annual dividends					Annual total of dividend	Payout ratio (Consolidated)	Net assets dividend ratio (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal			
Fiscal year ended March 2014	–	1.50	–	1.50	3.00	1,264	10.7	2.0
Fiscal year ended March 2015	–	2.50	–	1.50	4.00	1,685	14.7	2.1
Fiscal year ending March 2016 (Forecasts)	–	2.50	–	2.50	5.00		16.8	

(Note) Breakdown of dividends to be paid at the end of the second quarter of fiscal year ending March 2015:  
common dividend 1.50 yen, commemorative dividend 1.00 yen

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

(%: Changes from the previous year)

	Net sales		Operating income		Ordinary income		Consolidated net income attributable to the owners of the parent company		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

\* Notes

(1) Important change in subsidiaries during the term (Change in scope of consolidation): Yes  
 New: one company (Kanematsu-NNK Corporation) Exception: –  
 For details, see “(5) Notes on the consolidated financial statements (Matters related to the scope of consolidation)” under “4. Consolidated Financial Statements” on page 19 of the accompanying materials.

(2) 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 |

(Note) These are items subject to Article 14-2 and Article 14-3 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements. For details, see “(5) Notes on the consolidated financial statements (Changes in accounting policies)” under “4. Consolidated Financial Statements” on page 19 of the accompanying materials.

(3) Number of outstanding shares (common shares)

- |  |                    |                       |                    |
|--|--------------------|-----------------------|--------------------|
| 1. Number of outstanding shares including treasury stock |                    |                       |                    |
| Fiscal year (2015/3):                                    | 422,501,010 shares | Fiscal year (2014/3): | 422,501,010 shares |
| 2. Number of treasury stock                              |                    |                       |                    |
| Fiscal year (2015/3):                                    | 1,663,126 shares   | Fiscal year (2014/3): | 2,323,295 shares   |
| 3. Average number of shares during the period            |                    |                       |                    |
| Fiscal year (2015/3):                                    | 420,211,658 shares | Fiscal year (2014/3): | 420,060,823 shares |

(Reference) Summary of Non-Consolidated Financial Results

1. Non-consolidated business results for the fiscal year ended March 2015 (April 1, 2014 – March 31, 2015)

(1) Non-consolidated business results (%: Change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2015	475,249	2.4	4,140	44.3	10,497	23.0	7,862	8.9
Fiscal year ended March 2014	464,235	4.3	2,869	(18.0)	8,533	24.9	7,221	36.5

	Net income per share		Net income per share (diluted basis)	
	Yen		Yen	
Fiscal year ended March 2015	18.66		–	
Fiscal year ended March 2014	17.13		–	

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	278,894	75,358	27.0	178.85
As of March 31, 2014	262,938	67,569	25.7	160.34

(Reference) Shareholders' equity: 75,358 million yen as of March 31, 2015  
 67,569 million yen as of March 31, 2014

\* 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 the section “1. Analysis of Business Results and Financial Status, (1) Analysis of business results, 2) Forecast for the fiscal year ending March 2016” on page 3 of accompanying materials for further information on results forecasts.
- The Company operates its businesses on a consolidated basis. The Company produces no forecast for non-consolidated business results.
- The Company plans to hold a results briefing for institutional investors and analysts on Friday, May 15, 2015.

## Accompanying Materials – Contents

1. Analysis of Business Results and Financial Status .....	2
(1) Analysis of business results .....	2
(2) Analysis of financial status .....	3
(3) Basic policy for distribution of profits and dividends in the fiscal year ended March 2015 and the fiscal year ending March 2016.....	4
(4) Business risks.....	4
2. Corporate Group.....	8
3. Management Policies.....	9
(1) Basic management policies .....	9
(2) Medium- to long-term management strategies and issues facing the company .....	9
4. Basic approach to selection of accounting standards .....	10
5. Consolidated Financial Statements.....	11
(1) Consolidated balance sheets .....	11
(2) Consolidated statements of income / consolidated statement of comprehensive income	
Consolidated statements of income .....	13
Consolidated statements of comprehensive income.....	14
(3) Consolidated Statements of Changes in Net Assets.....	15
(4) Consolidated statements of cash flows .....	17
(5) Notes on the consolidated financial statements .....	19
(Notes on the going concern assumption).....	19
(Significant items regarding the preparation of consolidated financial statements).....	19
(Changes in accounting policies).....	19
(Matters related to the scope of consolidation).....	19
(Segment information).....	20
(Per share information) .....	23
(Significant subsequent events) .....	23
6. Non-Consolidated Financial Statements .....	24
(1) Non-Consolidated Balance Sheets .....	24
(2) Non-Consolidated Statements of Income .....	26
(3) Non-Consolidated Statements of Changes in Net Assets.....	27
(4) Notes to non-consolidated financial statements .....	29
(Notes on the going concern assumption).....	29
7. Other.....	29
(1) Changes in directors .....	29
(2) Other.....	29

## 1. Analysis of Business Results and Financial Status

### (1) Analysis of business results

1) In the fiscal year under review, the U.S. economy maintained a trend of a gradual economic expansion. However, the Chinese economy began to slow, reflecting weakening real estate market conditions, while the European economy remained unstable.

Emerging economies in Asia continued on the path of economic growth, although the pace of the growth was slow. The Japanese economy maintained a modest recovery trend against the backdrop of stable employment and income environments, as well as strong corporate performance, although consumer spending remained weak after the consumption tax hike.

In this environment, the results of the Group in the fiscal year under review are as shown below.

Consolidated net sales rose ¥2,557 million (0.2%) from the previous fiscal year, to ¥1,117,096 million. The consolidated gross trading profit rose ¥5,039 million (5.8%) from the previous fiscal year, to ¥91,441 million. Consolidated operating income climbed ¥2,349 million (11.9%) from the previous fiscal year, to ¥22,125 million. Non-operating income/expenses improved ¥384 million from the previous fiscal year, mainly reflecting an increase in equity in the earnings of affiliates and an improvement in interest. As a result, consolidated ordinary income increased ¥2,735 million (13.6%) from the previous fiscal year, to ¥22,895 million. Extraordinary gains/losses amounted to gains of ¥399 million, chiefly attributable to the recording of extraordinary gains as a result of the change of Kanematsu-NNK Corporation into a consolidated subsidiary. Income before income taxes and minority interests rose ¥4,219 million (22.1%) from the previous fiscal year, to ¥23,294 million. Consolidated net income fell ¥329 million (2.8%) year on year, to ¥11,470 million, mainly reflecting an increase in tax expenses due to the reversal of deferred tax assets following the tax reform for FY2015.

Results for each business segment are described below.

### **Electronics & Devices**

The electronics components and materials business and the semiconductor parts business generally remained brisk. In particular, the business related to in-car products grew, given the expansion of demand both in Japan and overseas. The ICT solutions business remained steady thanks to aggressive capital spending by companies on infrastructure, and the mobile business also performed strongly. Moreover, following the change of Kanematsu-NNK Corporation into a consolidated subsidiary in the fiscal year under review, the business foundation centered on the security camera business that is managed by Kanematsu-NNK Corporation expanded, which contributed to earnings from the fourth quarter.

As a result, net sales in the Electronics and Devices Division fell ¥847 million year on year, to ¥276,501 million. However, operating income climbed ¥2,152 million, to ¥9,907 million.

### **Foods & Grain**

The meat products business remained steady, reflecting a rise in demand. In the foodstuff business, the transactions of both grains and feed performed strongly. On the other hand, the food business faced difficult conditions, primarily reflecting the effects of a slump in consumer spending after the consumption tax hike and higher import procurement prices due to the weak yen.

As a result, in the Foods & Grain Division, net sales fell ¥1,292 million year on year, to ¥307,732 million. Operating income decreased ¥166 million, to ¥1,933 million.

### **Steel, Materials & Plant**

In the plant and infrastructure business, there were large-scale order projects for wind-power generation plants in South East Asia, and transactions of machine tools and industrial machinery were robust. 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 had a tough time, reflecting the effects of a decline in demand during the summer season and lower crude oil prices.

As a result, net sales in the Steel, Materials & Plant Division fell ¥982 million from the previous fiscal year, to ¥467,849 million. Operating income declined ¥846 million, to ¥7,283 million.

## Motor Vehicles & Aerospace

In the aerospace business, transactions of aircraft parts remained stable. The motor vehicles and parts business remained stable overall centering on transactions involving motorcycle and motor vehicle parts.

As a result, in the Motor Vehicles & Aerospace Division, net sales rose ¥5,224 million year on year, to ¥59,675 million. Operating income climbed ¥1,261 million, to ¥2,755 million.

## Other

Net sales increased ¥455 million year on year, to ¥5,338 million. Operating income fell ¥55 million, to ¥169 million.

### 2) Forecast for the fiscal year ending March 2016

In the next consolidated fiscal year, the global economy is likely to remain patchy, mainly reflecting the continued economic growth in the United States on the back of the expansion of consumer spending, a slowdown in the Chinese economy, the stagnant European economy and the slowing economic growth rates in certain emerging economies.

The Japanese economy is expected to maintain a gradual economic recovery trend, primarily attributable to a recovery in consumer spending, due to improvement in the employment and income environment and higher capital expenditure on the back of the continued strong performance of companies.

In this environment, the Company forecasts consolidated net sales of ¥1,200 billion, consolidated operating income of ¥24 billion, consolidated ordinary income of ¥23 billion, and consolidated net income attributable to the owners of the parent company of ¥12.5 billion for the fiscal year ending March 31, 2016.

(Assumptions for the calculation of results forecast)

- Exchange rate: 1 US dollar = 120 yen

- Interest rates: Interest rates are expected to remain unchanged or to rise moderately.

\* Note on forward-looking statements:

The above statements on future performance, such as the results forecasts, have been made based on information available to the Company at the time of the announcement 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) Analysis of financial status

#### (i) Assets, liabilities and net assets

Total assets at the end of the fiscal year under review increased ¥30,552 million from the end of the previous fiscal year, to ¥459,011 million.

Interest-bearing debt decreased ¥5,790 million from the end of the previous fiscal year, to ¥136,115 million. Net interest-bearing debt, which is interest bearing debt minus cash and bank deposits, decreased ¥392 million from the end of the previous fiscal year, to ¥67,646 million.

Net assets stood at ¥118,731 million, up ¥22,527 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, and improvements in foreign currency translation adjustments, reflecting exchange rate fluctuations. Shareholders' equity, obtained by subtracting minority interests from net assets, increased ¥18,444 million from the end of the previous fiscal year, to ¥90,101 million.

As a result, the equity ratio improved 2.9 percentage points from the end of the previous fiscal year, to 19.6%. The net debt-equity ratio ("net DER") was 0.8 times.

#### (ii) Cash flows

Net cash provided by operating activities stood at ¥10,115 million (versus ¥22,384 million provided in the previous fiscal year), chiefly reflecting an increase in operating income. Net cash used in investing activities was ¥8,903 million (versus ¥1,111 million in the previous fiscal year), mainly due to the change of Kanematsu-NNK Corporation into a consolidated subsidiary and the additional acquisition of shares with the aim of changing Nippon Office Systems Ltd. into a wholly-owned subsidiary. Net cash used in financing activities amounted to ¥9,895 million (versus ¥9,351 million used in the previous fiscal year), reflecting the repayment of debt, among other factors.

As a result, cash and cash equivalents at the end of the fiscal year under review stood at ¥67,377 million, down ¥6,171 million from the end of the previous fiscal year.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended March 2011	Fiscal year ended March 2012	Fiscal year ended March 2013	Fiscal year ended March 2014	Fiscal year ended March 2015
Equity ratio	8.5%	9.8%	13.7%	16.7%	19.6%
Equity ratio on a market value basis	8.9%	10.4%	13.0%	15.7%	16.0%
Ratio of interest-bearing debt to cash flow(year)	22.2	10.2	108.3	6.3	13.5
Interest coverage ratio	1.8	3.9	0.4	6.8	3.4

Equity ratio: Shareholders' equity/total assets

Equity ratio on a market value basis: Market capitalization/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/free cash flow

Interest coverage ratio: Free cash flow/interest payments

\* All of the above figures are calculated based on consolidated financial values.

\* Market capitalization is calculated based on the following formula: Closing share price at the end of the period x Number of shares issued (net of treasury stock) at the end of the period.

\* Cash flows from operating activities are used for cash flow. Interest-bearing debt includes all debts listed on the consolidated balance sheets to which the Company pays interests. For interest payments, the amount of interests paid listed on consolidated statements of cash flows is used.

(3) Basic policy for distribution of profits and dividends in the fiscal year ended March 2015 and the fiscal year ending March 2016

The Company regards the distribution of profits to shareholders as critical management issues. It adopts a basic policy for dividends of taking into consideration factors such as operating results and the need to increase internal reserves.

Under VISION-130, the Company's medium-term vision, the Company has set a qualitative goal of dividend payments in line with the profit level. Accordingly, in the fiscal year under review, it paid a dividend of 1.50 yen per share, as well as a commemorative dividend of 1.0 yen per share on the occasion of its 125th anniversary in the interim period. A dividend payment of 1.5 yen per share is scheduled for the end of the current fiscal year under review as per the plan at the beginning of the year, which will give a total of 4.0 yen per share for the full fiscal year. As for dividend payments for the next fiscal year, given the fact that internal reserves have reached a certain level as well as expectations for its continued strong performance, the Company plans to pay an interim dividend of 2.50 yen per share and a year-end dividend of 2.50 yen per share. This will give a total annual dividend of 5.0 yen per share, an increase of 1.0 yen per share.

(4) Business risks

Since the Kanematsu Group operates a broad array of businesses around the world, it is directly and indirectly affected by political developments and economic conditions in countries where it has a presence, including changes in supply and demand situations. Operations of the Group are exposed to risks such as price fluctuations and liquidity risks of commodities, foreign exchange rates, funds (interest rates) and shares, default and credit risks, investment risks, country risks, and risks associated with changes in laws and regulations. These risks may affect business results and the financial position of the Group because they involve uncertainties unpredictable in the normal course of business. These risks can readily be eliminated. However, the Group seeks to control the risks by developing the systems and methods needed to manage each risk based on its nature.

i) Risks Related to Overall Business Activities

(Market risk related to supply and demand and prices of goods traded)

In its mainstay commodity trading business in Japan and overseas, the Group deals with grains and petroleum products as well as electronic parts and information, communications and technology (ICT) products. Grains and petroleum products will be influenced by the market conditions, while electronic parts and ICT products are exposed to the risk of frequent price erosion caused by competition and obsolescence resulting from technological innovation. An unexpected loss may result from causes such as rapid movements in commodities prices or a decline in demand, when our positions in these commodities increase.

(Foreign currency risk)

The Group is engaged in foreign currency transactions in a number of currencies and terms incidental to its export and import trading. The Group not only transfers the risk of currency fluctuations to customers in accordance with transaction terms but also participates in derivatives transactions such as forward contracts to reduce the risk.

The Group also has local subsidiaries and business corporations overseas. Account balances at these companies are converted into yen at the exchange rates prevailing at the time of account closing, for the purposes of preparing consolidated financial statements. For this reason, net assets may change through foreign currency translation adjustments associated with exchange rate fluctuations.

(Interest rate risk)

The Group raises most funds needed for operating and financing activities in the form of borrowings from financial institutions at variable interest rates, with the exception of certain loans. Since these borrowings and fund management are exposed to an interest rate risk, interest expenses by the Group may increase with a rise in interest rates.

Also, since certain companies in the Group adopt a defined benefit pension plan, the retirement benefit obligation could increase in the estimation of the Group if the discount rate used for the calculation of the retirement benefit obligation falls.

(Price fluctuation risk of marketable securities, etc.)

The Group may hold shares in trade partners as means of strengthening its relationship with them. There is a risk of price fluctuation inherent in these shares, which could have an effect on the financial position of the Group through unrealized loss on available-for-sale securities.

Since stocks and other securities are included in the portfolio of the pension assets of the Group for the purpose of making medium- and long-term investments, differences from the required investment yield could have an effect on the financial position of the Group, given that the investment yield will fall if the prices of the stocks, etc. fall.

(Default risk and credit risk)

The Group extends credit in a number of forms, including accounts receivable, advance payments, loans and guarantees in diverse business transactions with its trading partners in Japan and abroad. For this reason, late repayments and defaults may occur with developments such as a deterioration in the financial strength of its trading partners. The Group could also be forced to perform obligations that could be accompanied by a monetary loss in association with the conclusion and performance of a commodity supply agreement, a contract agreement, and subcontract agreement, or other agreements, irrespective of reasons, if the trade partner defaults on its obligation or contract.

Although the Group has set aside an allowance for these losses in our accounting procedures using certain estimates, an additional loss could arise if the loss exceeds the scope of the allowance.

(Business investment risk)

The Group makes business investments to achieve objectives, including deep mining of existing businesses and expansion of business areas. The Group decides whether to make such investments through procedures established according to their details and amounts. When making investment decisions, the Group evaluates and analyzes risk factors and the profitability of the business based on cash flows, taking the criteria for business withdrawal into account. After making an investment, the Group regularly reevaluates and reviews business potential and investment value to minimize any potential loss. The value of the business investments may fluctuate according to the financial conditions of investment targets and their business success or failure. The range of market changes tend to be particularly wide in overseas businesses. Local laws and relationships with partners may also prevent the Group from executing its policy for operating or withdrawing from a business.

(Country risk)

The Group engages in transactions, loans and investments in other countries. The collection of receivables may be delayed or impossible as a result of political or economic developments in each of these countries. To minimize losses that could arise should these country risks become reality, the Group regularly sets a limit based on ratings given to each country and region according to the scale of their respective country risk, and operates its businesses in such a way that prevents overexposure to certain countries and regions. The Group takes steps such as enrolling in trade insurance programs, according to the ratings and project details in an attempt to minimize recovery risks. However, continuing transactions may become difficult if these risks actualize in certain countries and regions, and this development may affect the future business results of the Group.

(Legal risk related to changes in laws)

The business activities undertaken by the Group in Japan and overseas are subject to a wide range of legal regulations in Japan and other countries. The Group may become unable to continue certain transactions because of factors such as unexpected changes in laws, changes in export and import regulations, including a punitive tariff that could be introduced unilaterally following changes in the international political environment, and changes in regulations such as permits and licenses related to the sales and handling of products. An unexpected expense for the Group may also arise from a lawsuit or from an order issued by authorities. This risk also includes the risk that a tax rate or tax arrangements imposed by authorities or between countries under international taxation arrangements may change. Changes in these legal systems could influence the financial position and operating results of the Group.

(Legal risk related to lawsuits and disputes)

Business operations by the Group, and its assets and liabilities associated with the business operations may become subject to legal proceedings, including lawsuits, and other disputes, in various ways through the course of the business activities undertaken by the Group in Japan and overseas. Such lawsuits and disputes are generally unpredictable, and resolving them is often very time-consuming when they occur. Any prediction of the results therefore involves uncertainties. Any occurrence of such lawsuits or disputes and unexpected outcomes may affect the Group's financial position and operating results.

(Security risk related to information systems and information security)

The Group builds and operates information systems for sharing information and streamlining its operations. The Group has adopted information security control rules, and is taking steps to ensure that all members of the Group are familiar with crisis control responses, to meet the safety requirements for operating its information systems. However, information systems cannot be made entirely invulnerable to the unauthorized disclosure of business sensitive information or personal information through unauthorized access, computer viruses and other means, as well as inoperability due to factors such as natural disasters, destruction of information system facilities attributable to accidents and other causes, and communication line troubles. Inoperability may reduce the efficiency of operations that depend on the systems, and seriously affect the future business results of the Group, depending on the scale of damages.

(Product and facility deterioration risk due to natural disasters and accidents)

The Group owns facilities and equipment, including business offices, warehouses and manufacturing plants, in Japan and overseas. It also owns cargo being stored or transported in and outside Japan for business transactions. Such assets may be damaged or deteriorate as a result of natural disasters, accidents and other developments, and the businesses of the Group may be suspended due to developments such as earthquakes, fires, floods, and riots. Such incidents may seriously affect the future financial position and operating results of the Group, depending on the extent of the damage.

(Compliance and fraud risk)

The Group operates businesses to buy, sell and provide a broad array of products and services in Japan and overseas and carefully monitors laws and regulations, including those related to exports and imports that are established and enforced for these products and services in Japan and other countries. However, it is difficult to execute all procedures at all times across all of the trading operations we conduct with the involvement of multiple parties. Although we take a number of actions to prevent violations, there is a risk that we may overlook a violation of a law or an instance of fraud. If the violation or fraud is material, the financial position and operating results of the Group could be affected.

## 2) Risk Management

(Position management of foreign exchanges, interest rates and products)

In many cases, the foreign currency risk, interest rate risk and risk of price fluctuations associated with goods traded incidental to business transactions are transferred to trade partners, etc. in the form of transaction terms. In addition, the Group has established a system under which a limit (position limit) and a loss limit are set for foreign exchange, funds (interest rates), products and their derivatives, taking into account the scale of the risk and the income of each internal unit and company, so that it can quickly reduce its position when the predetermined limit is exceeded. We also reduce the price fluctuation risk of these positions by using derivatives as a hedge.



(Credit management of transactions)

When extending credit to clients in Japan and overseas, the Group regularly provides the rating to individual customers based on their financial data and other information and set a credit limit based on the rating and the type of credit. It controls credit risk by restricting credits so that the total amount of credits, including those arising from ordinary business transactions as well as loans and guarantees, does not exceed the limit. It has also established a system to prevent the expansion of unintended credit risks by regularly monitoring collection and frozen status and taking the necessary security steps.

The Group also prevents credits from exceeding the limit by systematically checking the credit limit when shipping goods to trading partners.

(Security trade control)

To prevent violations of laws related to security trade control, the Group takes every care in managing and operating processes by establishing the Security Export Control Regulations and a compliance program for the laws in question.

(Risk hedging against natural disasters and accidents)

The Group hedges the risk of the devaluation of and indemnification for facilities and equipment it holds in Japan and overseas, including business offices, warehouses and manufacturing plants, and cargo being stored or transported in Japan and other countries, by insuring each item against damage from natural disasters and accidents. In response to risks related to the suspension of its businesses in the event of disasters such as earthquakes, fires, floods, and riots, the Group is taking measures such as the implementation of regular disaster response training in order to safely and promptly respond to these situations, and the preparation of manuals for the establishment and management of a task force.

(Information security)

With respect to the security of information contained in information systems, the Group has adopted information security control rules to prevent leaks and outflows of important information, and has established unified regulations on the use of personal computers, networks, and e-mail for protecting company and personal information. It also reviews the systematic base for raising the security level on a constant basis, and maintain and operate the base to ensure the required and appropriate level of security.

(Compliance)

To comprehensively monitor compliance with laws and regulations, the Group has established the Internal Control and Compliance Committee. The Committee regularly reviews the compliance status and deals with problems that arise unexpectedly. The Group has also developed a compliance handbook and distributed it to its employees together with the compliance card to ensure that all employees are fully aware of the importance of compliance. Taking a step further, the Group has set up an internal hotline and an external attorney hot line for accepting reports and providing consultation services.

(Operations management)

To prevent operational risks arising from back-office work, the Group has established a system to prevent fraud, violations of rules and errors in recording in the workflow by processing all slip issuing activities after delivery and receipt operations in batches, with the implementation of Business Process Re-engineering (BPR).

3) Medium-Term Business Plan

As stated in "3. Management Policies," the Group has developed its medium-term business plan (from April 2013 to March 2016). The quantitative targets set out in this plan were adopted on the basis of certain assumptions and premises. We may not be able to achieve these targets because of factors such as economic conditions and industry trends that vary significantly from forecasts or our inability to take effective measures in response to changes in the operating environment.

## 2. Corporate Group

The Group operates its businesses as a “business creation team,” which builds solid relationships of trust with its customers and works closely with them to develop new businesses by providing a broad array of products and services in diverse fields such as electronics and devices, foods and grain, steel, materials and plant, and motor vehicles and aerospace through the organic integration of domestic and international business networks, expertise acquired in each business area, and the functions of a trading company, including commodities trading, information gathering, market exploration, business development and organization, risk management, and distribution.

The Company classifies these businesses into categories according to the contents of goods traded and services, and the Group consists of a total of 122 companies including the Company, 92 subsidiaries and 30 affiliates (as of March 31, 2015).

Among them, the Group has 89 consolidated subsidiaries and 28 equity-method affiliates. The details of the goods traded and services based on each of the Group’s business segments and its major subsidiaries and affiliates are as follows.

Business segments	Major products and services	Principal subsidiaries and affiliates
Electronics & Devices (28 companies)	Electronic parts and members, semiconductor/LCD/solar cell manufacturing equipment, communication equipment and parts, materials and indirect materials related to electronics, telecommunications technology systems and services, mobile communication terminals, mobile Internet systems and services, security equipment, etc.	(Subsidiaries: 13 subsidiaries in Japan and 10 subsidiaries overseas) Kanematsu Electronics Ltd. Kanematsu Communications Ltd. Nippon Office Systems Ltd. Kanematsu-NNK Corp.  (Affiliates: 5 affiliates in Japan)
Foods & Grain (23 companies)	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, meat and marine products, feed, fertilizer, soybeans, wheat, barley, rice, processed foods, cooked foods, pet foods, etc.	(Subsidiaries: 8 subsidiaries in Japan and 3 subsidiaries overseas) Kanematsu Shintoa Foods Corporation Kanematsu Agri-Tech Corporation  (Affiliates: 4 affiliates in Japan and 8 affiliates overseas) Dalian Tiantianli Food Co., Ltd.
Steel, Materials & Plant (28 companies)	Steel plates, bars and wire rods, pipes, stainless products, general steel products, raw materials for iron and steel, battery materials, fertilizer materials, adhesive materials, solvents, functional food materials, nutritional supplements, pharmaceuticals and pharmaceutical intermediates, crude oil, petroleum products, LPG, greenhouse gas emission rights, biomass energy, chemical and petrochemical plants, papermaking machines, communication lines construction, optical fibers, electric power projects, ships and maritime equipment, machine tools, industrial tools, etc.	(Subsidiaries: 10 subsidiaries in Japan and 13 subsidiaries overseas) Kanematsu Trading Corporation Kanematsu Chemicals Corp. Kanematsu Petroleum Corp. Kanematsu KGK Corp.  (Affiliates: 2 affiliates in Japan and 3 affiliates overseas)
Motor Vehicles & Aerospace (8 companies)	In-vehicle parts, mechanized parts, aircraft and aircraft parts, satellite equipment and parts, automobiles and automobile parts, industrial vehicles, construction machinery, general-purpose machines, forgings, foundry pieces, etc.	(Subsidiaries: 1 subsidiary in Japan and 6 subsidiaries overseas) Kanematsu Aerospace Corp.  (Affiliates: 1 affiliate overseas)
Other (17 companies)	Textile materials, beds, bedding and interior goods, housing materials, medium-grade fiberboard, nonferrous metals, insurance agent/intermediary business, air/marine cargo agent business, customs clearing, real estate management and leasing business and others	(Subsidiaries: 8 subsidiaries in Japan and 2 subsidiaries overseas) Shintoa Corporation Kanematsu Logistics & Insurance Ltd.  (Affiliates: 4 affiliates in Japan and 3 affiliates overseas) Kaneyo Co., Ltd. P.T. Century Textile Industry Hokushin Co., Ltd.
Overseas local subsidiaries (18 companies)	Trading of products and provision of services overseas	(Subsidiaries: 18 subsidiaries) Kanematsu USA Inc. Kanematsu (Hong Kong) Ltd. Kanematsu (China) Co., Ltd. Kanematsu GmbH

(Note) Of the above companies, the subsidiaries whose stocks are listed on domestic stock exchanges are Kanematsu Electronics Ltd. (First Section of the Tokyo Stock Exchange), Kanematsu-NNK Corporation (First Section of the Tokyo Stock Exchange) and Nippon Office Systems Ltd. (JASDAQ Standard).

### 3. Management Policies

#### (1) Basic management policies

The pioneering spirit and proactive ingenuity needed to constantly anticipate trends and boldly and ceaselessly taking on new business challenges have been principles that have guided us since our founding. We adopt Our Beliefs (established in 1967) as the basic principles, so that we can strengthen the bonds we enjoy with our customers, develop businesses and continued to be valued by society.

#### Our Beliefs

- We believe that we should achieve prosperity of our business through just and fair earnings in the pioneering spirit as fostered by our predecessors with the wisest use of our creative imagination and ingenuity.
- We believe that our Company should justify its existence by promoting a sound and flourishing business which fulfils its responsibilities toward the welfare of society and also contributes to the security and well-being of us all.
- We believe that each one of us should attend to business not as an individual but as a member of the organization abiding by company rules, carrying out duties with a sense of loyalty to the Company and a spirit of cooperation and understanding toward all other members of the organization.

#### (2) Medium- to long-term management strategies and issues facing the company

##### i) Medium-term business plan

The Group has developed and has been implementing a three-year medium-term business plan (April 2013 – March 2016) with the theme of “jump to the next stage leading to the future.” The outline of the plan is as follows.

##### <Basic concept>

- Take a positive stance to enable rapid progress and establish a solid growth track in preparation for the 125th anniversary.
- Continue to develop professional organizations and personnel as a business creation group, aiming for coexistence and mutual development with our business partners.
- Endeavor to consistently increase corporate value to meet the expectations of domestic and foreign stakeholders.

##### <Targets for the final year of the medium-term business plan (ending March 2016) (announced on April 7, 2014)>

- Consolidated ordinary income: ¥22 billion
- Consolidated net income: ¥12 billion
- Net DER: To maintain the 1.0 level

##### ii) Medium-term vision “VISION-130”

Taking into account the steady progress of the medium-term business plan, as well as the resumption of dividend payments, by further strengthening the framework of the medium-term business plan, the Group has developed and has been implementing a five-year medium-term vision, VISION-130 (announced on May 9, 2014), which articulates the goals for its 130th anniversary as the next stage, in an effort to achieve the further growth of the Group.

Returning to the origin of a trading company and the Company’s basic philosophy, VISION-130 presents the concurrent achievement of the maintenance of a sound financial position and the expansion of its revenue base through coexistence and development with its clients as the Company’s business goals.

The Company will first improve its business base and subsequently increase its corporate value by expanding its strong business areas and taking on challenges such as new investments in business creation.

##### [Aspiration]

“A company that keeps taking on the challenges of creating businesses”	
[Quantitative targets]	Consolidated ordinary income: ¥25 – ¥30 billion
	Consolidated net income: ¥15 billion (ROE: 15%)
	Shareholders’ equity: more than ¥100 billion (net DER: maintain the 1.0 level)
[Qualitative goals]	Dividend payments appropriate for the profit level

### iii) Strengthening the operating foundation

Since the announcement of its structural reform plan in May 1999, the Company has significantly improved its financial position and has generated steady earnings. However, the Company believes that it must undertake measures for further growth in future earnings and strive to strengthen its investment management system and corporate governance. The following specific efforts will be taken to achieve the goals of VISION-130.

- Continue to undertake the priority measures in the medium-term business plan, maintain the basic concept, including “Focusing on trading business,” “Pursuing management efficiency,” and “Aiming for coexistence and mutual development with business partners,” and bolster the management base, including the enhancement of investment risk management and the strengthening of corporate governance, as the most important business issues.
- Subsequently, increase the added value of trading through the development of global value chains, pursue both horizontal and vertical expansion, develop new technologies and new products, take on new challenges combining active business investment and M&A, and expand the Company’s revenue base.
- The Group will pursue the horizontal and vertical expansion of the businesses by focusing on six business areas in which the Group excels: “IT solutions,” “Mobile,” “Food market in Asia,” “North American shale market,” “Global motorization,” and “Overseas expansion of Japanese manufacturers.”

### 4. Basic approach to selection of accounting standards

The Group is undertaking investigations regarding the early adoption of the IFRS to improve the global comparability of financial information in the capital market.

## 5. Consolidated Financial Statements

### (1) Consolidated balance sheets

	(Million yen)	
	Fiscal 2014 (March 31, 2014)	Fiscal 2015 (March 31, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank deposits	73,867	68,468
Notes and accounts receivable	178,984	180,319
Lease investment assets	541	227
Short-term investments	16	3
Inventories	66,256	87,254
Short-term loans receivable	825	297
Deferred tax assets	2,660	3,250
Other	22,364	27,148
Allowance for doubtful accounts	(149)	(158)
<b>Total current assets</b>	<b>345,366</b>	<b>366,811</b>
<b>Long-term assets</b>		
<b>Tangible fixed assets</b>		
Leased properties, net	172	183
Buildings and structures, net	5,949	6,469
Machinery, equipment, vehicle, tools and fixtures, net	4,930	6,139
Land	11,917	13,755
Lease assets, net	1,074	1,504
Construction in progress	174	879
<b>Total tangible fixed assets</b>	<b>24,218</b>	<b>28,931</b>
<b>Intangible fixed assets</b>		
Goodwill	3,175	6,063
Other	8,531	8,661
<b>Total intangible fixed assets</b>	<b>11,706</b>	<b>14,725</b>
<b>Investments and other assets</b>		
Investments in securities	32,198	38,372
Long-term loans receivable	1,798	2,134
Doubtful accounts	902	765
Net defined benefit asset	–	199
Deferred tax assets	8,782	3,643
Other	6,236	6,098
Allowance for doubtful accounts	(2,750)	(2,671)
<b>Total investments and other assets</b>	<b>47,167</b>	<b>48,543</b>
<b>Total long-term assets</b>	<b>83,093</b>	<b>92,200</b>
<b>Total assets</b>	<b>428,459</b>	<b>459,011</b>

(Million yen)

	Fiscal 2014 (March 31, 2014)	Fiscal 2015 (March 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	115,210	116,567
Import bills payable	27,610	32,530
Short-term borrowings	80,792	61,688
Lease obligations	760	638
Accrued income taxes	1,951	2,492
Deferred tax liabilities	1	1
Asset retirement obligations	6	107
Other	32,302	38,322
<b>Total current liabilities</b>	<b>258,635</b>	<b>252,347</b>
<b>Non-current liabilities</b>		
Long-term borrowings	61,113	74,426
Lease obligations	1,033	1,286
Deferred tax liabilities	368	488
Net defined benefit liability	4,630	5,137
Provision for retirement benefits for directors and statutory auditors	387	367
Asset retirement obligations	804	810
Other	5,281	5,414
<b>Total non-current liabilities</b>	<b>73,620</b>	<b>87,931</b>
<b>Total liabilities</b>	<b>332,255</b>	<b>340,279</b>
<b>Net assets</b>		
<b>Shareholder's equity</b>		
Capital stock	27,781	27,781
Capital surplus	27,493	27,502
Retained earnings	35,737	44,845
Treasury stock	(321)	(222)
<b>Total shareholders' equity</b>	<b>90,690</b>	<b>99,906</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains on securities, net of tax	1,743	4,020
Net gains (losses) on deferred hedges, net of tax	(18)	559
Revaluation reserves for land	104	104
Foreign currency translation adjustments	(20,758)	(14,687)
Remeasurements of defined benefit plans	(104)	198
<b>Total accumulated other comprehensive income</b>	<b>(19,033)</b>	<b>(9,805)</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>24,547</b>	<b>28,630</b>
<b>Total net assets</b>	<b>96,204</b>	<b>118,731</b>
<b>Total liabilities and net assets</b>	<b>428,459</b>	<b>459,011</b>

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

## Consolidated statements of income

(Million yen)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net sales	1,114,539	1,117,096
Cost of sales	1,028,136	1,025,655
Gross trading profit	86,402	91,441
Selling, general and administrative expenses		
Salaries and bonuses	28,340	29,424
Retirement benefit expenses	1,491	1,166
Outsourcing service charges	6,145	6,468
Provision of allowance for doubtful accounts	76	51
Other	30,573	32,203
Total selling, general and administrative expenses	66,626	69,315
Operating income	19,776	22,125
Non-operating income		
Interest income	382	414
Dividend income	814	1,118
Equity in earnings of affiliates	739	1,145
Foreign exchange gains	2,389	1,835
Other	935	1,358
Total non-operating income	5,260	5,872
Non-operating expenses		
Interest expenses	3,255	2,949
Other	1,620	2,153
Total non-operating expenses	4,876	5,103
Ordinary income	20,160	22,895
Extraordinary gains		
Gain on sale of tangible fixed assets	2,114	70
Gain on sale of investment in securities	230	106
Gain on closure of business	–	84
Gain on step acquisitions	–	1,123
Gain on bargain purchase	46	–
Total extraordinary gains	2,390	1,385
Extraordinary losses		
Loss on disposal of long-term assets	381	138
Impairment loss on long-term assets	2,196	580
Loss on sale of investments in securities	34	62
Impairment loss on investments in securities	55	29
Loss on closure of business	276	–
Provision of allowance for doubtful accounts for subsidiaries and associates	–	174
Business structure improvement expenses	530	–
Total extraordinary losses	3,476	985
Income before income taxes and minority interests	19,075	23,294
Income taxes – current	4,500	5,378
Income taxes – deferred	453	3,547
Total income taxes	4,953	8,925
Income before minority interests	14,121	14,369
Minority interests in consolidated subsidiaries	2,321	2,898
Net income	11,799	11,470

Consolidated statements of comprehensive income

(Million yen)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Income before minority interests	14,121	14,369
Other comprehensive income		
Valuation difference on available-for-sale securities	715	2,236
Deferred gains or losses on hedges	(293)	569
Foreign currency translation adjustment	6,552	7,092
Remeasurements of defined benefit plans	-	316
Share of other comprehensive income of associates accounted for using equity method	178	124
Total other comprehensive income	7,153	10,339
Comprehensive income	21,274	24,708
Comprehensive income attributable to		
Comprehensive income attributable to the shareholders of the Company	17,869	20,698
Comprehensive income attributable to minority interests	3,405	4,009



(3) Consolidated Statements of Changes in Net Assets  
Fiscal 2014 (From April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	27,781	27,526	24,567	(357)	79,517
Cumulative effects of changes in accounting policies					–
Restated balance	27,781	27,526	24,567	(357)	79,517
Changes during the fiscal year					
Dividends			(630)		(630)
Net income			11,799		11,799
Acquisition of treasury stock				(13)	(13)
Disposition of treasury stock		(32)		49	16
Effect of changes in the shares of equity-method affiliates				(0)	(0)
Change of scope of consolidation					–
Net changes of items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	–	(32)	11,169	35	11,172
Balance at the end of the fiscal year	27,781	27,493	35,737	(321)	90,690

	Accumulated other comprehensive income						Minority interests	Total net assets
	Net unrealized gains on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Revaluation reserves for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	1,048	298	66	(26,411)	–	(24,997)	21,393	75,912
Cumulative effects of changes in accounting policies								–
Restated balance	1,048	298	66	(26,411)	–	(24,997)	21,393	75,912
Changes during the fiscal year								
Dividends								(630)
Net income								11,799
Acquisition of treasury stock								(13)
Disposition of treasury stock								16
Effect of changes in the shares of equity-method affiliates								(0)
Change of scope of consolidation								–
Net changes of items other than shareholders' equity during the fiscal year	694	(316)	38	5,652	(104)	5,964	3,153	9,118
Total changes during the fiscal year	694	(316)	38	5,652	(104)	5,964	3,153	20,291
Balance at the end of the fiscal year	1,743	(18)	104	(20,758)	(104)	(19,033)	24,547	96,204

## Fiscal 2015 (From April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	27,781	27,493	35,737	(321)	90,690
Cumulative effects of changes in accounting policies			(681)		(681)
Restated balance	27,781	27,493	35,055	(321)	90,008
Changes during the fiscal year					
Dividends			(1,680)		(1,680)
Net income			11,470		11,470
Acquisition of treasury stock				(13)	(13)
Disposition of treasury stock		8		155	164
Effect of changes in the shares of equity-method affiliates					-
Change of scope of consolidation				(42)	(42)
Net changes of items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	-	8	9,789	99	9,897
Balance at the end of the fiscal year	27,781	27,502	44,845	(222)	99,906

	Accumulated other comprehensive income						Minority interests	Total net assets
	Net unrealized gains on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Revaluation reserves for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	1,743	(18)	104	(20,758)	(104)	(19,033)	24,547	96,204
Cumulative effects of changes in accounting policies							(155)	(837)
Restated balance	1,743	(18)	104	(20,758)	(104)	(19,033)	24,391	95,367
Changes during the fiscal year								
Dividends								(1,680)
Net income								11,470
Acquisition of treasury stock								(13)
Disposition of treasury stock								164
Effect of changes in the shares of equity-method affiliates								-
Change of scope of consolidation								(42)
Net changes of items other than shareholders' equity during the fiscal year	2,277	577	0	6,071	302	9,228	4,238	13,466
Total changes during the fiscal year	2,277	577	0	6,071	302	9,228	4,238	23,364
Balance at the end of the fiscal year	4,020	559	104	(14,687)	198	(9,805)	28,630	118,731

## (4) Consolidated statements of cash flows

(Million yen)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities:		
Income before income taxes and minority interests	19,075	23,294
Depreciation and amortization	3,170	3,245
Increase (decrease) in allowance for doubtful accounts	(198)	65
Increase in net defined benefit liability	302	(654)
Interest and dividends income	(1,196)	(1,532)
Interest expenses	3,255	2,949
Equity in gains of affiliates	(739)	(1,145)
(Gain) Loss on disposal of fixed assets	(1,732)	67
Impairment loss on long-term assets	2,196	580
Gain on sale of investments in securities, net	(195)	(44)
Impairment loss on investments in securities	55	29
Gain on closure of business	–	(84)
Loss on closure of business	276	–
Gain on step acquisitions	–	(1,123)
Business structure improvement expenses	530	–
(Increase) Decrease in notes and accounts receivable	(6,395)	6,263
Decrease (increase) in inventories	2,964	(17,072)
Increase (decrease) in notes and accounts payable	5,617	975
Other	1,409	1,274
Sub total	28,396	17,089
Interest and dividends received	1,338	1,301
Interest paid	(3,276)	(2,954)
Business structure improvement expenses	–	(530)
Income taxes paid	(4,074)	(4,790)
Net cash provided by (used in) operating activities	22,384	10,115
Cash flows from investing activities:		
Decrease (Increase) in time deposits, net	105	(743)
Payments for tangible fixed assets	(2,305)	(3,807)
Proceeds from sales of tangible fixed assets	3,422	914
Payments for intangible fixed assets	(435)	(656)
Payments for investments in securities	(271)	(2,053)
Proceeds from sales of investments in securities	551	50
Payments for purchase of investments in subsidiaries	(96)	(2,030)
Proceeds from sales of investments in subsidiaries	826	–
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,761)	(171)
Payments for transfer of business	–	(87)
Increase in loans receivable	(69)	(437)
Proceeds from collection of loans receivable	265	629
Other	(342)	(509)
Net cash (used in) provided by investing activities	(1,111)	(8,903)

(Million yen)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(4,237)	2,245
Proceeds from long-term borrowings	41,548	38,511
Repayment of long-term borrowings	(44,781)	(47,756)
Proceeds on issuance of common stock	157	–
Cash dividends paid	(625)	(1,675)
Proceeds from sales of shares of parent held by subsidiaries	–	355
Other	(1,412)	(1,574)
Net cash used in financing activities	(9,351)	(9,895)
Effect of exchange rate changes on cash and cash equivalents	1,593	2,511
Net increase (decrease) in cash and cash equivalents	13,516	(6,171)
Cash and cash equivalent at beginning of year	60,032	73,548
Cash and cash equivalent at end of quarter	73,548	67,377

(5) Notes on the consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Significant items regarding the preparation of consolidated financial statements)

Disclosure is omitted as there were no important changes from those stated in the most recent securities report (submitted on June 24, 2014), with the exception of those described below.

(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, March 26, 2015; "Guidance") were adopted in the consolidated fiscal year 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 consolidated fiscal year under review.

As a result, at the beginning of the consolidated fiscal year under review, net defined benefit liability rose ¥797 million and retained earnings fell ¥681 million, while minority interests declined ¥155 million. In the consolidated fiscal year under review, operating income, ordinary income, and income before income taxes and minority interests each increased ¥85 million.

The effect on net assets per share, net income per share and net income per share (diluted basis) for the consolidated fiscal year under review is negligible.

(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 consolidated fiscal year 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 for the consolidated fiscal year under review is minor.

(Matters related to the scope of consolidation)

Kanematsu-NNK Corporation, which had been an equity method affiliate of the Company in the past, became a consolidated subsidiary through the acquisition of additional shares during the consolidated fiscal year under review.

(Segment information)

(i) Overview of Reportable Segments

The reportable segments of the Group are those units for which separate financial information can be obtained among the constituent units of the Group and for which the management of the Group normally and regularly assesses its business performance and examines the allocation of management resources.

The Group operates its businesses by offering a broad array of merchandise and services based on an organic combination of expertise that has been cultivated through networks in Japan and in other countries and in each business field, and trading functions such as commercial trade, information gathering, market development, business development and arrangement, risk management, and logistics.

The Group therefore consists of merchandise and service segments based on its business units: “Electronics & Devices,” “Foods & Grain,” “Steel, Materials & Plant,” and “Motor Vehicles & Aerospace.”

The principal merchandise and services handled by each segment are as follows:

**Electronics & Devices**

The Electronics & Devices segment provides a wide range of products including electronic parts and components, semiconductor and LCD manufacturing equipment, materials and indirect materials related to electronics, together with services including development and proposals. This segment also conducts retail sales of electric cells, LED, etc. and deals with mobile communications terminals, mobile internet systems, and information and telecommunication equipment and security equipment and services.

**Foods & Grain**

This segment integrates the handling of a broad array of food and foodstuffs, with operations ranging from reliably sourcing raw materials to providing food and foodstuffs, including high value-added goods. Merchandise in this segment includes cooked foods, processed fruits, processed agricultural products, beverage ingredients, animal and fishery products, wheat, rice, soybeans, feedstuff and pet foods.

**Steel, Materials & Plant**

The Steel, Materials & Plant segment operates the domestic and international trade of general steel products including steel plates, bars and wire rods, pipes, and stainless products, carries out overseas projects such as plant and infrastructure development, and sells machine tools and industrial machinery. Additionally, this segment operates the domestic and international trade of crude oil, petroleum products, LPG, functional chemicals and food products, pharmaceuticals and pharmaceutical intermediates, and other products. It also develops environmental materials such as heat shield paints and new technologies, and operates businesses related to emissions rights.

**Motor Vehicles & Aerospace**

The Motor Vehicles & Aerospace segment primarily operates international trade of aircrafts and aircraft parts, satellite- and aerospace-related products, automobiles, motorcycles and related parts, industrial vehicles, construction machinery, etc., and also provides products with added value based on demand or use.

(ii) Methods for calculating net sales, profits or losses, assets, and amounts for other items by reportable segment

Income figures for reportable segments are based on operating income for the segments.

Inter-segment revenue and transfers are based on prevailing market prices or third-party transaction prices.

(iii) Information on net sales and profits or losses by reported segment  
Fiscal 2014 (April 1, 2013 to March 31, 2014)

(Million yen)

	Reported segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated statements of income (Note 3)
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total				
Net sales									
Outside customers	277,348	309,024	468,831	54,451	1,109,656	4,883	1,114,539	–	1,114,539
Inter-segment	292	6	9	2	311	59	370	(370)	–
Total	277,640	309,030	468,841	54,453	1,109,967	4,942	1,114,910	(370)	1,114,539
Segment profit	7,755	2,099	8,129	1,494	19,477	224	19,702	73	19,776
Segment assets	131,200	88,937	122,428	26,089	368,655	7,956	376,612	51,847	428,459
Other items									
Depreciation and amortization	1,276	525	883	392	3,079	94	3,173	(3)	3,170
Investments in equity method affiliates	1,404	560	133	235	2,334	3,186	5,520	129	5,650
Increases in tangible fixed assets and intangible fixed assets	1,323	520	842	409	3,095	27	3,123	412	3,535

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

(Note 2) Adjustments are as follows.

- (1) Adjustment of ¥73 million for segment profit includes the net amount of goodwill of ¥77 million and inter-segment elimination of negative ¥3 million.
- (2) Adjustment for segment assets amounting to ¥51,847 million includes inter-segment elimination of negative ¥9,846 million and Group assets of ¥61,693 million that have not been distributed to reportable segments. These Group assets consist mainly of cash and bank deposits in connection with financing activities and assets such as investments in securities.
- (3) Adjustment for depreciation and amortization amounting to negative ¥3 million includes inter-segment elimination of negative ¥3 million.
- (4) Adjustment for investments in equity method affiliates amounting to ¥129 million includes inter-segment elimination of negative ¥0 million and Group assets of ¥130 million that have not been distributed to reportable segments.
- (5) Adjustment for increases in tangible fixed assets and intangible fixed assets amounting to 412 million yen includes inter-segment elimination of negative ¥20 million and Group assets of ¥432 million that have not been distributed to reportable segments.

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

Fiscal 2015 (From April 1, 2014 to March 31, 2015)

(Million yen)

	Reported segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated statements of income (Note 3)
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total				
Net sales									
Outside customers	276,501	307,732	467,849	59,675	1,111,758	5,338	1,117,096	–	1,117,096
Inter-segment	353	5	111	0	471	59	530	(530)	–
Total	276,854	307,738	467,960	59,675	1,112,229	5,397	1,117,627	(530)	1,117,096
Segment profit	9,907	1,933	7,283	2,755	21,880	169	22,050	75	22,125
Segment assets	133,002	105,375	121,010	29,966	389,355	11,642	400,998	58,013	459,011
Other items									
Depreciation and amortization	1,257	577	912	422	3,170	79	3,250	(4)	3,245
Investments in equity method affiliates	2,146	837	50	300	3,335	1,910	5,246	174	5,420
Increases in tangible fixed assets and intangible fixed assets	1,704	1,018	1,610	906	5,240	61	5,302	732	6,035

(Note 1) “Others” 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) Adjustments are as follows.

- (1) Adjustment of ¥75 million for segment income includes a net goodwill write-down of ¥62 million and inter-segment elimination of ¥12 million.
- (2) Adjustment for segment assets amounting to ¥58,013 million includes inter-segment elimination of negative ¥8,530 million and Group assets of ¥66,543 million that have not been distributed to reportable segments. These Group assets consist mainly of cash and bank deposits in connection with financing activities and assets such as investments in securities.
- (3) Adjustment for depreciation and amortization amounting to negative ¥4 million includes inter-segment elimination of negative ¥4 million.
- (4) Adjustment for investments in equity method affiliates amounting to ¥174 million includes inter-segment elimination of negative ¥0 million and Group assets of ¥174 million that have not been distributed to reportable segments.
- (5) Adjustment for increases in tangible fixed assets and intangible fixed assets amounting to 732 million yen includes inter-segment elimination of negative ¥32 million and Group assets of ¥765 million that have not been distributed to reportable segments.

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



(Per share information)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net assets per share (yen)	170.54	214.10
Net income per share (yen)	28.09	27.30

(Notes) 1. Net income per share on a diluted basis is not written, as there are no potential shares.

2. The bases for the calculation of net assets per share are as follows:

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Total net assets (million yen)	96,204	118,731
Amount subtracted from total net assets (million yen)	24,547	28,630
[Minority interests]	(24,547)	(28,630)
Net assets for common shares (million yen)	71,657	90,101
Number of common shares issued (thousand shares)	422,501	422,501
Number of common shares held as treasury stock (thousand shares)	2,323	1,663
Number of common shares used for the calculation of net assets per share (thousand shares)	420,177	420,837

3. The bases for the calculation of net income per share are as follows:

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net income (million yen)	11,799	11,470
Amount that does not belong to common shares (million yen)	–	–
Net income for common shares (million yen)	11,799	11,470
Average number of common shares for the period (thousand shares)	420,060	420,211

(Significant subsequent events)

Not applicable.

## 6. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

	(Million yen)	
	Fiscal 2014 (March 31, 2014)	Fiscal 2015 (March 31, 2015)
Assets		
Current assets		
Cash and bank deposits	17,039	10,491
Notes receivable	5,617	3,769
Accounts receivable	69,438	74,465
Short-term investments	16	3
Inventories	28,066	41,348
Advance payments to suppliers	3,176	4,686
Prepaid expenses	639	572
Deferred tax assets	474	924
Short-term loans receivable	54	25
Short-term loans to affiliates	16,001	13,264
Accrued income	3,130	5,653
Derivatives obligations	1,326	2,961
Other	2,668	2,892
Allowance for doubtful accounts	(41)	(16)
Total current assets	147,608	161,042
Long-term assets		
Tangible fixed assets		
Buildings	494	483
Structures	9	7
Machinery and equipment	71	51
Vehicle	13	8
Tools and fixtures	110	123
Land	3,818	3,818
Leased assets	353	617
Construction in progress	19	3
Total tangible fixed assets	4,890	5,115
Intangible fixed assets		
Software	257	233
Telephone subscription rights	7	7
Other	211	197
Total intangible fixed assets	476	439
Investments and other assets		
Investments in securities	10,870	14,483
Shares in affiliates	84,033	86,170
Bonds of subsidiaries and associates	–	1,000
Investments and guarantees	1,392	1,457
Equity investment in affiliates	4,210	4,225
Long-term loans receivable	1,671	1,583
Long-term loans to employees	91	53
Long-term loans to affiliates	7,770	8,023
Doubtful accounts	457	421
Long-term prepaid expenses	49	1
Deferred tax assets	7,917	3,319
Other	1,645	1,535
Allowance for doubtful accounts	(10,148)	(9,977)
Total investments and other assets	109,962	112,297
Total long-term assets	115,330	117,852
Total assets	262,938	278,894

(Million yen)

	Fiscal 2014 (March 31, 2014)	Fiscal 2015 (March 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable	2,282	2,421
Import bills payable	34,236	40,792
Accounts payable	32,739	37,143
Short-term borrowings	50,157	27,506
Lease obligations	174	140
Accrued liabilities	5,051	7,317
Accrued expenses	459	601
Accrued income taxes	47	756
Advances received from customers	5,095	6,809
Deposits received	2,815	3,868
Deferred revenue	181	67
Derivatives obligations	571	365
Other	23	115
<b>Total current liabilities</b>	<b>133,836</b>	<b>127,906</b>
<b>Non-current liabilities</b>		
Long-term borrowings	59,381	72,940
Lease obligations	212	539
Provision for employees' retirement and severance benefits	162	820
Allowance for business losses for subsidiaries and affiliates	1,101	1,031
Asset retirement obligations	136	139
Other	538	158
<b>Total non-current liabilities</b>	<b>61,533</b>	<b>75,629</b>
<b>Total liabilities</b>	<b>195,369</b>	<b>203,536</b>
<b>Net assets</b>		
<b>Shareholder's equity</b>		
Capital stock	27,781	27,781
<b>Capital surplus</b>		
Legal capital surplus	26,887	26,887
Other capital surplus	0	0
<b>Total capital surplus</b>	<b>26,887</b>	<b>26,887</b>
<b>Retained earnings</b>		
Earned legal reserve	131	131
<b>Other retained earnings</b>		
Special reserve fund	1,836	1,836
Deferred retained earnings	9,945	15,212
<b>Total retained earnings</b>	<b>11,913</b>	<b>17,180</b>
Treasury stock	(141)	(154)
<b>Total shareholder's equity</b>	<b>66,439</b>	<b>71,694</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gains on securities, net of tax	1,214	2,992
Net gains (losses) on deferred hedges, net of tax	(85)	671
<b>Total valuation and translation adjustments</b>	<b>1,129</b>	<b>3,664</b>
<b>Total net assets</b>	<b>67,569</b>	<b>75,358</b>
<b>Total liabilities and net assets</b>	<b>262,938</b>	<b>278,894</b>

## (2) Non-Consolidated Statements of Income

(Million yen)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net sales	464,235	475,249
Cost of sales	448,146	457,584
Gross trading profit	16,088	17,664
Selling, general and administrative expenses	13,219	13,524
Operating income	2,869	4,140
Non-operating income		
Interest income	638	452
Dividend income	5,366	6,778
Foreign exchange gains	2,224	1,755
Other	489	606
Total non-operating income	8,718	9,593
Non-operating expenses		
Interest expenses	2,678	2,462
Other	375	774
Total non-operating expenses	3,054	3,236
Ordinary income	8,533	10,497
Extraordinary gains		
Gain on sale of tangible fixed assets	6	52
Gain on sale of investment in securities	203	–
Gain on closure of business	217	–
Total extraordinary gains	427	52
Extraordinary losses		
Loss on disposal of long-term assets	41	8
Impairment loss on long-term assets	1,863	91
Loss on sale of investments in securities	12	13
Impairment loss on investments in securities	56	24
Loss on closure of business	25	65
Provisions for loss on bad debt of affiliates and loss on business	311	168
Total extraordinary losses	2,310	371
Income before income taxes	6,650	10,178
Income taxes – current	(1,351)	(693)
Income taxes – deferred	781	3,009
Total income taxes	(570)	2,315
Net income	7,221	7,862

(3) Non-Consolidated Statements of Changes in Net Assets  
Fiscal 2014 (From April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholder's equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholder's equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Earned legal reserve	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the fiscal year	27,781	26,887	–	26,887	131	1,836	3,355	5,323	(129)	59,862
Cumulative effects of changes in accounting policies								–		–
Restated balance	27,781	26,887	–	26,887	131	1,836	3,355	5,323	(129)	59,862
Changes during the fiscal year										
Dividends of surplus							(632)	(632)		(632)
Net income							7,221	7,221		7,221
Acquisition of treasury stock									(13)	(13)
Disposition of treasury stock			0	0					0	0
Net changes of items other than shareholders' equity during the fiscal year										
Total changes during the fiscal year	–	–	0	0	–	–	6,589	6,589	(12)	6,577
Balance at the end of the fiscal year	27,781	26,887	0	26,887	131	1,836	9,945	11,913	(141)	66,439

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	730	234	964	60,826
Cumulative effects of changes in accounting policies				–
Restated balance	730	234	964	60,826
Changes during the fiscal year				
Dividends				(632)
Net income				7,221
Acquisition of treasury stock				(13)
Disposition of treasury stock				0
Net changes of items other than shareholders' equity during the fiscal year	484	(319)	165	165
Total changes during the fiscal year	484	(319)	165	6,742
Balance at the end of the fiscal year	1,214	(85)	1,129	67,569

Fiscal 2015 (From April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholder's equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholder's equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Earned legal reserve	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the fiscal year	27,781	26,887	0	26,887	131	1,836	9,945	11,913	(141)	66,439
Cumulative effects of changes in accounting policies							(909)	(909)		(909)
Restated balance	27,781	26,887	0	26,887	131	1,836	9,035	11,003	(141)	65,529
Changes during the fiscal year										
Dividends of surplus							(1,685)	(1,685)		(1,685)
Net income							7,862	7,862		7,862
Acquisition of treasury stock									(13)	(13)
Disposition of treasury stock			0	0					0	0
Net changes of items other than shareholders' equity during the fiscal year										
Total changes during the fiscal year	-	-	0	0	-	-	6,177	6,177	(12)	6,164
Balance at the end of the fiscal year	27,781	26,887	0	26,887	131	1,836	15,212	17,180	(154)	71,694

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	1,214	(85)	1,129	67,569
Cumulative effects of changes in accounting policies				(909)
Restated balance	1,214	(85)	1,129	66,659
Changes during the fiscal year				
Dividends				(1,685)
Net income				7,862
Acquisition of treasury stock				(13)
Disposition of treasury stock				0
Net changes of items other than shareholders' equity during the fiscal year	1,777	756	2,534	2,534
Total changes during the fiscal year	1,777	756	2,534	8,699
Balance at the end of the fiscal year	2,992	671	3,664	75,358

(4) Notes to non-consolidated financial statements  
(Notes on the going concern assumption)

Not applicable.

## 7. Other

(1) Changes in directors

Changes in directors are as separately disclosed on a timely basis.

(2) Other

Not applicable.

## Highlights of Consolidated Financial Results for the Fiscal Year Ended March 2015

- Ordinary income stood at 22.9 billion yen, a record high.
- Net income came to 11.5 billion yen, exceeding the forecast despite the adverse effect of the tax system revision.

<b>Net sales</b>	<b>1,117.1 billion yen</b>	<b>0.2% Up</b>
<b>Operating income</b>	<b>22.1 billion yen</b>	<b>11.9% Up</b>
<b>Ordinary income</b>	<b>22.9 billion yen</b>	<b>13.6% Up</b>
<b>Net income</b>	<b>11.5 billion yen</b>	<b>2.8% Down</b>

Income Statement						
(Unit: 100 million yen)	FY2014		FY2015		FY2016	
	FY2014	FY2015	Change	Change (%)	Forecasts	YoY Change (%)
Net sales	11,145	11,171	26	0.2%	12,000	7.4%
Gross trading profit	864	914	50	5.8%	950	3.9%
SG&A expenses	666	693	27	4.0%	-	-
Operating income	198	221	23	11.9%	240	8.5%
Dividends received	8	11	3	-	-	-
Interest	(29)	(25)	3	-	-	-
Equity in earnings of affiliated companies	7	11	4	-	-	-
Foreign exchange gains/losses	24	18	(6)	-	-	-
Others	(7)	(8)	(1)	-	-	-
Non-operating income/expenses	4	8	4	-	-	-
Ordinary income	202	229	27	13.6%	230	0.5%
Extraordinary gains/loss	(11)	4	15	-	-	-
Income (loss) before income taxes and minority interests	191	233	42	22.1%	-	-
Income taxes and minority interests	73	118	45	-	-	-
Net income	118	115	(3)	(2.8%)	125	9.0%
Net income per share (yen)	28	27	(0.79)	(2.8%)	29.75	9.0%

**【Net sales】**  
Consolidated net sales increased 2.6 billion yen year on year chiefly due to an increase in sales in the Motor Vehicles & Aerospace Division.

**【Operating income】**  
Consolidated operating income rose 2.3 billion yen from a year earlier because business remained brisk overall in the Electronics and Devices Division and the motor vehicles and aerospace segment.

**【Ordinary income】**  
Consolidated ordinary income increased 2.7 billion yen to reach a record high, reflecting a rise in consolidated operating income.

**【Net income】**  
Consolidated net income declined a slight 0.3 billion yen due to an increase in tax expense associated with the FY2015 tax reform, which more than offset an increase in consolidated ordinary income and an extraordinary gain on the change of Kanematsu-NNK Corporation into a consolidated subsidiary.

Assets, Liabilities and Net Assets				
(Unit: 100 million yen)	3/2014		3/2015	
	3/2014	3/2015	Change	Change(%)
Total assets	4,285	4,590	306	7.1%
Gross interest-bearing debt	1,419	1,361	(58)	(4.1%)
Net interest-bearing debt	680	676	(4)	(0.6%)
Equity capital	907	999	92	10.2%
Accumulated other comprehensive income	(190)	(98)	92	-
Minority interests	245	286	41	16.6%
Total net assets	962	1,187	225	23.4%
Shareholders' equity (Note 1)	717	901	184	25.7%
Net assets per share (yen)	171	214	44	25.5%
Equity ratio (Note 2)	16.7%	19.6%	2.9pt improved	-
Net debt-equity ratio (Note 3)	0.9 times	0.8 times	0.1pt improved	-
ROE	18.7%	14.2%	(4.5pt)	-

(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

**【Total assets】**  
Gross interest-bearing debt declined 5.8 billion yen. Net interest-bearing debt fell 0.4 billion yen.

**【Net assets】**  
Net assets rose 22.5 billion yen thanks to an increase in retained earnings as a result of the posting of net income and an improvement in foreign currency translation adjustment attributable to foreign exchange rate fluctuations. Shareholders' equity, obtained by subtracting minority interests from net assets, increased 18.4 billion yen.

As a result, the equity ratio improved to 19.6%. Net DER was 0.8 times.

Cash Flows		
(Unit: 100 million yen)	FY2014	FY2015
CF from operating activities	224	101
CF from investing activities	(11)	(89)
Free cash flows	213	12
Cash flows from financing activities	(94)	(99)
Effect of exchange rate changes	16	25
Increase (decrease) in cash and cash equivalents	135	(62)

**【CF from operating activities】**  
Net cash provided by operating activities stood at 10.1 billion yen, primarily reflecting operating income.

**【CF from investing activities】**  
Net cash used in investing activities was 8.9 billion yen, chiefly reflecting the change of Kanematsu NNK Corporation into a consolidated subsidiary and the acquisition of additional shares in Nippon Office Systems Ltd. to make it a wholly owned subsidiary.

**【CF from financing activities】**  
Net cash used was 9.9 billion yen chiefly due to the repayment of debt.

Dividends	
<b>【FY2015】</b>	<b>2.5 yen per share</b>
Interim*	<b>1.5 yen per share</b>
Year-end (plan)	<b>4.0 yen per share</b>
Annual (plan)	<b>4.0 yen per share</b>
* A breakdown of interim dividends Common dividend of 1.5 yen Commemorative dividend of 1.0yen	
<b>【FY2016】</b>	<b>2.5 yen per share</b>
Interim (plan)	<b>2.5 yen per share</b>
Year-end (plan)	<b>5.0 yen per share</b>
Annual (plan)	<b>5.0 yen per share</b>
Annual (Plan)	FY2014 FY2015 FY2016
Consolidated payout ratio	10.7% 14.7% 16.8%

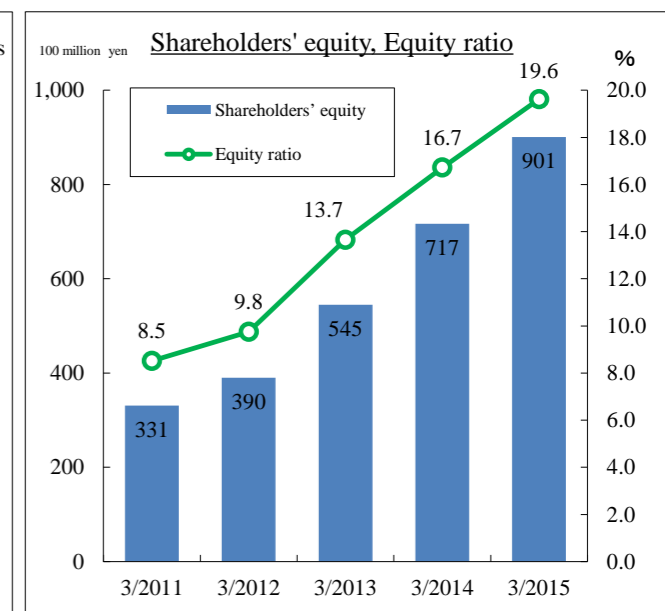
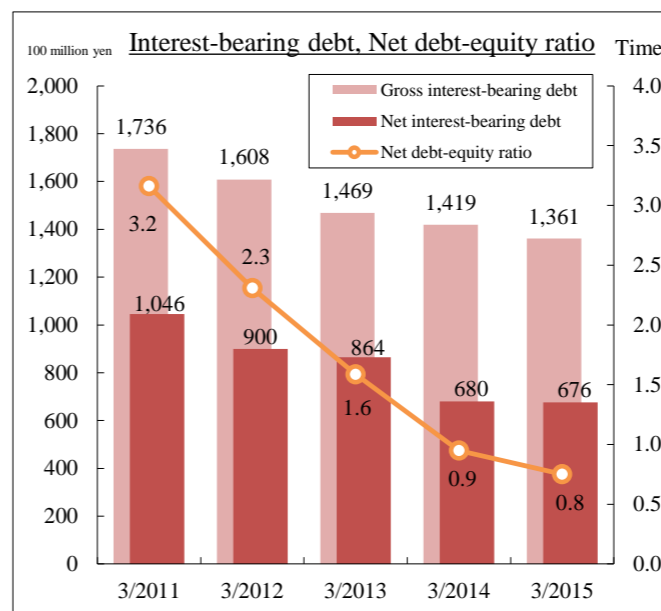
Segment information						
(Unit: 100 million yen)	Net sales (net external sales)			Operating income		
	FY2014	FY2015	Change	FY2014	FY2015	Change
Electronics & Devices	2,773	2,765	(8)	78	99	22
Foods & Grain	3,090	3,077	(13)	21	19	(2)
Steel, Materials & Plant	4,688	4,678	(10)	81	73	(8)
Motor Vehicles & Aerospace	545	597	52	15	28	13
Total for reportable segments	11,097	11,118	21	195	219	24
Other (including adjustment)	49	53	5	3	2	(1)
Grand total	11,145	11,171	26	198	221	23

**【Electronics & Devices】** A decline in net sales and a rise in income  
The electronics components and materials business and the semiconductor parts business remained brisk overall. The in-car electronics business, in particular, grew on the back of rising demand in Japan and overseas. The ICT solutions business remained steady, reflecting companies' active capital expenditure on infrastructure. The mobile business also performed well.

**【Foods & Grain】** A decline in net sales and income  
The meat products business was favorable overall, reflecting a rise in demand. In the foodstuff business, the transactions of both grains and feed remained smooth. The food business struggled mainly due to the effects of a decline in personal spending after the consumption tax hike and a rise in the purchase prices of imported goods associated with the weaker yen.

**【Steel, Materials & Plant】** A decline in net sales and income  
In the plant infrastructure business, large-scale wind-power plant projects in Southeast Asia and transactions of machine tools and industrial machinery performed well. In the iron and steel business, transactions involving automobile-use special steels for Europe and America remained steady, but demand was weak in the oilfield tubing business, mainstay business. The energy business had a tough time reflecting a decline in demand during the summer season and a drop in crude oil prices.

**【Motor Vehicles & Aerospace】** An increase in net sales and income  
In the aerospace business, transactions of aircraft parts remained stable. The motor vehicles and parts business remained stable overall, centering on transactions involving motorcycle and motor vehicle parts.



\* 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)