

## Highlights of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 2017 (IFRS)

### ■ Sales and income declined, mainly due to the sluggish market conditions.

◇ Net sales (Japanese Standard)*	246.5 billion yen	6.8% down
◇ Operating profit	3.0 billion yen	17.6% down
◇ Profit attributable to owners of the parent	1.0 billion yen	44.5% down

Profit & loss statement						
(Unit: billion yen)	Q1 of FY2016	Q1 of FY2017	Year-on-year		FY2017	
			Change	Change(%)	Forecast	Progress
Net sales (Japanese Standard)*	264.5	246.5	(18.0)	(6.8)	1,250.0	19.7%
Gross profit	20.0	21.7	1.7	8.4	-	-
Selling, general and administrative expenses	(17.0)	(18.6)	(1.5)	-	-	-
Other income (expenses)	0.6	(0.1)	(0.8)	-	-	-
Operating profit	3.7	3.0	(0.6)	(17.6)	22.0	13.7%
Interest income (expenses)	(0.5)	(0.5)	0.0	-	-	-
Dividend income	0.3	0.3	0.0	-	-	-
Other finance income (costs)	(0.0)	(0.0)	(0.0)	-	-	-
Finance income (costs)	(0.2)	(0.2)	0.0	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.0	(0.4)	(0.4)	-	-	-
Profit before tax	3.5	2.5	(1.0)	(29.3)	21.0	11.8%
Income tax expense	(1.5)	(1.0)	0.5	-	-	-
Profit for the period	2.0	1.4	(0.6)	(28.3)	-	-
Profit attributable to owners of the parent	1.8	1.0	(0.8)	(44.5)	11.5	8.7%

**【Net sales】**  
Consolidated net sales, in particular those in the Steel Materials & Plant segment, fell by 18 billion yen.

**【Operating profit】**  
Operating profit fell by 0.6 billion yen. The main factor behind this decrease was the Steel Materials & Plant segment, which was affected mainly by the sluggish market conditions.

**【Profit attributable to owners of the parent】**  
Profit attributable to owners of the parent fell by 0.8 billion yen, given lower profit before tax. This was largely the result of a deterioration in the share of profit (loss) of investments accounted for using the equity method.

Earnings per share	4.28	2.38	(1.90)	(44.4)	27.33	8.7%
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\* Net sales (Japanese standards) represent the sum of the amounts of transactions that the corresponding consolidated group companies carry out as interested parties and the amounts of transactions in which the corresponding consolidated group companies are engaged as agents.

Segment information						
(Unit: billion yen)	Net sales (Japanese Standard)			Operating profit		
	Q1 of FY2016	Q1 of FY2017	Change	Q1 of FY2016	Q1 of FY2017	Change
Electronics & Devices	61.2	70.6	9.4	1.2	1.6	0.4
Foods & Grain	82.1	81.3	(0.8)	0.4	0.3	(0.0)
Steel, Materials & Plant	98.6	72.6	(26.0)	0.6	(0.4)	(1.0)
Motor Vehicles & Aerospace	19.6	18.7	(0.9)	1.5	1.3	(0.2)
Total for reportable segments	261.5	243.2	(18.3)	3.6	2.8	(0.8)
Other (including adjustment)	3.0	3.3	0.3	0.1	0.3	0.2
Grand total	264.5	246.5	(18.0)	3.7	3.0	(0.6)

**【Electronics&Devices】 An increase in net sales and profit**  
The ICT solutions business experienced smooth growth in products for the manufacturing industry. The mobile business suffered a sluggish kick-off. The electronics components and other businesses contracted slightly, mainly due to the rapid appreciation of the yen and a slowdown in the smartphone market.

**【Foods&Grain】 Almost unchanged**  
The food business remained steady, centered on agricultural products. The recovery in the market enabled the meat products business to recover from the slump in the previous fiscal year. The feedstuff business faced difficult conditions due to a decline in domestic sales prices.

**【Steel, Materials & Plant】 A decline in net sales and profit**  
In the iron and steel business, profit from the mainstay oilfield tubing business dropped due to sluggish crude oil prices. The energy business struggled, reflecting the stagnant market conditions. The plant business, machine tools, and industrial machinery also performed sluggishly, given the effects of foreign exchange rates.

**【Motor Vehicles & Aerospace】 A decline in net sales and profit**  
In the motor vehicles and parts business, the motor vehicle parts business performed sluggishly due to the appreciation of the yen. In the aerospace business, aircraft parts remained stable, despite the effects of the reaction to the performance of the previous fiscal year.

Assets and Liabilities				
(Unit: billion yen)	3/2016	6/2016	Comparison with 3/2016	
			Change	Change(%)
Total Assets	443.6	434.9	(8.6)	(2.0)
Gross interest-bearing debt	136.9	138.7	1.8	1.3
Net interest-bearing debt	48.8	60.4	11.6	23.7
Shareholders' equity (Note 1)	91.6	86.6	(5.0)	(5.4)
Retained earnings	29.1	29.0	(0.1)	(0.5)
Other components of equity	8.5	3.7	(4.8)	(56.7)
Equity ratio (Note 2)	20.6%	19.9%	(0.7pt)	-
Net debt-equity ratio (Note 3)	0.5times	0.7times	0.2pt	-

(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

**【Interest-bearing debt】**  
Net interest-bearing debt rose 11.5 billion yen, reflecting increases in funds for investment.

**【Shareholders' equity】**  
Shareholders' equity (equity attributable to owners of the parent) fell 5 billion yen, reflecting the appreciation of the yen and a decline in other capital composition factors resulting from lower share prices.

As a result, the equity ratio fell 0.7 pt, to 19.9%.  
Net DER also rose 0.2 pt, to 0.7 times.

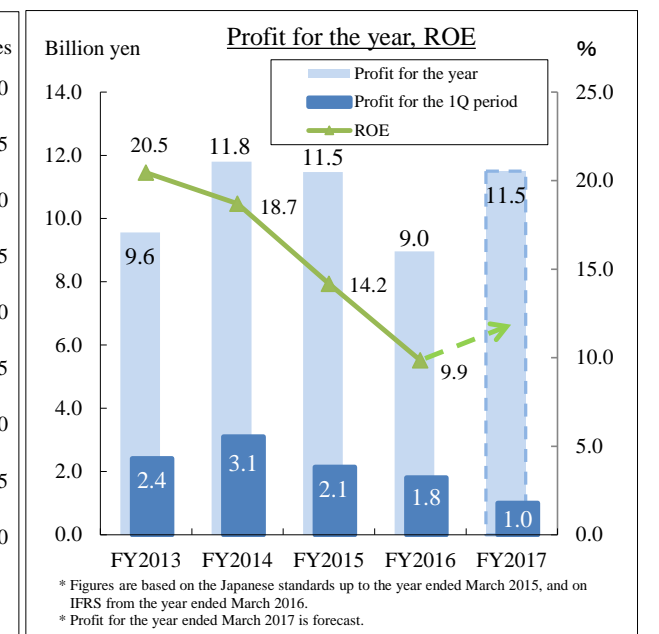
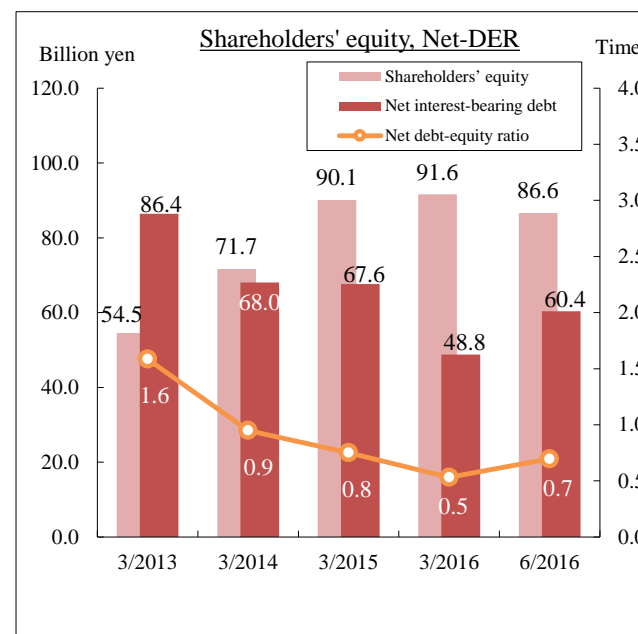
Cash Flows		
(Unit: billion yen)	Q1 of FY2016	Q1 of FY2017
CF from operating activities	(0.3)	1.8
CF from investing activities	(2.6)	(10.9)
Free cash flows	(2.9)	(9.1)
CF from financing activities	(2.3)	0.7
Increase (decrease) in cash and cash equivalents	(5.1)	(8.4)

**【CF from operating activities】**  
Net cash provided by operating activities stood at 1.8 billion yen. This was primarily a reflection of operating income.

**【CF from investing activities】**  
Net cash used in investing activities was 10.9 billion yen. This chiefly reflected funds to acquire Diamondtelecom, Inc.

**【CF from financing activities】**  
Net cash provided by financing activities came to 0.7 billion yen. This was largely due to an increase in short-term loans payable.

Dividends			
<b>【FY2016】</b>			
Interim	2.5 yen per share		
Year-end	2.5 yen per share		
Annual	5.0 yen per share		
<b>【FY2017】</b>			
Interim(plan)	3.0 yen per share		
Year-end (plan)	3.0 yen per share		
Annual(plan)	6.0 yen per share		
Annual	FY2015	FY2016	FY2017
Consolidated payout ratio	14.7%	22.4%	22.0%



\* 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.

\* FY2016 (the fiscal year ended March 31, 2016)

\* FY2017 (the fiscal year ended March 31, 2017)

\* Figures are based on the Japanese standards up to the year ended March 2015, and on IFRS from the year ended March 2016.  
\* Profit for the year ended March 2017 is forecast.