

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

### ■ Operating profit remained flat. Profit for the period declined.

|   |                   |            |
|---|-------------------|------------|
| ◇ Net sales (Japanese Standard)*              | 514.9 billion yen | 4.2% down  |
| ◇ Operating profit                            | 9.4 billion yen   | 0.3% up    |
| ◇ Profit attributable to owners of the parent | 4.1 billion yen   | 20.0% down |

### Profit & loss statement

| (Unit: billion yen)   | 1H of FY2016 | 1H of FY2017 | Year-on-year |                | FY2017<br>(Revised on November 2, 2016) |              |
|---|--------------|--------------|--------------|----------------|---|--------------|
|   |              |              | Change       | Change(%)      | Forecast                                | Progress     |
| Net sales (Japanese Standard)*  | 537.6        | 514.9        | (22.7)       | (4.2%)         | 1,150.0                                 | 44.8%        |
| Gross profit  | 43.1         | 47.7         | 4.6          | 10.6%          | -                                       | -            |
| Selling, general and administrative expenses                                | (34.7)       | (37.4)       | (2.7)        | -              | -                                       | -            |
| Other income (expenses)   | 0.9          | (0.9)        | (1.9)        | -              | -                                       | -            |
| <b>Operating profit</b>   | <b>9.4</b>   | <b>9.4</b>   | <b>0.0</b>   | <b>0.3%</b>    | <b>22.0</b>                             | <b>42.8%</b> |
| Interest income (expenses)  | (1.0)        | (0.9)        | 0.0          | -              | -                                       | -            |
| Dividend income   | 0.5          | 0.7          | 0.1          | -              | -                                       | -            |
| Other finance income (costs)  | (0.1)        | (0.1)        | (0.0)        | -              | -                                       | -            |
| Finance income (costs)  | (0.5)        | (0.3)        | 0.1          | -              | -                                       | -            |
| Share of profit (loss) of investments accounted for using the equity method | 0.4          | (0.8)        | (1.2)        | -              | -                                       | -            |
| <b>Profit before tax</b>  | <b>9.3</b>   | <b>8.3</b>   | <b>(1.0)</b> | <b>(10.9%)</b> | <b>20.0</b>                             | <b>41.5%</b> |
| Income tax expense  | (3.4)        | (3.1)        | 0.3          | -              | -                                       | -            |
| <b>Profit for the period</b>  | <b>5.9</b>   | <b>5.2</b>   | <b>(0.8)</b> | <b>(12.8%)</b> | <b>-</b>                                | <b>-</b>     |
| <b>Profit attributable to owners of the parent</b>                          | <b>5.1</b>   | <b>4.1</b>   | <b>(1.0)</b> | <b>(20.0%)</b> | <b>10.0</b>                             | <b>40.7%</b> |

**【Net sales】**  
Consolidated net sales, in particular those in the Steel Materials & Plant segment, fell by 22.7 billion yen.

**【Operating profit】**  
Although operating profit in the Electronics & Devices segment rose 1.4 billion yen, overall operating profit remained flat, mainly reflecting the weak performance in the Steel Materials & Plant segment, which was affected mainly by sluggish market conditions.

**【Profit attributable to owners of the parent】**  
Profit attributable to owners of the parent fell by 1.0 billion yen, given lower profit before tax. This was largely the result of deterioration in the share of profit (loss) of investments accounted for using the equity method.

|                    |       |      |        |         |       |       |
|--------------------|-------|------|--------|---------|-------|-------|
| Earnings per share | 12.10 | 9.67 | (2.43) | (20.0%) | 23.77 | 40.7% |
|--------------------|-------|------|--------|---------|-------|-------|

\* 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 |              |              |
|--------------------------------------|-------------------------------|--------------|---------------|------------------|--------------|--------------|
|                                      | 1H of FY2016                  | 1H of FY2017 | Change        | 1H of FY2016     | 1H of FY2017 | Change       |
| Electronics & Devices                | 134.6                         | 162.1        | 27.5          | 4.9              | 6.3          | 1.4          |
| Foods & Grain                        | 163.6                         | 163.9        | 0.3           | 0.7              | 0.8          | 0.0          |
| Steel, Materials & Plant             | 196.7                         | 147.9        | (48.9)        | 1.4              | 0.4          | (1.0)        |
| Motor Vehicles & Aerospace           | 36.3                          | 34.8         | (1.4)         | 2.3              | 1.5          | (0.8)        |
| <b>Total for reportable segments</b> | <b>531.2</b>                  | <b>508.7</b> | <b>(22.5)</b> | <b>9.4</b>       | <b>8.9</b>   | <b>(0.4)</b> |
| Other (including adjustment)         | 6.4                           | 6.2          | (0.2)         | 0.0              | 0.4          | 0.4          |
| <b>Grand total</b>                   | <b>537.6</b>                  | <b>514.9</b> | <b>(22.7)</b> | <b>9.4</b>       | <b>9.4</b>   | <b>0.0</b>   |

**【Electronics&Devices】 An increase in net sales and profit**  
In the ICT solutions business, transactions with manufacturers remained steady. The mobile business was solid. The semiconductors manufacturing equipment business faced tough conditions mainly due to the sluggishness of the Chinese economy and a slowdown in demand for smartphones.

**【Foods&Grain】 An increase in net sales and profit**  
The foods business turned in a solid performance. 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 because of lower domestic feed sales prices.

**【Steel, Materials & Plant】 A decline in net sales and profit**  
In the plant business, transactions involving machine tools and industrial machinery were steady. In the iron and steel business, the mainstay oilfield tubing business faced tough conditions due to sluggish crude oil prices. The energy business and the functional chemicals business faced steep challenges, given the stagnant market conditions.

**【Motor Vehicles & Aerospace】 A decline in net sales and profit**  
The motor vehicles and parts business performed well. Profit in the aerospace business declined as transactions of aircraft parts were in an in-between season.

### Assets and Liabilities

| (Unit: billion yen)            | 3/2016   | 9/2016   | Comparison with 3/2016 |           |
|--------------------------------|----------|----------|------------------------|-----------|
|                                |          |          | Change                 | Change(%) |
| Total Assets                   | 443.6    | 446.8    | 3.2                    | 0.7%      |
| Gross interest-bearing debt    | 136.9    | 135.8    | (1.1)                  | (0.8%)    |
| Net interest-bearing debt      | 48.8     | 58.3     | 9.5                    | 19.5%     |
| Shareholders' equity (Note 1)  | 91.6     | 90.3     | (1.3)                  | (1.4%)    |
| Retained earnings              | 29.1     | 31.8     | 2.7                    | 9.4%      |
| Other components of equity     | 8.5      | 4.2      | (4.3)                  | (50.9%)   |
| Equity ratio (Note 2)          | 20.6%    | 20.2%    | (0.4pt)                | -         |
| Net debt-equity ratio (Note 3) | 0.5times | 0.6times | 0.1pt                  | -         |

(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 9.5 billion yen, reflecting increases in funds for investment.

**【Shareholders' equity】**  
Shareholders' equity (equity attributable to owners of the parent) fell 1.3 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 stood at 20.2%. Net DER was 0.6 times.

### Cash Flows

| (Unit: billion yen)                                     | 1H of FY2016 | 1H of FY2017 |
|---|--------------|--------------|
| CF from operating activities                            | 5.8          | 4.9          |
| CF from investing activities                            | (3.1)        | (11.7)       |
| <b>Free cash flows</b>                                  | <b>2.8</b>   | <b>(6.8)</b> |
| CF from financing activities                            | (5.5)        | (2.3)        |
| <b>Increase (decrease) in cash and cash equivalents</b> | <b>(2.7)</b> | <b>(9.2)</b> |

**【CF from operating activities】**  
Net cash provided by operating activities stood at 4.9 billion yen. This was primarily a reflection of operating income.

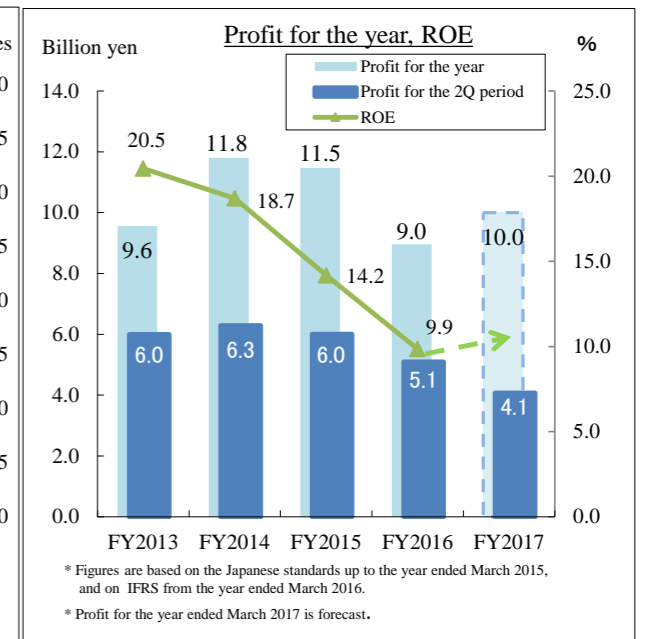
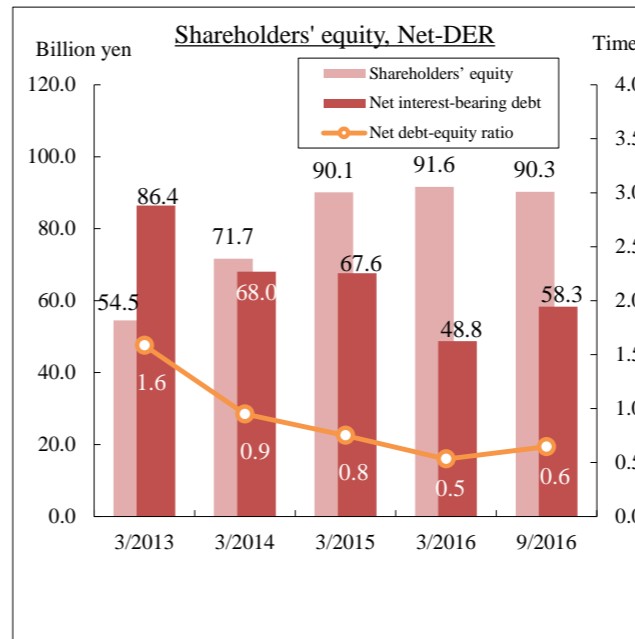
**【CF from investing activities】**  
Net cash used in investing activities was 11.7 billion yen. This chiefly reflected funds to acquire Diamondtelecom, Inc.

**【CF from financing activities】**  
Net cash used in financing activities was 2.3 billion yen largely due to the repayment of loans payable.

### Dividends

|                     |                          |
|---------------------|--------------------------|
| <b>【FY2016】</b>     |                          |
| Interim             | 2.5 yen per share        |
| Year-end            | 2.5 yen per share        |
| <b>Annual</b>       | <b>5.0 yen per share</b> |
| <b>【FY2017】</b>     |                          |
| Interim             | 3.0 yen per share        |
| Year-end (plan)     | 3.0 yen per share        |
| <b>Annual(plan)</b> | <b>6.0 yen per share</b> |

| Annual                    | FY2015 | FY2016 | FY2017 |
|---------------------------|--------|--------|--------|
| Consolidated payout ratio | 14.7%  | 22.4%  | 25.2%  |



\* 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)