

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

- **Operating profit increased. Profit attributable to owners of the parent declined slightly.**
- ◇ **Operating profit** 15.2 billion yen 10.8% Up
- ◇ **Profit attributable to owners of the parent** 7.3 billion yen 4.0% Down

- **Shareholders' equity exceeded 100.0 billion yen.**

Profit & loss statement						
(Unit: billion yen)	Q3 of FY2016	Q3 of FY2017	Year-on-year		FY2017 (Revised on November 2, 2016)	
			Change	Change(%)	Forecast	Progress
Net sales (Japanese Standard)*	802.4	800.3	(2.1)	(0.3%)	1,150.0	69.6%
Gross profit	63.2	71.4	8.1	12.9%	-	-
Selling, general and administrative expenses	(51.3)	(56.0)	(4.6)	-	-	-
Other income (expenses)	1.8	(0.2)	(2.0)	-	-	-
Operating profit	13.7	15.2	1.5	10.8%	22.0	69.2%
Interest income (expenses)	(1.4)	(1.4)	0.0	-	-	-
Dividend income	0.6	0.8	0.2	-	-	-
Other finance income (costs)	(0.1)	(0.1)	(0.1)	-	-	-
Finance income (costs)	(0.9)	(0.7)	0.1	-	-	-
Share of profit (loss) of investments accounted for using the equity method	0.5	(0.5)	(0.9)	-	-	-
Profit before tax	13.3	14.0	0.7	5.1%	20.0	70.1%
Income tax expense	(4.3)	(5.2)	(0.9)	-	-	-
Profit for the period	9.0	8.9	(0.2)	(1.9%)	-	-
Profit attributable to owners of the parent	7.6	7.3	(0.3)	(4.0%)	10.0	72.7%
Earnings per share	18.00	17.28	(0.72)	(4.0%)	23.77	72.7%

【Net sales】
Consolidated net sales declined slightly, chiefly reflecting a fall in the Steel Materials & Plant segment, which was influenced by sluggish market conditions, offsetting an increase in the Electronics & Devices segment.

【Operating profit】
Operating profit rose 1.5 billion yen, driven by the Electronics & Devices segment.

【Profit attributable to owners of the parent】
Profit attributable to owners of the parent fell by 0.3 billion yen mainly due to a deterioration in the share of profit (loss) of investments accounted for using the equity method and an increase in tax expense.

* 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		
	Q3 of FY2016	Q3 of FY2017	Change	Q3 of FY2016	Q3 of FY2017	Change
Electronics & Devices	201.9	251.9	50.0	6.7	9.1	2.4
Foods & Grain	245.2	249.1	3.9	1.4	2.2	0.8
Steel, Materials & Plant	289.3	241.2	(48.1)	2.6	1.2	(1.4)
Motor Vehicles & Aerospace	56.3	48.9	(7.4)	2.7	1.9	(0.8)
Total for reportable segments	792.7	791.1	(1.6)	13.4	14.4	1.0
Other (including adjustment)	9.7	9.2	(0.4)	0.3	0.8	0.5
Grand total	802.4	800.3	(2.1)	13.7	15.2	1.5

【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 semiconductor parts business faced tough conditions.

【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 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 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	12/2016	Comparison with 3/2016	
			Change	Change(%)
Total Assets	443.6	482.2	38.6	8.7%
Gross interest-bearing debt	136.9	134.1	(2.7)	(2.0%)
Net interest-bearing debt	48.8	63.7	14.8	30.4%
Shareholders' equity (Note 1)	91.6	100.6	9.0	9.8%
Retained earnings	29.1	33.8	4.7	16.1%
Other components of equity	8.5	12.5	4.0	46.7%
Equity ratio (Note 2)	20.6%	20.9%	0.3pt	-
Net debt-equity ratio (Note 3)	0.5times	0.6times	0.1pt	-

【Interest-bearing debt】
Net interest-bearing debt rose 14.8 billion yen, chiefly reflecting increases in funds for investment.

【Shareholders' equity】
Shareholders' equity (equity attributable to owners of the parent) rose 9.0 billion yen, reflecting an increase in retained earnings and a rise in other capital composition factors resulting mainly from higher share prices.

As a result, the equity ratio stood at 20.9%. Net DER was 0.6 times.

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

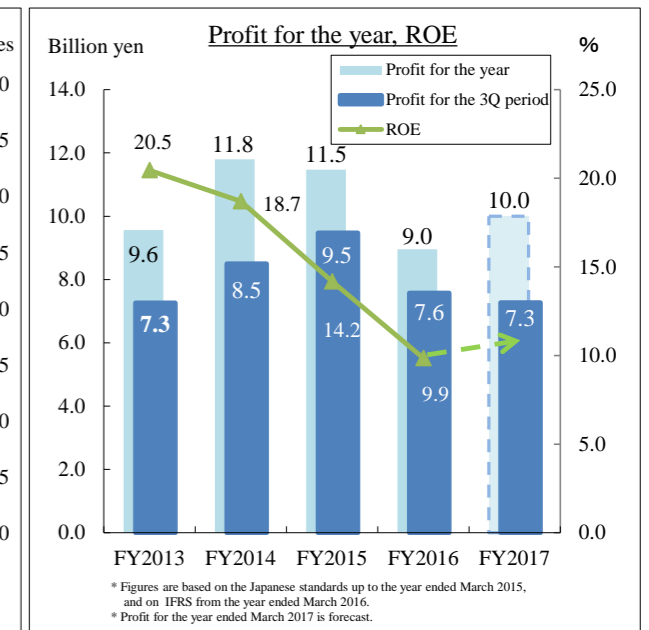
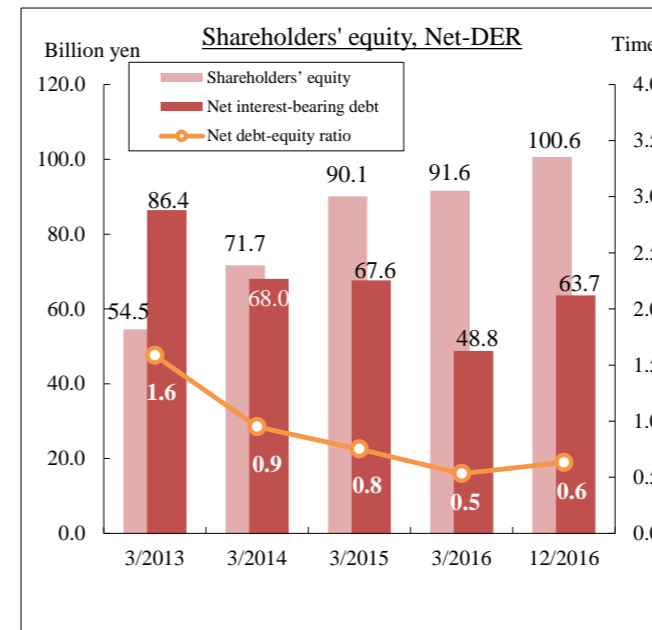
Cash Flows		
(Unit: billion yen)	Q3 of FY2016	Q3 of FY2017
CF from operating activities	19.6	2.7
CF from investing activities	(2.8)	(14.2)
Free cash flows	16.9	(11.5)
CF from financing activities	(13.3)	(6.3)
Increase (decrease) in cash and cash equivalents	3.6	(17.7)

【CF from operating activities】
Net cash provided by operating activities stood at 2.7 billion yen. This was primarily a reflection of operating income.

【CF from investing activities】
Net cash used in investing activities was 14.2 billion yen. This chiefly reflected funds to acquire Diamondtelecom, Inc.

【CF from financing activities】
Net cash used in financing activities was 6.3 billion yen largely due to dividends paid.

Dividends			
【FY2016】			
Interim		2.5 yen per share	
Year-end		2.5 yen per share	
Annual		5.0 yen per share	
【FY2017】			
Interim		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%	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)