[Supplementary material]

August 4, 2017
Kanematsu Corporation

Highlights of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 2018 (IFRS)

■Revenue and profits increased. Operating profit increased 2.6 billion yen year on year, starting off on a good note.

◇Revenue	**161.9 billion yen**	**1.1% Up**
◇Operating profit	**5.6 billion yen**	**85.7% Up**
◇Profit attributable to owners of the parent	**3.3 billion yen**	**229.2% Up**

Profit & loss statement

(Unit: billion yen)	Q1 of FY2017	**Q1 of FY2018**	Year-on-year Change	Year-on-year Change(%)	FY2018 Forecast	FY2018 Progress (%)
Revenue	160.2	**161.9**	1.7	1.1%	700.0	23.1%
Gross profit	21.7	**24.0**	2.2	10.3%	-	-
Selling, general and administrative expenses	(18.6)	**(18.5)**	0.0	-	-	-
Other income (expenses)	(0.1)	**0.2**	0.3	-	-	-
Operating profit	3.0	**5.6**	2.6	85.7%	25.0	22.4%
Interest income (expenses)	(0.5)	**(0.5)**	(0.0)	-	-	-
Dividend income	0.3	**0.4**	0.1	-	-	-
Other finance income (costs)	(0.0)	**(0.0)**	0.0	-	-	-
Finance income (costs)	(0.2)	**(0.1)**	0.1	-	-	-
Share of profit (loss) of investments accounted for using the equity method	(0.4)	**0.1**	0.5	-	-	-
Profit before tax	2.5	**5.6**	3.1	126.9%	23.5	23.9%
Income tax expense	(1.0)	**(1.9)**	(0.9)	-	-	-
Profit for the period	1.4	**3.7**	2.3	159.2%	-	-
Profit attributable to owners of the parent	1.0	**3.3**	2.3	229.2%	12.0	27.5%
Earnings per sahre (yen)	2.38	**7.83**	5.45	229.2%	28.52	27.5%

【Revenue】
Increased 1.7 bilion yen driven by the Steel, Materials & Plant and the Electronics & Devices segments, depsite the weak performance of the Motor Vehicles & Aerospace segment.

【Operating profit】
Increased 2.6 billion yen, attributable mainly to the Foods & Grain and the Steel, Materials & Plant segments.

【Profit attributable to owners of the parent】
Increased 2.3 billion yen, mainly due to an improvement in the share of profit (loss) of investments accounted for using the equity method.

(Note) Full-year forecast of earnings per share: 142.58 yen if the consolidation of shares (at a rate of one share for every five shares) on October 1 is taken into account.

Segment information

(Unit: billion yen)	Revenue Q1 of FY2017	Revenue **Q1 of FY2018**	Revenue Change	Operating profit Q1 of FY2017	Operating profit **Q1 of FY2018**	Operating profit Change
Electronics & Devices	52.8	**55.4**	2.6	1.6	**2.5**	0.9
Foods & Grain	58.9	**58.8**	(0.0)	0.3	**1.4**	1.1
Steel, Materials & Plant	28.1	**33.3**	5.2	(0.4)	**0.5**	0.9
Motor Vehicles & Aerospace	17.3	**11.2**	(6.1)	1.3	**0.9**	(0.4)
Total for reportable segments	157.1	**158.7**	1.6	2.8	**5.3**	2.5
Other (including adjustment)	3.1	**3.2**	0.1	0.2	**0.3**	0.1
Grand total	160.2	**161.9**	1.7	3.0	**5.6**	2.6

【Electronics&Devices】 An increase in revenue and profit
In the ICT solutions business, transactions with the manufacturing and the financial industries remained firm, partly reflecting the contribution of greater efficiency as a result of organizational restructuring. The mobile business remained strong. In the semiconductors manufacturing equipment business, the expansion of sales to China made a contribution.

【Foods&Grain】 Almost unchange in revenue and an increase in profit
The food business remained strong. The meat products business maintained a strong performance following stable trends in market conditions. The feedstuff business remained firm due to the recovery of feedstuff prices in Japan.

【Steel, Materials & Plant】 An increase in revenue and profit
The functional chemicals business turned in a strong performance. The iron and steel business showed a recovery on the strength of a pickup in demand for oilfield tubing.
The energy business faced difficlt circumstances due to sluggish sales of heavy oils. In the plant and infrastructure business, transactions related to machine tools and industrial machinery were weak.

【Motor Vehicles & Aerospace】 A decline in revenue and profit
The motor vehicles and parts business performed well. The aerospace business was weak, partly due to the backlash against the strong performance of transactions of aircraft parts in the same period of the previous fiscal year.

Assets and Liabilities

(Unit: billion yen)	3/2017	**6/2017**	Comparison with 3/2017 Change	Comparison with 3/2017 Change(%)
Total assets	479.7	**462.6**	(17.1)	(3.6%)
Gross interest-bearing debt	133.8	**131.2**	(2.6)	(1.9%)
Net interest-bearing debt	55.4	**57.3**	1.9	3.4%
Shareholders' equity (Note 1)	100.4	**103.7**	3.3	3.3%
Retained earnings	34.6	**36.7**	2.2	6.2%
Other components of equity	11.4	**12.5**	1.1	9.9%
Equity ratio (Note 2)	20.9%	**22.4%**	1.5pt up	-
Net debt-equity ratio (Note 3)	0.55times	**0.55times**	Almost same	-

(Note 1)Shareholder's equity = Total equity attribute to owners of the parent (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 1.9 billion yen.

【Shareholders' equity】
Shareholders' equity (equity attributable to owners of the parent) rose 3.3 billion yen.

As a result, the equity ratio stood at 22.4%, improving 1.5pt. Net DER remained flat at 0.55 times.

Cash Flows

(Unit: billion yen)	Q1 of FY2017	**Q1 of FY2018**
CF from operating activities	1.8	**0.6**
CF from investing activities	(10.9)	**(0.5)**
Free cash flows	(9.1)	**0.1**
CF from financing activities	0.7	**(4.4)**
Increase (decrease) in cash and cash equivalents	(8.4)	**(4.4)**

【CF from operating activities】
Net cash provided by operating activities stood at 0.6 billion yen, mainly reflecting the accumulation of operating income.

【CF from investing activities】
Net cash used in investing activities was 0.5 bilion yen due to the provision of loans.

【CF from financing activities】
Net cash used in financing activities was 4.4 billion yen, mainly due to the repayment of borrowings and the payment of dividends.

Dividends

【FY2017】

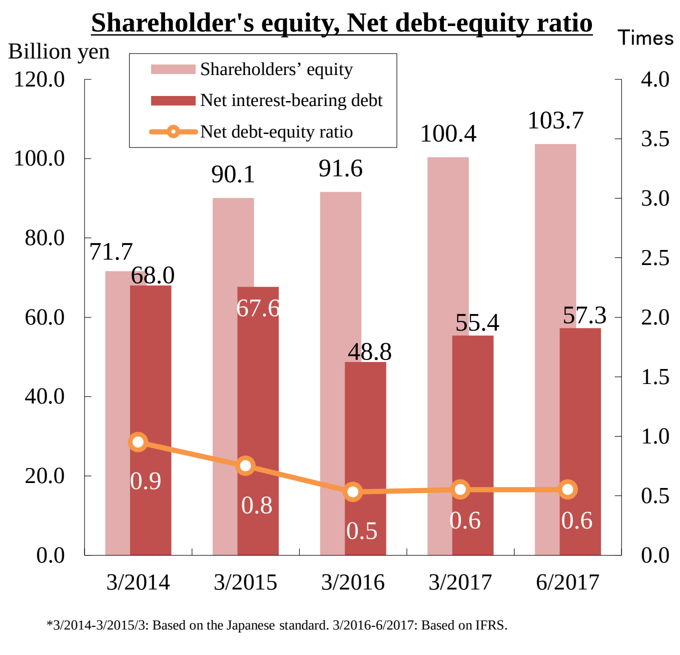
Interim	3.0 yen per share
Year-end	3.0 yen per share
Annual	6.0 yen per share

【FY2018】

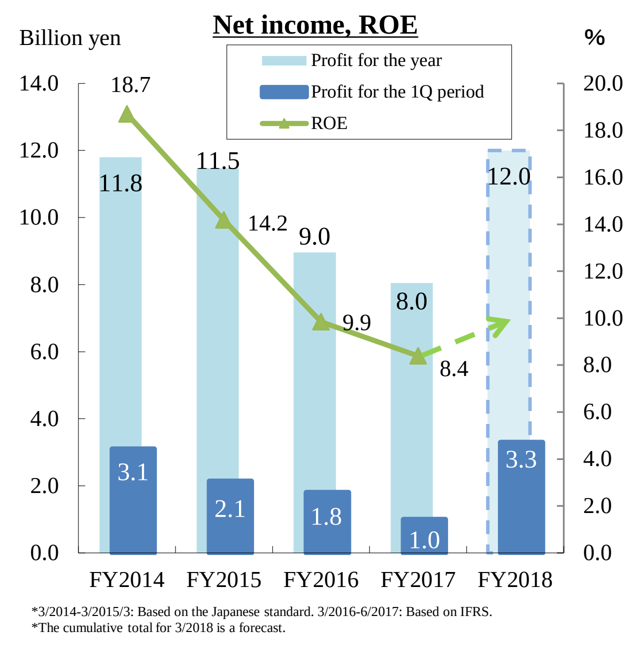
Interim(plan)	3.5 yen per share
Year-end (plan)	17.5 yen per share
Annual(plan)	- yen per share

(Note) The year-end dividend (plan) is an amount that takes into account the impact of the consolidation of shares on October 1.

Annual	FY2016	FY2017	FY2018 (plan)
Consolidated payout ratio	23.5%	31.4%	24.5%



*3/2014-3/2015/3: Based on the Japanese standard. 3/2016-6/2017: Based on IFRS.



*3/2014-3/2015/3: Based on the Japanese standard. 3/2016-6/2017: Based on IFRS.
*The cumulative total for 3/2018 is a forecast.

* 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.
* FY2017 (the fiscal year ended March 31, 2017) * FY2018 (the fiscal year ended March 31, 2018)