Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the First Half of the Fiscal Year Ending March 2016 (Japanese Accounting Standards)

November 5, 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
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Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): November 12, 2015
Scheduled date for commencement of dividend payments: December 4, 2015
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated business results for the first half of the fiscal year ending March 2016 (April 1, 2015 – September 30, 2015)

(1) Consolidated business results (sum total) (%: Change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Six Months to September 2015	540,286	1.1	8,482	(23.5)	9,219	(12.7)	4,438	(27.1)
First Six Months to September 2014	534,355	(0.6)	11,085	5.5	10,562	(3.6)	6,090	(3.1)

(Note) Comprehensive income: 6,268 million yen (-28.9%) for the first six months to September 2015
8,810 million yen (-21.9%) for the first six months to September 2014

	Net income per share	Net income per share (diluted basis)
	Yen	Yen
First Six Months to September 2015	10.55	–
First Six Months to September 2014	14.50	–

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2015	447,915	123,779	21.1
As of March 31, 2015	459,011	118,731	19.6

(Reference) Shareholders' equity: 94,406 million yen as of September 30, 2015
90,101 million yen as of March 31, 2015

2. Dividends

	Annual dividends				
(Record date)	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2015	–	2.50	–	1.50	4.00
Fiscal year ending March 2016	–	2.50			
Fiscal year ending March 2016 (Forecasts)			–	2.50	5.00

(Note) Revisions to dividend forecasts published most recently: None

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

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		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

(Note) Revisions to results forecasts published most recently: None

* Notes

(1) Important change in subsidiaries during the term (Change in scope of consolidation): None

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please see the statement under the heading of "2. Matters Relating to Summary Information (Notes), (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements" on page 4 of accompanying materials.

(3) 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.:	None
3. Changes in accounting estimates:	None
4. Restatement:	None

(4) Number of outstanding shares (common shares)

1. Number of outstanding shares including treasury stock			
First half (2015/9):	422,501,010 shares	Fiscal year (2015/3):	422,501,010 shares
2. Number of treasury stock			
First half (2015/9):	1,702,618 shares	Fiscal year (2015/3):	1,663,126 shares
3. Average number of shares during the period (First six months)			
First half (2015/9):	420,819,443 shares	First six months (2014/9):	420,159,707 shares

* 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 "(3) Information on the future outlook, including consolidated business performance forecasts" in "1. Qualitative Information on Consolidated Results, Etc. for the First half of the Fiscal Year Ending March 2016" on page 3 of accompanying materials for further information on results forecasts.

Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results, Etc. for the First half of the Fiscal Year Ending March 2016

(1) Details of consolidated results

In the first half under review (from April 1, 2015 to September 30, 2015), the U.S. economy recovered steadily, but there continued to be a fair share of uncertainty about the economies in other parts of the world. This uncertainty stemmed from concerns about the slowdown in the Chinese economy, the slackening recovery of emerging Asian economies, and debt problems in Europe.

The Japanese economy maintained a modest trend of recovery, backed by the pickup in personal consumption and steady corporate performance.

In this environment, the results of the Group for the first half under review are as shown below.

Consolidated net sales increased ¥5,931 million (1.1%) year on year, to ¥540,286 million. Consolidated gross trading profit increased ¥556 million (1.3%) from a year earlier, to ¥44,551 million. Consolidated operating income declined ¥2,603 million (23.5%) from the previous fiscal year, to ¥8,482 million, due to an increase in selling, general and administrative expenses. Non-operating income/expenses improved ¥1,260 million year on year, mainly reflecting an increase in foreign exchange gains and improvement in interest income/expenses. As a result, ordinary income decreased ¥1,343 million (12.7%) year on year, to ¥9,219 million. Income before income taxes and minority interests fell ¥2,715 million (26.0%) from a year ago, to ¥7,736 million due to an increase in extraordinary losses. Net income attributable to owners of the parent declined ¥1,652 million (27.1%) year on year, to ¥4,438 million.

Results for each business segment are described below.

(i) Electronics & Devices

In the electronics components and materials business and the semiconductor parts and manufacturing equipment business, transactions of imaging equipment to North America and Asia, amusement products, and parts for smartphones were strong. In the ICT solutions business, transactions of products for the manufacturing industry were firm, and the mobile business also remained strong partly due to the launch of new products.

As a result, net sales in the Electronics and Devices Division rose ¥8,078 million year on year, to ¥134,539 million. Operating income climbed ¥335 million to ¥4,396 million.

(ii) Foods & Grain

The food business performed well, driven primarily by the transactions of agricultural products. On the other hand, the meat products business and the feedstuff business faced difficult conditions. The main reason for these difficult conditions was that the higher import prices caused by the weak yen had a negative impact on operating income.

As a result, in the Foods & Grain Division, net sales rose ¥12,224 million year on year, to ¥163,630 million. Operating income decreased ¥2,776 million, to a negative ¥378 million.

(iii) Steel, Materials & Plant

The energy business remained firm due to strong demand in Japan. The functional chemicals business recovered from the slackness that was seen following the consumption tax hike. In the plant business, transactions involving machine tools and industrial machinery were strong. In the iron and steel business, the mainstay oilfield tubing business went through a tough time due to weak crude oil prices.

As a result, net sales in the Steel, Materials & Plant Division declined ¥25,489 million year on year, to ¥198,680 million. Operating income fell ¥898 million, to ¥2,188 million.

(iv) Motor Vehicles & Aerospace

In the motor vehicles and parts business, transactions involving motor vehicle parts were generally strong. In the aerospace business, transactions of aircraft parts remained stable, and space-related transactions were also robust.

As a result, in the Motor Vehicles & Aerospace Division, net sales rose ¥6,034 million year on year, to ¥37,028 million. Operating income grew ¥920 million to ¥2,313 million.

(v) Other

Net sales increased ¥5,082 million from a year earlier, to ¥6,406 million. Operating income fell ¥141 million, to a negative ¥21 million.

(2) Details of financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first half under review declined ¥11,096 million from the end of the previous fiscal year, to ¥447,915 million.

Interest-bearing debt decreased ¥2,922 million from the end of the previous fiscal year, to ¥133,193 million. Net interest-bearing debt, which is interest-bearing debt minus cash and bank deposits, increased ¥1,108 million from the end of the previous fiscal year, to ¥68,754 million.

Net assets stood at ¥123,779 million, up ¥5,048 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 attributable to owners of the parent and improvement in net unrealized gains on securities, net of tax. Shareholders' equity, obtained by subtracting non-controlling interests from net assets, rose ¥4,305 million from the end of the previous fiscal year, to ¥94,406 million.

As a result, the equity ratio improved 1.5 percentage points from the end of the previous fiscal year, to 21.1%. The net debt-equity ratio ("net DER") was 0.7 times.

(ii) Cash flows

Cash and cash equivalents at the end of the first half under review stood at ¥63,359 million, down ¥3,603 million from the end of the previous fiscal year.

The state of cash flows and factors for each category for the first half under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities in the first half under review stood at ¥3,839 million (versus ¥6,196 million in the first half of the previous fiscal year), primarily reflecting operating income.

(Cash flows from investing activities)

Net cash used in investing activities in the first half under review was ¥3,310 million (versus ¥2,520 million in the first half of the previous fiscal year) due to the acquisition of investment securities and tangible fixed assets, etc.

(Cash flows from financing activities)

Net cash used in financing activities in the first half under review stood at ¥4,521 million (versus ¥10,689 million in the first half of the previous fiscal year), reflecting factors such as the repayment of debt.

(3) Information on the future outlook, including consolidated business performance forecasts

We have not changed the forecasts for consolidated results that we announced on May 8, 2015.

The forecasts above are based on information that the Company has obtained 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. Matters Relating to Summary Information (Notes)

(1) Important change in subsidiaries during the term

Not applicable.

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements

(Calculation of tax expenses)

Certain consolidated subsidiaries calculated tax expenses by multiplying income before income taxes and minority interests by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes for the fiscal year, including the first half under review.

(3) Changes in accounting policies and changes or restatement of accounting estimates

Changes in accounting policies

(Application of Accounting Standard for Business Combinations and other standards)

Starting in the first quarter of the current fiscal year, standards such as the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013; hereinafter "the Accounting Standard for Business Combinations"), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013; hereinafter "the Accounting Standard for Consolidated Financial Statements"), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; hereinafter "the Accounting Standard for Business Divestitures") have been applied. Accordingly, the method of appropriating changes in the Company's ownership interests in a subsidiary while retaining the controlling financial interests in the subsidiary as capital surplus and appropriating expenses related to this acquisition as expenses in the consolidated fiscal year in which they arise has been adopted. In regards to business combinations that may be implemented after the beginning of the first quarter of the current fiscal year, the method of reflecting the adjustment of amounts after finalizing the provisional accounting treatment of purchase price allocation in the consolidated quarterly financial statements for the quarterly period in which the business combination occurs has been applied. In addition, the manner in which quarterly net income is presented has been changed, and the presentation of minority interests has been changed to non-controlling interests. To reflect these changes in presentation, the Company has reclassified certain parts of its consolidated financial statements for the previous consolidated first half and fiscal year.

In regards to the Accounting Standard for Business Combinations, this standard was adopted at the beginning of the first quarter of the current fiscal year, and will continue to be applied in the future in accordance with the provisional measures specified in Item 58-2 (4) of the Accounting Standard for Business Combinations, Item 44-5 (4) of the Accounting Standards for Consolidated Financial Statements, and Item 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result of these changes, capital surplus at the end of the consolidated first half under review declined ¥61 million.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and bank deposits	68,468	64,438
Notes and accounts receivable	180,319	164,265
Lease investment assets	227	124
Short-term investment	3	1
Inventories	87,254	101,625
Short-term loans receivable	297	321
Deferred tax assets	3,250	3,762
Other	27,148	19,656
Allowance for doubtful accounts	(158)	(107)
Total current assets	366,811	354,088
Long-term assets		
Tangible fixed assets	28,931	27,593
Intangible fixed assets		
Goodwill	6,063	5,754
Other	8,661	8,472
Total intangible fixed assets	14,725	14,226
Investments and other assets		
Investments in securities	38,372	40,591
Long-term loans receivable	2,134	2,082
Doubtful accounts	765	694
Net defined benefit asset	199	231
Deferred tax assets	3,643	3,190
Other	6,098	7,785
Allowance for doubtful accounts	(2,671)	(2,569)
Total investments and other assets	48,543	52,006
Total long-term assets	92,200	93,826
Total assets	459,011	447,915

	As of March 31, 2015	As of September 30, 2015
		(Million yen)
Liabilities		
Current liabilities		
Notes and accounts payable	149,097	137,432
Short-term borrowings	61,688	52,632
Lease obligations	638	562
Accrued income taxes	2,492	1,944
Deferred tax liabilities	1	–
Asset retirement obligations	107	6
Other	38,322	37,767
Total current liabilities	252,347	230,345
Non-current liabilities		
Long-term borrowings	74,426	80,560
Lease obligations	1,286	1,131
Deferred tax liabilities	488	482
Net defined benefit liability	5,137	5,009
Provision for retirement benefits for directors and statutory auditors	367	338
Asset retirement obligations	810	882
Other	5,414	5,386
Total non-current liabilities	87,931	93,790
Total liabilities	340,279	324,136
Net assets		
Shareholder's equity		
Common stock	27,781	27,781
Capital surplus	27,502	27,441
Retained earnings	44,845	48,652
Treasury stock	(222)	(230)
Total shareholder's equity	99,906	103,644
Accumulated other comprehensive income		
Net unrealized gains on securities, net of tax	4,020	4,189
Net gains (losses) on deferred hedges, net of tax	559	(40)
Revaluation reserves for land	104	109
Foreign currency translation adjustments	(14,687)	(13,699)
Remeasurements of defined benefit plans	198	203
Total accumulated other comprehensive income	(9,805)	(9,237)
Non-controlling interests	28,630	29,372
Total net assets	118,731	123,779
Total liabilities and net assets	459,011	447,915

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

Consolidated statements of income

[First half]

(Million yen)

	Previous first half (From April 1, 2014 to September 30, 2014)	First half under review (From April 1, 2015 to September 30, 2015)
Net sales	534,355	540,286
Cost of sales	490,360	495,735
Gross profit	43,995	44,551
Selling, general and administrative expenses	32,910	36,069
Operating income	11,085	8,482
Non-operating income		
Interest income	191	251
Dividend income	639	536
Equity in earnings of affiliates	330	398
Foreign exchange gains	37	931
Other	544	741
Total non-operating income	1,743	2,859
Non-operating expenses		
Interest expenses	1,569	1,244
Other	697	876
Total non-operating expenses	2,266	2,121
Ordinary income	10,562	9,219
Extraordinary gains		
Gain on sale of tangible fixed assets	4	6
Gain on sale of investment in securities	0	14
Total extraordinary gains	5	20
Extraordinary losses		
Loss on disposal of fixed assets	25	55
Impairment loss on fixed assets	4	205
Loss on sale of investments in securities	62	1,181
Impairment loss on investments in securities	23	13
Provision of allowance for doubtful accounts for subsidiaries and affiliates	–	48
Total extraordinary losses	116	1,503
Income before income taxes and minority interests	10,451	7,736
Income taxes – current	2,156	2,018
Income taxes – deferred	1,004	119
Total income taxes	3,161	2,138
Net income	7,289	5,598
Net income attributable to non-controlling interests	1,198	1,160
Net income attributable to owners of the parent	6,090	4,438

Consolidated statement of comprehensive income
[First half]

(Million yen)

	Previous first half (From April 1, 2014 to September 30, 2014)	First half under review (From April 1, 2015 to September 30, 2015)
Net income	7,289	5,598
Other comprehensive income		
Net unrealized gains on securities, net of tax	679	165
Net gains (losses) on deferred hedges, net of tax	267	(581)
Foreign currency translation adjustment	515	82
Remeasurements of defined benefit plans	49	25
Share of other comprehensive income of associates accounted for equity method	8	976
Total other comprehensive income	1,520	669
Comprehensive income	8,810	6,268
Comprehensive income attributable to owners of parent	7,880	5,005
Comprehensive income attributable to non-controlling interests	929	1,262

(3) Consolidated statements of cash flows

(Million yen)

	Previous first six months (From April 1, 2014 to September 30, 2014)	First six months under review (From April 1, 2015 to September 30, 2015)
Cash flows from operating activities:		
Income before income taxes and minority interests	10,451	7,736
Depreciation and amortization	1,501	1,645
(Decrease) Increase in allowance for doubtful accounts	(21)	(48)
Increase (decrease) in net defined benefit liability	(329)	(109)
Interest and dividend income	(831)	(787)
Interest expense	1,569	1,244
Equity in gains of affiliates	(330)	(398)
(Gain) Loss on disposal of fixed assets	21	49
Impairment loss on fixed assets	4	205
Gain on sale of investments in securities, net	61	1,166
Impairment loss on investments in securities	23	13
(Increase) Decrease in notes and accounts receivable	15,196	16,462
Decrease (increase) in inventories	(12,090)	(14,243)
Increase (decrease) in notes and accounts payable	(3,499)	(6,872)
Other	(1,895)	745
Sub total	9,831	6,810
Interest and dividends received	850	1,116
Interest paid	1,564	(1,257)
Business structure improvement expenses	(530)	–
Income taxes paid	(2,390)	(2,831)
Net cash provided by operating activities	6,196	3,839
Cash flows from investing activities:		
Decrease (increase) in time deposits, net	(724)	11
Payments for tangible fixed assets	(1,447)	(1,171)
Proceeds from sale of tangible fixed assets	429	166
Payments for intangible fixed assets	(242)	(194)
Payments for investments in securities	(459)	(2,793)
Proceeds from sale of investments in securities	34	68
Payments for transfer of business	(40)	–
Increase in loans receivable	(65)	(462)
Proceeds from collection of loans receivable	116	489
Other	(121)	574
Net cash provided by (used in) investing activities	(2,520)	(3,310)
Cash flows from financing activities		
Decrease in short-term borrowings, net	(461)	(3,783)
Proceeds from long-term borrowings	11,835	12,923
Repayment of long-term borrowings	(20,765)	(12,146)
Cash dividends paid	(626)	(629)
Other	(670)	(885)
Net cash provided by (used in) financing activities	(10,689)	(4,521)
Effect of exchange rate changes on cash and cash equivalents	428	(151)
Net increase (decrease) in cash and cash equivalents	(6,585)	(4,143)
Cash and cash equivalent at beginning of year	73,548	67,377
Net increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	125
Cash and cash equivalent at end of quarter	66,963	63,359

(4) Notes on the consolidated financial statements
(Notes on the going concern assumption)
Not applicable.

(Notes if there is a significant change in the amount of shareholder's equity)
Not applicable.

(Segment information)
I. Previous first half (From April 1, 2014 to September 30, 2014)
1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statements (Note 3)
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total				
Net sales									
Customers	126,461	151,406	224,169	30,994	533,031	1,324	534,355	–	534,355
Inter-segment	200	83	4	0	289	29	319	(319)	–
Total	126,662	151,490	224,173	30,994	533,321	1,353	534,675	(319)	534,355
Segment income	4,061	2,398	3,086	1,393	10,941	120	11,061	23	11,085

(Note 1) "Other" is a business segment that is not included in the reportable segments and includes the logistics and insurance service business, etc.
(Note 2) Adjustment of ¥23 million for segment income includes a net goodwill write-down of ¥38 million and inter-segment elimination of negative ¥14 million.
(Note 3) Segment income is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by reported segment
(Significant impairment loss relating to fixed assets)
Not applicable in the first half under review

(Significant change in the amount of goodwill)
Not applicable in the first half under review

(Significant gain on bargain purchase)
Not applicable in the first half under review

II. First six months under review (From April 1, 2015 to September 30, 2015)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated statements (Note 3)
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total				
Net sales									
Customers	134,539	163,630	198,680	37,028	533,880	6,406	540,286	–	540,286
Inter-segment	191	2	240	1	436	39	476	(476)	–
Total	134,731	163,633	198,921	37,030	534,316	6,445	540,762	(476)	540,286
Segment income (loss)	4,396	(378)	2,188	2,313	8,519	(21)	8,497	(15)	8,482

(Note 1) "Other" is a business segment that is not included in the reportable segments and includes the logistics and insurance service business, etc.

(Note 2) Adjustment of negative ¥15 million for segment income (loss) includes the inter-segment elimination of negative ¥15 million.

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

2. Information on impairment loss on fixed assets and goodwill by reported segment

(Significant impairment loss relating to fixed assets)

Not applicable in the first half under review

(Significant change in the amount of goodwill)

Not applicable in the first half under review

(Significant gain on bargain purchase)

Not applicable in the first half under review

(Significant subsequent events)

Not applicable.

November 5, 2015
Kanematsu Corporation

Highlights of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 2016

■Net sales and gross trading profit rose year on year, but net income declined.

Net sales	**540.3 billion yen**	**1.1%**	**Up**
Operating income	**8.5 billion yen**	**23.5%**	**Down**
Ordinary income	**9.2 billion yen**	**12.7%**	**Down**
Net income attributable to owners of the parent	**4.4 billion yen**	**27.1%**	**Down**

(Unit: billion yen)	H1 of FY2015	**H1 of FY2016**	Year-on-year		FY2016	
			Change	Change(%)	Forecasts	Progress
Net sales	534.4	**540.3**	5.9	1.1%	1,200	45.0%
Gross trading profit	44.0	**44.6**	0.6	1.3%	95	46.9%
SG&A expenses	32.9	**36.1**	3.2	9.6%	-	-
Operating income	11.1	**8.5**	△ 2.6	△23.5%	24	35.3%
Dividends received	0.6	**0.5**	△ 0.1	-	-	-
Interest	△ 1.4	**△ 1.0**	0.4	-	-	-
Equity in earnings of affliated companies	0.3	**0.4**	0.1	-	-	-
Foreign exchange gains/losses	0.0	**0.9**	0.9	-	-	-
Others	△ 0.2	**△ 0.1**	0.0	-	-	-
	△ 0.5	**0.7**	1.3	-	-	-
Ordinary income	10.6	**9.2**	△ 1.3	△12.7%	23	40.1%
Extraordinary gains/loss	△ 0.1	**△ 1.5**	△ 1.4	-	-	-
Income (loss) before income taxes and minority interests	10.5	**7.7**	△ 2.7	△26.0%	-	-
Income taxes and profit attributable to non-controlling interests	4.4	**3.3**	△ 1.1	-	-	-
Net income attributable to owners of the parent	6.1	**4.4**	△ 1.7	△27.1%	13	35.5%
Net income per share (yen)	14.50	**10.55**	△ 3.95	△27.2%	29.75	35.5%

[Net Sales]
Consolidated net sales increased 5.9 billion yen year on year due to the contribution of the Foods & Grain Division, the Electronics & Devices Division and the Motor Vehicles & Aerospace Division.

[Operating income]
Consolidated operating income declined 2.6 billion yen, reflecting the sluggish performance of the Foods & Grain Division and the Steel, Materials and Plant Division.

[Ordinary income]
Consolidated ordinary income declined 1.3 billion yen due to the decrease in operating income, despite the improvement in foreign exchange gains (losses) and interest income.

[Extraordinary gains/loss]
Extraordinary losses were posted due to the transfer of securities in the textile business. This business has already been withdrawn.

[Net income]
Net income attributable to owners of the parent declined 1.7 billion yen in association with recording extraordinary losses of 1.5 billion yen.

(Unit: billion yen)	Net sales (net external sales)			Operating income		
	H1 of FY2015	H1 of FY2016	Change	H1 of FY2015	H1 of FY2016	Change
Electronics & Devices	126.5	**134.5**	8.1	4.1	**4.4**	0.3
Foods & Grain	151.4	**163.6**	12.2	2.4	**△ 0.4**	△ 2.8
Steel, Materials & Plant	224.2	**198.7**	△ 25.5	3.1	**2.2**	△ 0.9
Motor Vehicles & Aerospace	31.0	**37.0**	6.0	1.4	**2.3**	0.9
Total for reportable segments	533.0	**533.9**	0.8	10.9	**8.5**	△ 2.4
Other (including adjustment)	1.3	**6.4**	5.1	0.1	**△ 0.0**	△ 0.2
Grand total	534.4	**540.3**	5.9	11.1	**8.5**	△ 2.6

[Electronics & Devices] An increase in net sales and income
In the electronics components and materials business and the semiconductor business, transactions of imaging equipment to North America and Asia, amusement products, and parts for smartphones were strong.
In the ICT solutions business, transactions of products for the manufacturing industry were firm, while the mobile business also remained strong.

[Food] A rise in net sales and a decline in income
In the food business, sales of transactions of grain and agricultural products and oilseeds were firm, but transactions of feedstuff struggled. The meat products business was weaker than the previous year.
The division recorded an operating loss, which was partly due to posting of some of its income as foreign exchange gains.

[Steel, Materials & Plant] A decline in net sales and income
Although transactions of machine tools and industrial machinery were strong in the plant business, income declined because there were large-scale projects in plant infrastructure transactions in the previous fiscal year.
The oilfield tubing business was sluggish due to weak crude oil prices.

[Motor Vehicle & Aerospace] An increase in net sales and income
In the aerospace business, transactions of aircraft parts were strong. In the motor vehicles and parts business, transactions involving motor vehicle parts were firm.

(Unit: billion yen)	3/2015	**9/2015**	Comparison with 3/2015	
			Change	Change(%)
Total assets	459.0	**452.8**	△ 6	△1.4%
Gross interest-bearing debt	136.1	**137.6**	1	1.1%
Net interest-bearing debt	67.6	**74.2**	7	9.7%
Equity capital	99.9	**101.1**	1	1.2%
Accumulated other comprehensive income	△ 9.8	**△ 8.2**	2	-
Minority interests	28.6	**28.4**	△ 0	△0.9%
Total net assets	118.7	**121.2**	2	2.1%
Shareholders' equity (Note 1)	90.1	**92.8**	3	3.0%
Net assets per share (yen)	21.4	**22.1**	0.7	3.2%
Equity ratio (Note 2)	19.6%	**20.5%**	1.5pt improved	-
Net debt-equity ratio (Note 3)	0.8times	**0.8times**	△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]
Gross interest-bearing debt declined 2.9 billion yen.
Net interest-bearing debt increased 1.1 billion yen due to an increase in operating assets and funds for investment.

[Net assets]
Net assets increased 5.0 billion yen, thanks to an increase in retained earnings as a result of posting net income and the improvement in foreign currency translation adjustment.
Shareholders' equity, obtained by subtracting non-controlling interests from net assets, rose 4.3 billion yen.

As a result, the equity ratio improved to 21.1%.
Net DER was 0.7 times.

(Unit: billion yen)	H1 of FY2015	**H1 of FY2016**
CF from operating activities	6.2	**3.8**
CF from investing activities	△ 2.5	**△ 3.3**
Free cash flows	3.7	**0.5**
Cash flows from financing activities	△ 10.7	**△ 4.5**
Effect of exchange rate changes	0.4	**△ 0.2**
Increase (decrease) in cash and cash equivalents	△ 6.6	**△ 4.1**

[CF from operating activities]
Net cash provided by operating activities stood at 3.8 billion yen, primarily reflecting operating income.

[CF from investing activities]
Net cash used in investing activities was 3.3 billion yen, chiefly due to the acquisition of investment securities.

[CF from financing activities]
Net cash used in financing activities stood at 4.5 billion yen, mainly reflecting the repayment of short-term loans.

【FY2015】

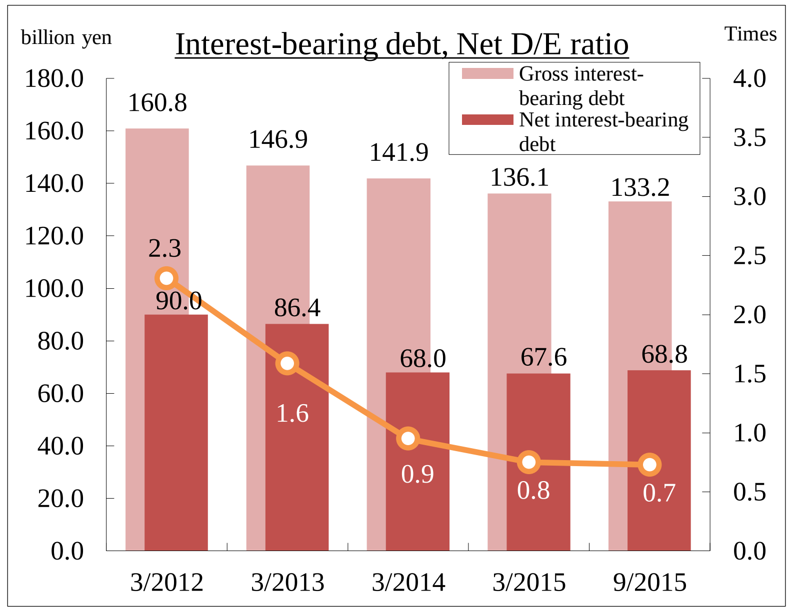
Interim*	**2.5 yen per share**
Year-end (plan)	**1.5 yen per share**
Annual (plan)	**4.0 yen per share**

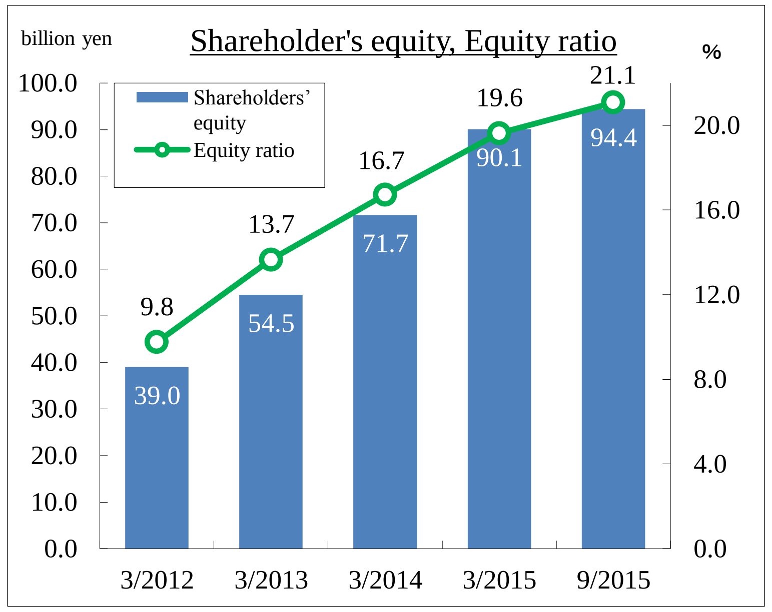
* A breakdown of interim dividends
Common dividend of 1.5 yen
Commemorative dividend of 1.0yen

【FY2016】

Interim (plan)	**2.5 yen per share**
Year-end (plan)	**2.5 yen per share**
Annual (plan)	**5.0 yen per share**

Annual (Plan)	FY2014	FY2015	FY2016
Consolidated payout ratio	10.7%	**14.7%**	16.8%





* 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)