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Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2015 [Japan GAAP]

November 5, 2014

Stock Exchange Listing: Tokyo (First Section)

Company Name: GSI Creos Corporation

Code Number: 8101 URL <http://www.gsi.co.jp>
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 Scheduled Date of Quarterly Report Filing: November 10, 2014
 Scheduled Date of Dividend Payments Commencement: —
 Supplementary Documents for Quarterly Financial Statements: No
 Holding of Quarterly Financial Results Meeting: No

(Note: Amounts less than one million of yen have been rounded down.)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014 to September 30, 2014)

(1) Consolidated Operating Results (Cumulative Total) (Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter ended September 30, 2014	69,556	(8.7)	331	(63.8)	469	(30.6)	240	(48.8)
Second quarter ended September 30, 2013	76,212	24.0	915	9.6	675	(10.9)	470	(23.9)

(Note) Comprehensive income
 Second quarter ended September 30, 2014: 311 millions of yen Δ 73.3%
 Second quarter ended September 30, 2013: 1,168 millions of yen 256.6%

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter ended September 30, 2014	3.75	—
Second quarter ended September 30, 2013	7.32	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2014	67,456	15,029	22.2
March 31, 2014	66,829	14,792	22.1

(Reference) Equity capital
 September 30, 2014: 14,980 millions of yen
 March 31, 2014: 14,742 millions of yen

2. Dividends

	Annual dividend per share				
	1Q	2Q	3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	—	—	—	2.00	2.00
Fiscal year ending March 31, 2015	—	—	—	—	—
Fiscal year ending March 31, 2015 (Forecast)	—	—	—	2.00	2.00

(Note) Revisions to the dividend forecast published most recently: No

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	150,000	(5.4)	1,500	(10.0)	1,200	(12.5)	1,000	(2.4)	15.57

(Note) Revisions to the consolidated results forecasts published most recently: No

*** Notes**

(1) Changes in Significant Subsidiaries During the Period

(Changes in Specified Subsidiaries Associated with Changes in the Scope of Consolidation): No

(2) Application of Special Accounting Methods to the Preparation of Quarterly Financial Statements: Yes

(3) Changes in Accounting Policies and Estimates, and Retrospective Restatement

i Changes in accounting policies due to revisions of accounting standards and other regulations: Yes

ii Changes in accounting policies other than in (i): No

iii Changes in accounting estimates: No

iv Retrospective restatement: No

(4) Number of Shares Issued and Outstanding (Common Stock)

i Number of shares issued and outstanding at the end of period (including treasury stock)

September 30, 2014	64,649,715 shares	March 31, 2014	64,649,715 shares
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ii Number of treasury stock at the end of period

September 30, 2014	418,531 shares	March 31, 2014	413,027 shares
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iii Average number of shares during the period

September 30, 2014	64,234,585 shares	September 30, 2013	64,254,926 shares
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*** Status of Implementation of Quarterly Review Procedure**

This quarterly report is exempt from the quarterly review procedure based on the Financial Instruments and Exchange Act.

Furthermore, quarterly consolidated financial statements were undergoing the review procedure process at the time of the release of this report.

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results and Special Notes**

Earning forecasts presented in this report are based on information available and assumptions deemed reasonable at the time.

Therefore, they do not constitute a guarantee that they will be realized. Actual results could differ significantly from forecasts due to a variety of factors.

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (March 31, 2014)	Second quarter, current fiscal year (September 30, 2014)
Assets		
Current assets		
Cash and deposits	8,130	7,917
Notes and accounts receivable-trade	34,937	34,330
Merchandise	10,542	11,687
Goods in transit	50	253
Other	1,869	2,180
Allowance for doubtful accounts	(762)	(881)
Total current assets	54,769	55,487
Non-current assets		
Property, plant and equipment	5,414	5,393
Intangible assets	974	945
Investments and other assets	5,671	5,629
Total non-current assets	12,060	11,968
Total assets	66,829	67,456
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,958	28,609
Short-term loans payable	16,149	16,763
Current portion of long-term loans payable	1,496	1,497
Income taxes payable	91	147
Provision	413	374
Other	2,803	2,486
Total current liabilities	48,913	49,879
Non-current liabilities		
Long-term loans payable	1,860	1,165
Net defined benefit liability	885	626
Other	377	755
Total non-current liabilities	3,123	2,547
Total liabilities	52,036	52,426
Net assets		
Shareholders' equity		
Capital stock	7,186	7,186
Capital surplus	895	895
Retained earnings	6,782	6,949
Treasury stock	(70)	(71)
Total shareholders' equity	14,793	14,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(124)	116
Deferred gains or losses on hedges	(1)	5
Foreign currency translation adjustment	163	(6)
Remeasurements of defined benefit plans	(88)	(96)
Total accumulated other comprehensive income	(50)	20
Minority interests	49	49
Total net assets	14,792	15,029
Total liabilities and net assets	66,829	67,456

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Cumulative Second Quarter)

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2013- September 30, 2013)	Cumulative second quarter, current fiscal year (April 1, 2014- September 30, 2014)
Net sales	76,212	69,556
Cost of sales	69,251	62,811
Gross profit	6,960	6,745
Selling, general and administrative expenses	6,044	6,413
Operating income	915	331
Non-operating income		
Interest income	10	12
Dividends income	48	46
Foreign exchange gains	—	235
Other	48	57
Total non-operating income	106	351
Non-operating expenses		
Interest expenses	169	171
Foreign exchange losses	121	—
Other	55	42
Total non-operating expenses	346	214
Ordinary income	675	469
Extraordinary income		
Gain on sales of investment securities	3	—
Total extraordinary income	3	—
Extraordinary loss		
Loss on sales of non-current assets	—	1
Loss on retirement of non-current assets	11	1
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	44	—
Loss on valuation of shares of subsidiaries and associates	—	0
Loss on valuation of golf club membership	8	—
Extraordinary loss on business liquidation	—	47
Total extraordinary loss	64	51
Income before income taxes and minority interests	614	418
Income taxes-current	137	171
Income taxes-deferred	5	5
Total income taxes	143	177
Income before minority interests	470	241
Minority interests in income	0	0
Net income	470	240

(Quarterly Consolidated Statements of Comprehensive Income)
(Cumulative Second Quarter)

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2013- September 30, 2013)	Cumulative second quarter, current fiscal year (April 1, 2014- September 30, 2014)
Income before minority interests	470	241
Other comprehensive income		
Valuation difference on available-for-sale securities	218	240
Deferred gains or losses on hedges	68	7
Foreign currency translation adjustment	410	(169)
Remeasurements of defined benefit plans, net of tax	—	(7)
Total other comprehensive income	697	70
Comprehensive income	1,168	311
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,168	311
Comprehensive income attributable to minority interests	0	0

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2013- September 30, 2013)	Cumulative second quarter, current fiscal year (April 1, 2014- September 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	614	418
Depreciation	137	158
Increase (decrease) in allowance for doubtful accounts	(30)	82
Increase (decrease) in provision for retirement benefits	(81)	—
Increase (decrease) in net defined benefit liability	—	(86)
Interest and dividends income	(58)	(59)
Interest expenses	169	171
Foreign exchange losses (gains)	0	0
Loss (gain) on sales of property, plant and equipment	—	1
Loss on retirement of property, plant and equipment	11	1
Loss (gain) on sales of investment securities	(3)	0
Loss (gain) on valuation of investment securities	44	—
Loss on valuation of shares of subsidiaries and associates	—	0
Loss on valuation of golf club membership	8	—
Extraordinary loss on business liquidation	—	47
Decrease (increase) in notes and accounts receivable-trade	(5,562)	464
Decrease (increase) in inventories	49	(1,168)
Decrease (increase) in other assets	81	695
Increase (decrease) in notes and accounts payable-trade	4,950	742
Increase (decrease) in other liabilities	(532)	(768)
Other, net	70	12
Subtotal	(130)	714
Interest and dividends income received	59	57
Interest expenses paid	(169)	(170)
Income taxes paid	(192)	(105)
Cash flows from operating activities	(433)	495
Cash flows from investing activities		
Purchase of property, plant and equipment	(34)	(16)
Proceeds from sales of property, plant and equipment	—	0
Purchase of investment securities	(11)	(2)
Proceeds from sales of investment securities	74	44
Payments for investments in capital	(82)	(28)
Payments of loans receivable	(57)	(2)
Collection of loans receivable	63	11
Other, net	9	(7)
Cash flows from investing activities	(39)	(0)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	486	190
Proceeds from long-term loans payable	724	228
Repayments of long-term loans payable	(896)	(923)
Repayments of lease obligations	(67)	(124)
Cash dividends paid	(125)	(125)
Cash dividends paid to minority shareholders	(0)	(0)
Other, net	(3)	(0)
Cash flows from financing activities	117	(754)
Effect of exchange rate change on cash and cash equivalents	169	(60)
Net increase (decrease) in cash and cash equivalents	(185)	(319)
Cash and cash equivalents at the beginning of period	7,970	8,130
Increase in cash and cash equivalents from newly consolidated subsidiary	143	105
Cash and cash equivalents at the end of period	7,928	7,917