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Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2016 [Japan GAAP]

November 5, 2015

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, 2015
 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, 2016 (April 1, 2015 to September 30, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter ended September 30, 2015	72,389	4.1	426	28.5	392	(16.3)	301	25.0
Second quarter ended September 30, 2014	69,556	(8.7)	331	(63.8)	469	(30.6)	240	(48.8)

(Note) Comprehensive income
 Second quarter ended September 30, 2015: 406 millions of yen 30.2%
 Second quarter ended September 30, 2014: 311 millions of yen Δ 73.3%

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter ended September 30, 2015	4.69	—
Second quarter ended September 30, 2014	3.75	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2015	68,702	16,105	23.4
March 31, 2015	65,885	16,061	24.3

(Reference) Equity capital
 September 30, 2015: 16,055 millions of yen
 March 31, 2015: 16,011 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, 2015	—	—	—	2.00	2.00
Fiscal year ending March 31, 2016	—	—	—	2.00	2.00
Fiscal year ending March 31, 2016 (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, 2016 (April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	152,000	(1.6)	1,100	(5.5)	1,000	(1.2)	700	24.2	10.90

(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, 2015	64,649,715 shares	March 31, 2015	64,649,715 shares
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ii Number of treasury stock at the end of period

September 30, 2015	428,979 shares	March 31, 2015	423,123 shares
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iii Average number of shares during the period

September 30, 2015	64,223,361 shares	September 30, 2014	64,234,585 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, 2015)	Second quarter, current fiscal year (September 30, 2015)
Assets		
Current assets		
Cash and deposits	8,423	10,389
Notes and accounts receivable-trade	33,601	34,223
Merchandise	10,719	10,851
Goods in transit	122	56
Other	2,587	2,646
Allowance for doubtful accounts	(1,122)	(1,129)
Total current assets	54,331	57,037
Non-current assets		
Property, plant and equipment	4,696	4,599
Intangible assets	899	878
Investments and other assets	5,958	6,186
Total non-current assets	11,553	11,664
Total assets	65,885	68,702
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,487	31,508
Short-term loans payable	16,104	15,543
Current portion of long-term loans payable	1,479	810
Income taxes payable	134	166
Provision	389	382
Other	2,603	2,622
Total current liabilities	48,199	51,034
Non-current liabilities		
Long-term loans payable	839	854
Net defined benefit liability	135	142
Other	649	565
Total non-current liabilities	1,624	1,562
Total liabilities	49,823	52,597
Net assets		
Shareholders' equity		
Capital stock	7,186	7,186
Capital surplus	895	855
Retained earnings	7,272	7,251
Treasury stock	(71)	(72)
Total shareholders' equity	15,282	15,220
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	144
Deferred gains or losses on hedges	6	(67)
Foreign currency translation adjustment	687	738
Remeasurements of defined benefit plans	26	18
Total accumulated other comprehensive income	729	834
Non-controlling interests	49	49
Total net assets	16,061	16,105
Total liabilities and net assets	65,885	68,702

**(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, 2014- September 30, 2014)	Cumulative second quarter, current fiscal year (April 1, 2015- September 30, 2015)
Net sales	69,556	72,389
Cost of sales	62,811	65,671
Gross profit	6,745	6,717
Selling, general and administrative expenses	6,413	6,291
Operating income	331	426
Non-operating income		
Interest income	12	10
Dividends income	46	44
Foreign exchange gains	235	77
Other	57	21
Total non-operating income	351	153
Non-operating expenses		
Interest expenses	171	150
Other	42	36
Total non-operating expenses	214	187
Ordinary income	469	392
Extraordinary income		
Gain on sales of non-current assets	—	68
Gain on sales of investment securities	—	1
State subsidy income	—	4
Total extraordinary income	—	73
Extraordinary loss		
Loss on sales of non-current assets	1	—
Loss on retirement of non-current assets	1	15
Loss on reduction of non-current assets	—	4
Loss on sales of investment securities	0	—
Loss on valuation of shares of subsidiaries and associates	0	—
Extraordinary loss on business liquidation	47	18
Total extraordinary loss	51	37
Income before income taxes	418	428
Income taxes-current	171	117
Income taxes-deferred	5	9
Total income taxes	177	127
Profit	241	301
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	240	301

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

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2014- September 30, 2014)	Cumulative second quarter, current fiscal year (April 1, 2015- September 30, 2015)
Profit	241	301
Other comprehensive income		
Valuation difference on available-for-sale securities	240	135
Deferred gains or losses on hedges	7	(73)
Foreign currency translation adjustment	(169)	51
Remeasurements of defined benefit plans, net of tax	(7)	(7)
Total other comprehensive income	70	105
Comprehensive income	311	406
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	311	406
Comprehensive income attributable to non-controlling interests	0	(0)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2014- September 30, 2014)	Cumulative second quarter, current fiscal year (April 1, 2015- September 30, 2015)
Cash flows from operating activities		
Income before income taxes	418	428
Depreciation	158	168
Increase (decrease) in allowance for doubtful accounts	82	15
Increase (decrease) in net defined benefit liability	(86)	(85)
Interest and dividends income	(59)	(54)
Interest expenses	171	150
Foreign exchange losses (gains)	0	0
Loss (gain) on sales of property, plant and equipment	1	(68)
Loss on retirement of property, plant and equipment	1	15
Loss (gain) on sales of investment securities	0	(1)
Loss on valuation of shares of subsidiaries and associates	0	—
Extraordinary loss on business liquidation	47	18
Decrease (increase) in notes and accounts receivable-trade	464	(433)
Decrease (increase) in inventories	(1,168)	(22)
Decrease (increase) in other assets	695	(63)
Increase (decrease) in notes and accounts payable-trade	742	3,759
Increase (decrease) in other liabilities	(768)	(272)
Other, net	12	(85)
Subtotal	714	3,469
Interest and dividends income received	57	52
Interest expenses paid	(170)	(151)
Income taxes paid	(105)	(91)
Cash flows from operating activities	495	3,280
Cash flows from investing activities		
Purchase of property, plant and equipment	(16)	(56)
Proceeds from sales of property, plant and equipment	0	237
Purchase of investment securities	(2)	(1)
Proceeds from sales of investment securities	44	45
Payments for investments in capital	(28)	—
Payments of loans receivable	(2)	(10)
Collection of loans receivable	11	25
Other, net	(7)	10
Cash flows from investing activities	(0)	250
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	190	(580)
Proceeds from long-term loans payable	228	100
Repayments of long-term loans payable	(923)	(758)
Repayments of lease obligations	(124)	(140)
Cash dividends paid	(125)	(128)
Payments for additional purchase from non-controlling interests	—	(109)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(0)	(0)
Cash flows from financing activities	(754)	(1,619)
Effect of exchange rate change on cash and cash equivalents	(60)	17
Net increase (decrease) in cash and cash equivalents	(319)	1,929
Cash and cash equivalents at the beginning of period	8,130	8,423
Increase in cash and cash equivalents from newly consolidated subsidiary	105	36
Cash and cash equivalents at the end of period	7,917	10,389