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Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2017 [Japan GAAP]

February 3, 2017

Stock Exchange Listing: Tokyo (First Section)

Company Name: GSI Creos Corporation

Code Number: 8101 URL: <http://www.gsi.co.jp>

Representative: Koji Nakashima Representative Director, President and CEO

Inquiries: Fumihiro Onishi Director, Executive Officer, General Manager of Corporate Planning Department Tel: +81-3-5211-1802

Scheduled Date of Quarterly Report Filing: February 10, 2017

Scheduled Date of Dividend Payments Commencement: —

Supplementary Documents for Quarterly Financial Statements: Yes

Holding of Quarterly Financial Results Meeting: No

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

1. Consolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 to December 31, 2016)

(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	%
Third quarter ended December 31, 2016	98,049	(12.5)	1,024	43.5	761	22.6	900	92.0
Third quarter ended December 31, 2015	112,062	2.0	714	6.8	621	10.1	469	104.5

(Note) Comprehensive income Third quarter ended December 31, 2016: 698 millions of yen 37.6%

Third quarter ended December 31, 2015: 507 millions of yen Δ38.3%

	Net income per share	Diluted net income per share
	Yen	Yen
Third quarter ended December 31, 2016	13.96	—
Third quarter ended December 31, 2015	7.30	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2016	62,980	16,601	26.4
March 31, 2016	68,206	15,908	23.3

(Reference) Equity capital December 31, 2016: 16,601 millions of yen

March 31, 2016: 15,908 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, 2016	—	—	—	2.00	2.00
Fiscal year ending March 31, 2017	—	—	—	—	—
Fiscal year ending March 31, 2017 (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, 2017 (April 1, 2016 to March 31, 2017)

(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	135,000	(11.0)	1,200	(2.3)	700	(28.3)	1,500	100.2	23.25

(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: No

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

i Changes in accounting policies due to revisions of accounting standards and other regulations: No

ii Changes in accounting policies other than in (i): Yes

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)

December 31, 2016	64,649,715 shares	March 31, 2016	64,649,715 shares
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ii Number of treasury stock at the end of period

December 31, 2016	123,564 shares	March 31, 2016	119,618 shares
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iii Average number of shares during the period

December 31, 2016	64,529,314 shares	December 31, 2015	64,222,215 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, 2016)	Third quarter, current fiscal year (December 31, 2016)
Assets		
Current assets		
Cash and deposits	9,037	12,409
Notes and accounts receivable-trade	35,683	29,475
Merchandise	9,947	9,091
Goods in transit	270	42
Other	4,284	2,585
Allowance for doubtful accounts	(1,156)	(1,101)
Total current assets	58,066	52,503
Non-current assets		
Property, plant and equipment	3,646	3,778
Intangible assets	813	768
Investments and other assets	5,680	5,930
Total non-current assets	10,140	10,476
Total assets	68,206	62,980
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,621	25,259
Short-term loans payable	16,698	16,571
Current portion of long-term loans payable	163	194
Income taxes payable	95	133
Provision	387	236
Other	3,026	2,969
Total current liabilities	50,992	45,364
Non-current liabilities		
Long-term loans payable	768	486
Net defined benefit liability	142	149
Other	394	378
Total non-current liabilities	1,305	1,014
Total liabilities	52,297	46,379
Net assets		
Shareholders' equity		
Capital stock	7,186	7,186
Capital surplus	855	855
Retained earnings	7,696	8,591
Treasury stock	(20)	(20)
Total shareholders' equity	15,718	16,612
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(163)	205
Deferred gains or losses on hedges	(164)	7
Foreign currency translation adjustment	522	(234)
Remeasurements of defined benefit plans	(2)	11
Total accumulated other comprehensive income	190	(11)
Total net assets	15,908	16,601
Total liabilities and net assets	68,206	62,980

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

(Millions of yen)

	Cumulative third quarter, previous fiscal year (April 1, 2015- December 31, 2015)	Cumulative third quarter, current fiscal year (April 1, 2016- December 31, 2016)
Net sales	112,062	98,049
Cost of sales	102,033	88,273
Gross profit	10,028	9,776
Selling, general and administrative expenses	9,314	8,751
Operating income	714	1,024
Non-operating income		
Interest income	19	27
Dividends income	55	62
Foreign exchange gains	63	—
Other	31	50
Total non-operating income	170	141
Non-operating expenses		
Interest expenses	219	156
Foreign exchange losses	—	210
Other	44	38
Total non-operating expenses	263	404
Ordinary income	621	761
Extraordinary income		
Gain on sales of non-current assets	68	—
Gain on sales of investment securities	1	0
Gain on transfer of business	—	250
State subsidy income	4	4
Other	—	67
Total extraordinary income	73	322
Extraordinary loss		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	15	9
Loss on reduction of non-current assets	4	4
Loss on sales of investments in capital	—	1
Extraordinary loss on business liquidation	31	—
Loss on litigation	—	86
Total extraordinary loss	52	101
Income before income taxes	642	982
Income taxes-current	162	216
Income taxes-deferred	10	(134)
Total income taxes	172	81
Profit	469	900
Profit attributable to non-controlling interests	0	—
Profit attributable to owners of parent	469	900

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

(Millions of yen)

	Cumulative third quarter, previous fiscal year (April 1, 2015- December 31, 2015)	Cumulative third quarter, current fiscal year (April 1, 2016- December 31, 2016)
Profit	469	900
Other comprehensive income		
Valuation difference on available-for-sale securities	197	368
Deferred gains or losses on hedges	(71)	172
Foreign currency translation adjustment	(76)	(756)
Remeasurements of defined benefit plans, net of tax	(11)	13
Total other comprehensive income	37	(202)
Comprehensive income	507	698
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	506	698
Comprehensive income attributable to non-controlling interests	0	—