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# Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2018 [Japan GAAP]

November 2, 2017

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, 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 Second Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 to September 30, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter ended September 30, 2017	65,372	(1.0)	766	31.3	792	228.0	485	5.4
Second quarter ended September 30, 2016	66,001	(8.8)	583	36.9	241	(38.5)	460	52.9

(Note) Comprehensive income  
 Second quarter ended September 30, 2017: 677 millions of yen —%  
 Second quarter ended September 30, 2016: (217) millions of yen —%

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter ended September 30, 2017	75.23	—
Second quarter ended September 30, 2016	71.35	—

\* GSI Creos Corporation has conducted a consolidation of common shares at a rate of one share for every ten shares with an effective date of October 1, 2017.  
 Net income per share has been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2017	61,689	18,471	29.9
March 31, 2017	65,476	17,963	27.4

(Reference) Equity capital  
 September 30, 2017: 18,471 millions of yen  
 March 31, 2017: 17,963 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, 2017	—	—	—	3.00	3.00
Fiscal year ending March 31, 2018	—	—	—	—	—
Fiscal year ending March 31, 2018 (Forecast)	—	—	—	30.00	30.00

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

\* GSI Creos Corporation has conducted a consolidation of common shares at a rate of one share for every ten shares with an effective date of October 1, 2017. Consequently, the impact of this consolidation of shares is factored into the figures for the cash dividends per share for the fiscal year ending March 31, 2018 (Forecast). The fiscal year end cash dividends per share for the fiscal year ending March 31, 2018 (Forecast) without the consolidation of shares factored in would be 3.00yen and the annual cash dividends per share would be 3.00yen. For further details, please refer to "Cautionary Statement with Respect to Forecasts of Consolidated Business Results and Special Notes".

### 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		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	(4.6)	1,400	6.9	1,200	8.3	800	(51.1)	123.98

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

\* The impact of the consolidation of shares is factored into the net income per share in the forecast of consolidated results for the fiscal year ending March 31, 2018. For further details, please refer to "Cautionary Statement with Respect to Forecasts of Consolidated Business Results and Special Notes".

**\* 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 ): 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, 2017	6,464,971 shares	March 31, 2017	6,464,971 shares
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ii Number of treasury stock at the end of period

September 30, 2017	12,879 shares	March 31, 2017	12,382 shares
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iii Average number of shares during the period

Six months ended September 30, 2017	6,452,430 shares	Six months ended September 30, 2016	6,452,980 shares
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\* GSI Creos Corporation has conducted a consolidation of common shares at a rate of one share for every ten shares with an effective date of October 1, 2017. Number of shares issued and outstanding (including treasury stock), number of treasury stock and average number of shares have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

**\* This quarterly report is out of scope of the quarterly review procedure.**

**\* 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.

(Cash dividends forecast and forecast of consolidated results following the consolidation of shares)

GSI Creos Corporation has conducted a consolidation of common shares at a rate of one share for every ten shares with the effective date of October 1, 2017, following the approval and adoption of proposal for the consolidation of shares at the Company's 87th general meeting of shareholders held on June 29, 2017. In accordance with this, the cash dividend forecast and the forecast of consolidated results for the fiscal year ending March 31, 2018, calculated without factoring in the consolidation of shares are as follows.

1. Cash dividend forecast for the fiscal year ending March 31, 2018

Cash dividends per share  
Fiscal year end: 3.00yen (Note1)

2. Forecast of consolidated results for the fiscal year ending March 31, 2018

Net income per share  
Full fiscal year: 12.40yen

(Note1) This is the amount of cash dividends calculated without factoring in the consolidation of shares.

(Note2) Annual cash dividends for the fiscal year ending March 31, 2018 (without factoring in the consolidation of shares) will be 3.00yen.

**Quarterly Consolidated Financial Statements**  
**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	Previous fiscal year (March 31, 2017)	Second quarter, current fiscal year (September 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	12,371	14,942
Notes and accounts receivable-trade	32,421	25,619
Merchandise	8,173	7,940
Goods in transit	267	91
Other	2,221	2,219
Allowance for doubtful accounts	(1,146)	(1,122)
<b>Total current assets</b>	<b>54,308</b>	<b>49,690</b>
Non-current assets		
Property, plant and equipment	4,237	4,723
Intangible assets	742	679
Investments and other assets	6,189	6,596
<b>Total non-current assets</b>	<b>11,168</b>	<b>11,998</b>
<b>Total assets</b>	<b>65,476</b>	<b>61,689</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	25,668	21,206
Short-term loans payable	16,558	16,609
Current portion of long-term loans payable	483	490
Income taxes payable	349	124
Provision	541	526
Other	2,690	2,926
<b>Total current liabilities</b>	<b>46,292</b>	<b>41,884</b>
Non-current liabilities		
Long-term loans payable	422	423
Net defined benefit liability	163	154
Other	634	755
<b>Total non-current liabilities</b>	<b>1,220</b>	<b>1,333</b>
<b>Total liabilities</b>	<b>47,513</b>	<b>43,217</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,186	7,186
Capital surplus	855	855
Retained earnings	9,325	9,643
Treasury stock	(20)	(21)
<b>Total shareholders' equity</b>	<b>17,346</b>	<b>17,663</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	399	680
Deferred gains or losses on hedges	(50)	(12)
Foreign currency translation adjustment	242	104
Remeasurements of defined benefit plans	25	36
<b>Total accumulated other comprehensive income</b>	<b>616</b>	<b>808</b>
<b>Total net assets</b>	<b>17,963</b>	<b>18,471</b>
<b>Total liabilities and net assets</b>	<b>65,476</b>	<b>61,689</b>

**(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, 2016- September 30, 2016)	Cumulative second quarter, current fiscal year (April 1, 2017- September 30, 2017)
Net sales	66,001	65,372
Cost of sales	59,384	58,895
Gross profit	6,617	6,477
Selling, general and administrative expenses	6,033	5,710
Operating profit	583	766
Non-operating income		
Interest income	18	19
Dividends income	51	47
Foreign exchange gains	—	34
Other	28	49
Total non-operating income	98	150
Non-operating expenses		
Interest expenses	105	97
Foreign exchange losses	301	—
Other	33	27
Total non-operating expenses	441	124
Ordinary profit	241	792
Extraordinary income		
Gain on sales of non-current assets	—	0
Gain on sales of investment securities	0	2
Gain on transfer of business	250	—
State subsidy income	4	—
Other	56	0
Total extraordinary income	310	2
Extraordinary losses		
Loss on retirement of non-current assets	3	11
Loss on reduction of non-current assets	4	—
Loss on valuation of investment securities	—	16
Loss on sales of investments in capital	1	—
Provision for loss on litigation	100	—
Total extraordinary losses	109	27
Income before income taxes	442	767
Income taxes-current	143	216
Income taxes-deferred	(161)	66
Total income taxes	(17)	282
Profit	460	485
Profit attributable to owners of parent	460	485

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

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2016- September 30, 2016)	Cumulative second quarter, current fiscal year (April 1, 2017- September 30, 2017)
Profit	460	485
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	280
Deferred gains or losses on hedges	25	37
Foreign currency translation adjustment	(697)	(137)
Remeasurements of defined benefit plans, net of tax	9	10
Total other comprehensive income	(678)	191
Comprehensive income	(217)	677
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(217)	677

**(3) Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2016- September 30, 2016)	Cumulative second quarter, current fiscal year (April 1, 2017- September 30, 2017)
<b>Cash flows from operating activities</b>		
Income before income taxes	442	767
Depreciation	132	135
Increase (decrease) in allowance for doubtful accounts	(166)	(240)
Increase (decrease) in net defined benefit liability	(11)	11
Interest and dividends income	(70)	(66)
Interest expenses	105	97
Foreign exchange losses (gains)	10	—
Loss on retirement of property, plant and equipment	3	11
Loss (gain) on sales of investment securities	(0)	(2)
Loss on valuation of investment securities	—	16
Loss (gain) on sales of investments in capital	1	—
Gain on transfer of business	(250)	—
Decrease (increase) in notes and accounts receivable-trade	3,144	6,064
Decrease (increase) in inventories	319	306
Decrease (increase) in other assets	915	(113)
Increase (decrease) in notes and accounts payable-trade	(1,573)	(3,600)
Increase (decrease) in other liabilities	322	289
Other, net	81	17
Subtotal	3,409	3,694
Interest and dividends income received	69	65
Interest expenses paid	(106)	(90)
Payments for loss on liquidation of subsidiaries and associates	(423)	—
Income taxes paid	(116)	(447)
<b>Cash flows from operating activities</b>	<b>2,832</b>	<b>3,221</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(256)	(570)
Proceeds from sales of property, plant and equipment	1,064	0
Purchase of investment securities	(1)	(3)
Proceeds from sales of investment securities	1	11
Payments for investments in capital	—	(28)
Proceeds from sales of investments in capital	31	66
Payments of loans receivable	(124)	(9)
Collection of loans receivable	14	16
Proceeds from transfer of business	447	—
Other, net	(34)	(39)
<b>Cash flows from investing activities</b>	<b>1,142</b>	<b>(555)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(115)	198
Proceeds from long-term loans payable	400	100
Repayments of long-term loans payable	(316)	(80)
Repayments of lease obligations	(148)	(87)
Cash dividends paid	(129)	(193)
Other, net	(0)	(0)
<b>Cash flows from financing activities</b>	<b>(309)</b>	<b>(63)</b>
Effect of exchange rate change on cash and cash equivalents	(274)	(9)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,389</b>	<b>2,592</b>
Cash and cash equivalents at the beginning of period	9,037	12,371
Increase in cash and cash equivalents from newly consolidated subsidiary	157	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(24)	(21)
<b>Cash and cash equivalents at the end of period</b>	<b>12,560</b>	<b>14,942</b>