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*If there is any discrepancy between this document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2018 [Japan GAAP]

May 15, 2018

Stock Exchange Listing: Tokyo (First Section)

Company Name: GSI Creos Corporation

Code Number: 8101

URL <http://www.gsi.co.jp>

Representative: Tadaaki Yoshinaga Representative Director, President and CEO

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Scheduled Date of Annual General Meeting of Shareholders: June 28, 2018

Scheduled Date of Dividend Payments Commencement: June 29, 2018

Scheduled Date of Securities Report Filing: June 28, 2018

Supplementary Documents: Yes

Holding of Financial Results Meeting: No

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

1. Consolidated Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(1) Consolidated Operating Results

(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	%
Fiscal year ended March 31, 2018	133,727	(5.5)	1,573	20.1	1,502	35.7	913	(44.1)
Fiscal year ended March 31, 2017	141,532	(6.7)	1,309	6.6	1,107	13.5	1,634	118.2

(Note) Comprehensive income Fiscal year ended March 31, 2018: 1,123 millions of yen Δ 45.5%

Fiscal year ended March 31, 2017: 2,060 millions of yen 876.8%

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2018	141.62	-	5.0	2.3	1.2
Fiscal year ended March 31, 2017	253.30	-	9.7	1.7	0.9

(Reference) Equity in earnings of affiliates Fiscal year ended March 31, 2018: 14 millions of yen

Fiscal year ended March 31, 2017: 23 millions of yen

* 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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2018	62,964	18,916	30.0	2,932.15
March 31, 2017	65,476	17,963	27.4	2,783.86

(Reference) Equity capital March 31, 2018: 18,916 millions of yen

March 31, 2017: 17,963 millions of yen

* 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 assets per share has been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2018	1,394	697	(1,846)	12,636
Fiscal year ended March 31, 2017	165	3,428	(264)	12,371

2. Dividends

	Annual dividend per share					Total cash dividends	Payout ratio (Consolidated)	Dividend rate to net assets (Consolidated)
	1Q	2Q	3Q	Fiscal year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2017	-	-	-	3.00	3.00	193	11.8	1.1
Fiscal year ended March 31, 2018	-	-	-	35.00	35.00	225	24.7	1.2
Fiscal year ending March 31, 2019 (Forecast)	-	-	-	40.00	40.00		25.8	

* 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. The dividend per share for the fiscal year ended March 31, 2017 is the actual amount before the consolidation of shares.

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	130,000	(2.8)	1,500	(4.7)	1,500	(0.2)	1,000	9.4	155.01

(Note) Forecast for the second quarter (cumulative) is not available.

* Notes

(1) Changes in Significant Subsidiaries During the Period

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

(2) 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

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

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

March 31, 2018	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

March 31, 2018	13,593 shares	March 31, 2017	12,382 shares
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iii Average number of shares during the period

Year ended March 31, 2018	6,452,019 shares	Year ended March 31, 2017	6,452,853 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.

[Reference] Summary of Non-Consolidated Results

Non-Consolidated Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2018	71,112	(7.9)	359	(21.0)	643	(7.1)	425	(16.0)
Fiscal year ended March 31, 2017	77,212	(8.2)	455	1.0	693	(10.3)	506	81.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2018	65.89	-
Fiscal year ended March 31, 2017	78.43	-

* 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) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2018	42,826	12,864	30.0	1,994.08
March 31, 2017	43,540	12,420	28.5	1,924.88

(Reference) Equity capital March 31, 2018: 12,864 millions of yen

March 31, 2017: 12,420 millions of yen

* 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 assets per share has been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

*** This financial report is out of scope of the audit procedure performed by a certified public accountant or audit corporation.**

*** 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.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (March 31, 2017)	Current fiscal year (March 31, 2018)
Assets		
Current assets		
Cash and deposits	12,371	12,636
Notes and accounts receivable-trade	32,421	30,154
Merchandise	8,173	8,138
Goods in transit	267	258
Deferred tax assets	361	358
Other	1,859	1,182
Allowance for doubtful accounts	(1,146)	(283)
Total current assets	54,308	52,446
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,509	3,763
Accumulated depreciation	(2,288)	(2,217)
Buildings and structures, net	1,220	1,546
Machinery, equipment and vehicles	2,616	2,633
Accumulated depreciation	(2,505)	(2,445)
Machinery, equipment and vehicles, net	110	188
Tools, furniture and fixtures	508	464
Accumulated depreciation	(417)	(384)
Tools, furniture and fixtures, net	91	79
Land	2,758	2,554
Leased assets	96	97
Accumulated depreciation	(42)	(58)
Leased assets, net	53	39
Construction in progress	3	—
Total property, plant and equipment	4,237	4,407
Intangible assets		
Leased assets	673	562
Other	69	57
Total intangible assets	742	620
Investments and other assets		
Investment securities	3,892	3,416
Investments in capital	1,167	942
Long-term loans receivable	190	170
Deferred tax assets	45	15
Net defined benefit asset	344	379
Other	791	830
Allowance for doubtful accounts	(241)	(263)
Total investments and other assets	6,189	5,490
Total non-current assets	11,168	10,518
Total assets	65,476	62,964

(Millions of yen)

	Previous fiscal year (March 31, 2017)	Current fiscal year (March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	25,668	23,773
Short-term loans payable	16,558	15,250
Current portion of long-term loans payable	483	227
Lease obligations	169	152
Income taxes payable	349	276
Deferred tax liabilities	18	11
Provision for bonuses	393	424
Provision for directors' bonuses	35	42
Provision for loss on liquidation of subsidiaries and associates	113	—
Other	2,503	2,748
Total current liabilities	46,292	42,907
Non-current liabilities		
Long-term loans payable	422	355
Lease obligations	208	68
Deferred tax liabilities	415	563
Net defined benefit liability	163	143
Asset retirement obligations	10	9
Total non-current liabilities	1,220	1,140
Total liabilities	47,513	44,048
Net assets		
Shareholders' equity		
Capital stock	7,186	7,186
Capital surplus	855	855
Retained earnings	9,325	10,071
Treasury stock	(20)	(22)
Total shareholders' equity	17,346	18,090
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	399	606
Deferred gains or losses on hedges	(50)	(36)
Foreign currency translation adjustment	242	190
Remeasurements of defined benefit plans	25	65
Total accumulated other comprehensive income	616	826
Total net assets	17,963	18,916
Total liabilities and net assets	65,476	62,964

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Consolidated Statements of Income**

	(Millions of yen)	
	Previous fiscal year (April 1, 2016- March 31, 2017)	Current fiscal year (April 1, 2017- March 31, 2018)
Net sales	141,532	133,727
Cost of sales	128,379	120,603
Gross profit	13,153	13,123
Selling, general and administrative expenses		
Haulage and warehousing expenses	1,654	1,484
Sales related expenses	1,968	1,801
Provision of allowance for doubtful accounts	64	26
Directors' compensations, salaries and allowances	2,823	2,790
Employees' bonuses	347	354
Provision for bonuses	362	383
Provision for directors' bonuses	35	42
Retirement benefit expenses	175	199
Other salaries	802	795
Depreciation	197	202
Other	3,410	3,470
Total selling, general and administrative expenses	11,843	11,550
Operating profit	1,309	1,573
Non-operating income		
Interest income	42	50
Dividends income	65	60
Land and house rent received	3	3
Share of profit of entities accounted for using equity method	23	28
Other	68	80
Total non-operating income	203	223
Non-operating expenses		
Interest expenses	209	191
Share of loss of entities accounted for using equity method	—	14
Foreign exchange losses	131	2
Provision of allowance for doubtful accounts	—	8
Other	63	78
Total non-operating expenses	405	294
Ordinary profit	1,107	1,502

	(Millions of yen)	
	Previous fiscal year (April 1, 2016- March 31, 2017)	Current fiscal year (April 1, 2017- March 31, 2018)
Extraordinary income		
Gain on sales of non-current assets	1,634	0
Gain on sales of investment securities	0	459
State subsidy income	7	—
Gain on transfer of business	244	—
Other	67	14
Total extraordinary income	1,954	474
Extraordinary losses		
Loss on sales of non-current assets	7	0
Loss on retirement of non-current assets	55	16
Impairment loss	—	281
Loss on valuation of investment securities	—	16
Loss on valuation of investments in capital of subsidiaries and associates	17	89
Provision for loss on liquidation of subsidiaries and associates	113	—
Loss on litigation	86	—
Business structure improvement expenses	419	—
Other	12	48
Total extraordinary losses	710	452
Income before income taxes	2,351	1,524
Income taxes-current	531	526
Income taxes-deferred	185	84
Total income taxes	716	610
Profit	1,634	913
Profit attributable to owners of parent	1,634	913

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Previous fiscal year (April 1, 2016- March 31, 2017)	Current fiscal year (April 1, 2017- March 31, 2018)
Profit	1,634	913
Other comprehensive income		
Valuation difference on available-for-sale securities	562	207
Deferred gains or losses on hedges	114	14
Foreign currency translation adjustment	(279)	(51)
Remeasurements of defined benefit plans, net of tax	28	40
Total other comprehensive income	425	209
Comprehensive income	2,060	1,123
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,060	1,123

(3) Consolidated Statements of Changes in Shareholders' Equity
Previous fiscal year (April 1, 2016 - March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	7,186	855	7,696	(20)	15,718
Changes of items during the period					
Dividends of surplus			(129)		(129)
Profit attributable to owners of parent			1,634		1,634
Purchase of treasury stock				(0)	(0)
Change of scope of consolidation			123		123
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,628	(0)	1,628
Balance at the end of period	7,186	855	9,325	(20)	17,346

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	(163)	(164)	522	(2)	190	—	15,908
Changes of items during the period							
Dividends of surplus							(129)
Profit attributable to owners of parent							1,634
Purchase of treasury stock							(0)
Change of scope of consolidation							123
Net changes of items other than shareholders' equity	562	114	(279)	28	425	—	425
Total changes of items during the period	562	114	(279)	28	425	—	2,054
Balance at the end of period	399	(50)	242	25	616	—	17,963

Current fiscal year (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	7,186	855	9,325	(20)	17,346
Changes of items during the period					
Dividends of surplus			(193)		(193)
Profit attributable to owners of parent			913		913
Purchase of treasury stock				(2)	(2)
Change of scope of consolidation			25		25
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	745	(2)	743
Balance at the end of period	7,186	855	10,071	(22)	18,090

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	399	(50)	242	25	616	—	17,963
Changes of items during the period							
Dividends of surplus							(193)
Profit attributable to owners of parent							913
Purchase of treasury stock							(2)
Change of scope of consolidation							25
Net changes of items other than shareholders' equity	207	14	(51)	40	209	—	209
Total changes of items during the period	207	14	(51)	40	209	—	953
Balance at the end of period	606	(36)	190	65	826	—	18,916

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (April 1, 2016- March 31, 2017)	Current fiscal year (April 1, 2017- March 31, 2018)
Cash flows from operating activities		
Income before income taxes	2,351	1,524
Depreciation	256	279
Impairment loss	—	281
Increase (decrease) in allowance for doubtful accounts	(143)	(922)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	113	(113)
Increase (decrease) in net defined benefit liability	62	1
Interest and dividends income	(107)	(111)
Interest expenses	209	191
Foreign exchange losses (gains)	0	(0)
Loss (gain) on sales of property, plant and equipment	(1,626)	(0)
Loss on retirement of property, plant and equipment	55	16
Loss (gain) on sales of investment securities	(0)	(458)
Loss (gain) on valuation of investment securities	—	16
Loss on valuation of investments in capital of subsidiaries and associates	17	89
Loss (gain) on sales of investments in capital	(3)	(13)
Gain on transfer of business	(244)	—
Business structure improvement expenses	419	—
Loss on litigation	86	—
Decrease (increase) in notes and accounts receivable-trade	2,689	1,553
Decrease (increase) in inventories	179	(18)
Decrease (increase) in other assets	902	489
Increase (decrease) in notes and accounts payable-trade	(4,205)	(1,187)
Increase (decrease) in other liabilities	(39)	296
Other, net	49	162
Subtotal	1,020	2,079
Interest and dividends income received	107	109
Interest expenses paid	(212)	(185)
Payments for business structure improvement expenses	(30)	—
Payments for loss on litigation	(86)	—
Payments for loss on liquidation of subsidiaries and associates	(359)	—
Income taxes paid	(275)	(608)
Cash flows from operating activities	165	1,394
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,265)	(621)
Proceeds from sales of property, plant and equipment	3,200	0
Purchase of investment securities	(13)	(4)
Proceeds from sales of investment securities	5	1,223
Payments for investments in capital	(8)	(28)
Proceeds from sales of investments in capital	144	169
Payments of loans receivable	(91)	(22)
Collection of loans receivable	19	31
Proceeds from transfer of business	1,392	—
Other, net	45	(51)
Cash flows from investing activities	3,428	697

