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Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2019 [Japan GAAP]

November 2, 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 Quarterly Report Filing: November 9, 2018

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, 2019 (April 1, 2018 to September 30, 2018)

(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, 2018	68,889	5.4	997	30.1	1,043	31.7	736	51.7
Second quarter ended September 30, 2017	65,372	(1.0)	766	31.3	792	228.0	485	5.4

(Note) Comprehensive income Second quarter ended September 30, 2018: 560 millions of yen Δ 17.3%
 Second quarter ended September 30, 2017: 677 millions of yen —%

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter ended September 30, 2018	114.11	—
Second quarter ended September 30, 2017	75.23	—

* GSI Creos Corporation executed a consolidation of common shares at a rate of one share for every ten shares as of October 1, 2017.

Net income per share is calculated on the assumption that the consolidation of common 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, 2018	62,731	19,250	30.7
March 31, 2018	62,677	18,916	30.2

(Reference) Equity capital September 30, 2018: 19,250 millions of yen

March 31, 2018: 18,916 millions of yen

* GSI Creos Corporation applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant guidances from the beginning of the first quarter of the current fiscal year. The figures as of March 31, 2018 are those after retrospective application.

2. Dividends

	Annual dividend per share				
	1Q	2Q	3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	—	—	35.00	35.00
Fiscal year ending March 31, 2019	—	—	—	—	—
Fiscal year ending March 31, 2019 (Forecast)	—	—	—	40.00	40.00

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

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) 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): 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, 2018	6,464,971 shares	March 31, 2018	6,464,971 shares
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ii Number of treasury stock at the end of period

September 30, 2018	13,884 shares	March 31, 2018	13,593 shares
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iii Average number of shares during the period

Six months ended September 30, 2018	6,451,226 shares	Six months ended September 30, 2017	6,452,430 shares
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* GSI Creos Corporation executed a consolidation of common shares at a rate of one share for every ten shares as of October 1, 2017.

Number of shares issued and outstanding (including treasury stock), number of treasury stock, and average number of shares are calculated on the assumption that the consolidation of common shares was conducted at the beginning of the previous fiscal year.

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

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (March 31, 2018)	Second quarter, current fiscal year (September 30, 2018)
Assets		
Current assets		
Cash and deposits	12,636	11,915
Notes and accounts receivable-trade	30,154	31,297
Merchandise	8,138	8,109
Goods in transit	258	50
Other	1,182	1,192
Allowance for doubtful accounts	(283)	(298)
Total current assets	52,087	52,267
Non-current assets		
Property, plant and equipment	4,407	4,387
Intangible assets	620	558
Investments and other assets	5,562	5,518
Total non-current assets	10,589	10,464
Total assets	62,677	62,731
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,773	25,350
Short-term loans payable	15,250	13,572
Current portion of long-term loans payable	227	249
Income taxes payable	276	216
Provision	466	405
Other	2,901	2,931
Total current liabilities	42,895	42,725
Non-current liabilities		
Long-term loans payable	355	269
Net defined benefit liability	143	141
Other	366	344
Total non-current liabilities	865	755
Total liabilities	43,760	43,481
Net assets		
Shareholders' equity		
Capital stock	7,186	7,186
Capital surplus	855	855
Retained earnings	10,071	10,581
Treasury stock	(22)	(23)
Total shareholders' equity	18,090	18,600
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	606	522
Deferred gains or losses on hedges	(36)	8
Foreign currency translation adjustment	190	49
Remeasurements of defined benefit plans	65	69
Total accumulated other comprehensive income	826	650
Total net assets	18,916	19,250
Total liabilities and net assets	62,677	62,731

(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, 2017- September 30, 2017)	Cumulative second quarter, current fiscal year (April 1, 2018- September 30, 2018)
Net sales	65,372	68,889
Cost of sales	58,895	62,242
Gross profit	6,477	6,647
Selling, general and administrative expenses	5,710	5,650
Operating profit	766	997
Non-operating income		
Interest income	19	10
Dividends income	47	39
Foreign exchange gains	34	56
Other	49	49
Total non-operating income	150	156
Non-operating expenses		
Interest expenses	97	87
Other	27	22
Total non-operating expenses	124	109
Ordinary profit	792	1,043
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	2	—
Other	0	—
Total extraordinary income	2	0
Extraordinary losses		
Loss on retirement of non-current assets	11	2
Loss on valuation of investment securities	16	—
Loss on sales of golf club memberships	—	4
Total extraordinary losses	27	6
Income before income taxes	767	1,037
Income taxes-current	216	282
Income taxes-deferred	66	19
Total income taxes	282	301
Profit	485	736
Profit attributable to owners of parent	485	736

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

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2017- September 30, 2017)	Cumulative second quarter, current fiscal year (April 1, 2018- September 30, 2018)
Profit	485	736
Other comprehensive income		
Valuation difference on available-for-sale securities	280	(83)
Deferred gains or losses on hedges	37	44
Foreign currency translation adjustment	(137)	(140)
Remeasurements of defined benefit plans, net of tax	10	3
Total other comprehensive income	191	(176)
Comprehensive income	677	560
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	677	560

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2017- September 30, 2017)	Cumulative second quarter, current fiscal year (April 1, 2018- September 30, 2018)
Cash flows from operating activities		
Income before income taxes	767	1,037
Depreciation	135	138
Increase (decrease) in allowance for doubtful accounts	(240)	4
Increase (decrease) in net defined benefit liability	11	(0)
Interest and dividends income	(66)	(50)
Interest expenses	97	87
Foreign exchange losses (gains)	—	0
Loss on retirement of property, plant and equipment	11	2
Loss (gain) on sales of investment securities	(2)	—
Loss on valuation of investment securities	16	—
Loss (gain) on sales of golf club memberships	—	4
Decrease (increase) in notes and accounts receivable-trade	6,064	(1,562)
Decrease (increase) in inventories	306	181
Decrease (increase) in other assets	(113)	(25)
Increase (decrease) in notes and accounts payable-trade	(3,600)	1,958
Increase (decrease) in other liabilities	289	60
Other, net	17	22
Subtotal	3,694	1,858
Interest and dividends income received	65	50
Interest expenses paid	(90)	(88)
Income taxes paid	(447)	(341)
Cash flows from operating activities	3,221	1,479
Cash flows from investing activities		
Purchase of property, plant and equipment	(570)	(56)
Proceeds from sales of property, plant and equipment	0	0
Purchase of intangible assets	—	(1)
Purchase of investment securities	(3)	(93)
Proceeds from sales of investment securities	11	7
Payments for investments in capital	(28)	(11)
Proceeds from sales of investments in capital	66	27
Payments of loans receivable	(9)	—
Collection of loans receivable	16	15
Other, net	(39)	(7)
Cash flows from investing activities	(555)	(119)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	198	(1,660)
Proceeds from long-term loans payable	100	50
Repayments of long-term loans payable	(80)	(113)
Repayments of lease obligations	(87)	(79)
Cash dividends paid	(193)	(225)
Other, net	(0)	(0)
Cash flows from financing activities	(63)	(2,029)
Effect of exchange rate change on cash and cash equivalents	(9)	(50)
Net increase (decrease) in cash and cash equivalents	2,592	(720)
Cash and cash equivalents at the beginning of period	12,371	12,636
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(21)	—
Cash and cash equivalents at the end of period	14,942	11,915