Summary of Results Briefing for the
Three-Month Period Ended June 30, 2016 (August 2, 2016)

Consolidated Statements of Profit or Loss
Net sales (JGAAP) decreased ¥133.8 billion year on year, to ¥896.3 billion. The impacts of yen appreciation and falling resource prices caused sales to decline in seven divisions, with only the Lifestyle Commodities & Materials Division and the Retail Division not seeing sales decline.

Gross profit was up ¥1.3 billion year on year, to ¥46.8 billion. Profit increased ¥2.8 billion in the Retail Division due to smooth progress in sales of real estate held for sale. In addition, profit was up ¥0.9 billion in the Infrastructure & Environment Business Division as a result of an increase of profit in domestic solar power generation businesses.

Selling, general and administrative expenses decreased ¥1.0 billion year on year, to ¥37.7 billion, following a decline in foreign currency-denominated expenses after translation to yen amounts that stemmed from the effects of yen appreciation.

The balance of other income and other expenses came to a net expense of ¥0.5 billion, primarily as a result of impairment losses on Company-owned ships.

Operating profit increased ¥0.6 billion year on year, to ¥8.6 billion.

The balance of financial income and financial costs remained relatively unchanged year on year at a net cost of ¥1.6 billion.

Share of profit of investments accounted for using the equity method decreased ¥5.9 billion year on year, to ¥2.6 billion. The decrease of ¥5.9 billion was largely the result of the absence of sales of land associated with automobile assembly operations in the Philippines and the delivery of a large-scale industrial park in Indonesia that took place in the previous equivalent period. In addition, profits from LNG Japan Corporation were down due to a drop in the price of oil.

Profit before tax decreased ¥5.5 billion year on year, to ¥9.6 billion.

Profit for the period (attributable to owners of the Company) decreased ¥2.2 billion year on year, to ¥8.4 billion. Income tax expenses were low at ¥0.4 billion and the effective tax rate was only 4%. This outcome was due to the fact that tax loss was recognized with regard to the sales of real estate held for sale mentioned above in relation to gross profit. These losses were recognized light of a past impairment loss on the real estate sale in question that was previously deemed taxable because tax loss could not be applied at the time it was recorded. The recognition of these tax losses lowered the amount of taxable income for the Company.

Core earnings decreased ¥3.6 billion year on year, to ¥10.2 billion This decrease was primarily the result of lower share of profit of investments accounted for using the equity method following the absence of sales of land associated with automobile assembly operations in the Philippines recorded in the previous equivalent period. However, given the adverse impacts of yen appreciation and the falling resource prices, it could be said that core earnings are gradually improving.

Consolidated Statements of Financial Position

Total assets were close to ¥2 trillion at ¥1,973.1 billion on June 30, 2016, down ¥83.6 billion from March 31, 2016. A major factor behind this decline was a decrease of ¥23.1 billion in trade and other receivables (under current assets). The decrease in receivables followed from the sales of a new model in automobile assembly operations in the Philippines at the end of March 2016, which enabled us to collect receivables that been recorded previously. In addition, investments accounted for using the equity method and other investments decreased by a combined total of ¥27.4 billion due to the impacts of yen appreciation and stock price declines.

Total liabilities at June 30, 2016, amounted to ¥1,467.8 billion, down ¥39.2 billion from March 31, 2016, primarily due to the redemption of bonds and the repayment of borrowings.

Total equity attributable to owners of the Company was ¥477.1 billion on June 30, 2016, down ¥43.2 billion from March 31, 2016. Retained earnings (profit for the period attributable to owners of the company of ¥8.4 billion less dividends paid) increased ¥3.3 billion. However, this increase was offset by the massive decreases in other components of equity, foreign currency translation differences for foreign operations, and net realizable losses on available-for sale securities that stemmed from yen appreciation and stock price declines.

The net debt equity ratio was 1.16 times at June 30, 2016. Although, total equity attributable to owners of the Company decreased, this ratio only rose by 0.06 percentage point as net interest-bearing debt was also down.

Cash Flows

Net cash provided by operating activities amounted to ¥39.3 billion. Net cash used in investing activities totaled ¥15.0 billion with major outlays including new investments and loans related to domestic solar power generation businesses and aerospace and IT businesses. The pace of investments was slow during the first quarter. However, this slow pace will not impact our plans to conduct investment and loans totaling ¥125.0 billion in the year ending March 31, 2017. Free cash flow amounted to ¥24.3 billion as a result of the above. Net cash used in financing activities was ¥28.0 billion following the repayment of debt.