Summary of Results Briefing for the
Nine-Month Period Ended December 31, 2016 (February 3, 2017)

Operating Environment
The operating environment was incredibly difficult during the first half of the fiscal year due to the impacts of yen appreciation and low resource prices. However, the environment began to improve gradually later on due to the recovery of the prices of coal and other resources that started in September 2016 as well as the yen appreciation trend that emerged following the president election in the United States. Upon entering 2017, the sense of uncertainty in the operating environment grew stronger in relation to such factors as the falling the price of coal and the potential economic repercussions of the changes in government policy implemented by the new presidential cabinet in the United States.

Consolidated Statements of Profit or Loss
Net sales (JGAAP) in the nine-month period ended December 31, 2016, were down ¥275.1 billion year on year, to ¥2,749.3 billion. In the third quarter, sales were up due to the higher transaction volumes for coal following a rise in the price of this resource as well as an increase in heat-not-burn cigarette sales in the Lifestyle Commodities & Materials Division. However, the higher third-quarter sales were unable to compensate for the decline in sales for the first half of the fiscal year.

Gross profit was up ¥8.9 billion year on year, to ¥142.1 billion. Profit increased in the Metals & Coal Division as a result of higher transaction volumes for coal following a rise in the price of this resource. In addition, the strong performance of overseas fertilizer businesses in the Foods & Agriculture Business Division and the benefits of sales of domestic commercial facilities in the Retail Division both contributed to an increase in profit over the first half of the fiscal year.

Selling, general and administration (SG&A) expenses decreased ¥3.7 billion year on year, to ¥112.0 billion. Although SG&A expenses rose in the U.S. dealership business acquired in the year ended March 31, 2016, foreign currency denominated costs were down as a result of the value of the yen appreciating 12% versus the U.S. dollar, which led to the overall decrease in expenses.

Net other income decreased ¥5.4 billion year on year, to ¥4.3 billion. This outcome was largely the result of the gain on sale and disposal of fixed assets of ¥4.8 billion recorded in the third quarter primarily in relation to sales of oil and gas interests held previously in the United States.

Operating profit rose ¥7.2 billion year on year, to ¥34.4 billion.

Net financial costs decreased ¥1.3 billion year on year, to ¥4.8 billion, following a ¥1.6 billion reduction in net interest expenses, which amounted to ¥8.0 billion. This outcome was a result of the low progress toward the full-year target for new investments and loans (only slightly higher than ¥50.0 billion during the nine-month period in comparison to the full-year target of ¥125.0 billion), which led to delays refinancing.

Share of profit of investments accounted for using the equity method decreased ¥9.1 billion year on year, to ¥10.2 billion. This decrease was largely a result of the absence of the gains on sales of land in automobile assembly operations in the Philippines and the deliveries of large-scale industrial parks in Indonesia that occurred during the previous equivalent period.

Profit before tax was relatively unchanged year on year at ¥39.8 billion.

Profit for the period (attributable to owners of the Company) was down ¥2.1 billion year on year, to ¥30.1 billion. While the profit for the period figure in the six-month period ended September 31, 2016, only represented 39% of the full-year target of ¥40.0 billion, the figure for the nine-month period ended December 31, 2016, represented 75% of this target. We therefore feel that performance has gotten back on the right track.

Consolidated Statements of Financial Position

Total assets on December 31, 2016, stood at ¥2,108.6 billion, up ¥51.9 billion from March 31, 2016. This increase was mainly attributable to a rise in trade and other receivables as well as the expansion of inventories.

Total liabilities at December 31, 2016, amounted to ¥1,546.2 billion, up ¥39.2 billion from March 31, 2016. The rise in liabilities was limited to ¥39.2 billion as the ¥63.4 billion increase in trade and other payables that accompanied the expansion of trade receivables was counterbalanced by the reduction in borrowings.

Total equity attributable to owners of the Company was ¥531.0 billion on December 31, 2016, up ¥10.7 billion from March 31, 2016. After issuing dividend payments from profit for the period, retained earnings was up ¥21.1 billion. Other components of equity, meanwhile, decreased ¥10.4 billion. The effects of the yen depreciation trend seen leading up to the end of December 2016 were counteracted by the impacts of the rapid depreciation of the British pound, contributing to the aforementioned changes.

The net debt equity ratio was 1.08 times on December 31, 2016, down 0.02 times from March 31, 2016, as equity rose slightly while net interest-bearing debt stayed at the same level.

Consolidated Statements of Cash Flows

Net cash provided by operating activities was ¥33.3 billion while net cash used in investing activities was ¥24.6 billion, making for positive free cash flow of ¥8.7 billion. The full-year forecast projects a negative free cash flow of ¥35.0 billion. As of December 31, 2016, the total of investments and loans had only just exceeded ¥50.0 billion, compared with the full-year target of ¥125.0 billion. In the fourth quarter, the Company is planning to conduct investments and loans in renewable energy and aircraft-related projects as well as for business acquisitions to achieve the target of ¥125.0 billion, and these investments and loans will be the primary cause of the negative free cash flow.

Performance by Segment

Below, we will focus on segments in which progress toward full-year forecasts deviated significantly from the anticipated level of 75%.

The Aerospace & IT Business Division recorded impairment losses on Company-owned ships during the first half of the fiscal year. However, a large portion of IT business earnings is expected to be generated during the fourth quarter and we are in the process of concluding large-scale aircraft-related contracts. We therefore anticipate that this division will be able to achieve its full-year forecast.

The Infrastructure & Environment Business Division is projected to receive orders and contracts for large-scale plant projects during the fourth quarter.

The Energy Division recorded gains on sales of oil and gas interests. However, some of other interests are expected to generate losses, and upfront costs are scheduled to be incurred to prepare for the expansion of operations into midstream areas in the year ending March 31, 2018, and beyond.

The Metals & Coal Division is performing in line with expectations with a 76% rate of progress toward its full-year forecast. We have not changed the coal price assumption of US$52 per ton that was part of our initial forecasts. However, given the current coal price, we are almost certain that full-year performance will be higher than forecast.

The Foods & Agriculture Business Division posted a profit figure in the nine-month period ended December 31, 2016, that was higher than its full-year forecast. However, the first half of the fiscal year is a peak period for overseas fertilizer businesses, which form the backbone of this division's operations, while the second half is an off season. In addition, our forecasts incorporate a loss that will be recorded in grain collection operations in Brazil as a result of struggling performance. As such, profit is not guaranteed to remain above the forecast.

The Retail Division made strong strides toward its full-year forecast as a result of gains on sales of commercial facilities conducting during the first quarter. As we progress toward the end of the fiscal year, profit for the year attributable to owners of the Company is expected to settle at the level of ¥4.0 billion projected by the full-year forecast.