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## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014 to September 30, 2014) [Japanese GAAP]

November 10, 2014

Company Name: **NICHIAS Corporation**  
 Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)  
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 Scheduled date of filing the quarterly consolidated financial statements: November 13, 2014  
 Supplementary materials for financial results: Available  
 Organization of financial results briefing: Available (for institutional investors and analysts)  
 Scheduled date of commencement of dividend payment: December 5, 2014  
 (Fractional amounts of less than ¥1 million are discarded.)

### 1. Consolidated financial results for the second quarter of the fiscal year ending March 31, 2015 (April 1, 2014 to September 30, 2014)

(1) Operating results (cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter of Fiscal Year Ending March 31, 2015	74,499	7.1	5,029	2.0	5,506	2.5	3,086	(4.0)
Second Quarter of Fiscal Year Ended March 31, 2014	69,529	1.5	4,928	(7.9)	5,372	2.0	3,215	7.8

Note: Comprehensive income

Second Quarter of Fiscal Year Ending March 31, 2015..... ¥3,683 million / (29.8)%

Second Quarter of Fiscal Year Ended March 31, 2014..... ¥5,247 million / 72.6%

	Net income per share	Net income per share (Fully diluted)
	Yen	Yen
Second Quarter of Fiscal Year Ending March 31, 2015	25.83	22.44
Second Quarter of Fiscal Year Ended March 31, 2014	26.93	23.39

(2) Financial status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Second Quarter of Fiscal Year Ending March 31, 2015	145,792	71,028	48.2
As of March 31, 2014	141,311	67,956	47.6

(Reference) Shareholders' Equity

Second Quarter of Fiscal Year Ending March 31, 2015..... ¥70,337 million

Fiscal year ended March 31, 2014..... ¥67,276 million

**2. Dividends**

	Annual dividends				
	1 <sup>st</sup> quarter-end	2 <sup>nd</sup> quarter-end	3 <sup>rd</sup> quarter-end	Fiscal year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	—	7.00	—	8.00	15.00
Fiscal year ending March 31, 2015	—	8.00			
Fiscal year ending March 31, 2015 (Forecast)			—	8.00	16.00

Note: Adjustments from the most recently released dividend forecast:      None

**3. Forecast of consolidated financial results for the fiscal year ending March 31, 2015 (April 1, 2014 to March 31, 2015)**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	155,000	5.4	12,000	17.5	12,000	8.5	7,500	18.7	62.79

Note: Adjustments from the most recently released consolidated results forecast:      None

\* Notes

(1) Changes in significant subsidiaries during the consolidated quarter under review: None

(Change in the scope of consolidation for a significant subsidiary)

(2) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to revision of accounting standards: Yes

2) Changes other than those in 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares outstanding (ordinary shares)

1) Number of shares issued at the end of the period (including treasury stock)

Fiscal year ending March 31, 2015 2Q	125,057,344 shares	As of March 31, 2014	125,057,344 shares
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2) Number of shares of treasury stock at the end of the period

Fiscal year ending March 31, 2015 2Q	4,789,813 shares	As of March 31, 2014	5,582,526 shares
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3) Average number of shares outstanding during the period (quarterly cumulative)

Fiscal year ending March 31, 2015 2Q	119,481,393 shares	Fiscal year ended March 31, 2014 2Q	119,409,645 shares
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\* Items related to the conduct of quarterly review procedures

These quarterly financial results are not subject to quarterly review based on the Financial Instrument and Exchange Act.

\* Information concerning proper use of financial forecasts and other special notes

- Forward-looking statements concerning financial forecasts contained in these materials are based on certain assumptions judged to be reasonable and on the information available when the forecasts were made. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors.

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## 1. Qualitative information on the quarter under review

### (1) Explanation of operating results

During the period of the consolidated cumulative second quarter, while there was an increase in purchasing costs as a result of skyrocketing fuel costs and a reactionary decline following last-minute demand before the implementation of the consumption tax rate hike, corporate earnings and the employment environment improved, and capital spending was on the rise. Accordingly, the Japanese economy continued to mark a modest recovery.

In these conditions, sales increased in the Energy and Industrial Plants Division due to an increase in the completion of petroleum refining and petrochemicals-related work, and in the Autoparts Division, which benefited from solid overseas demand. As a result, net sales for our Group increased by 7.1% compared to the same period of the previous fiscal year, to ¥74,499 million.

In terms of profits, operating income was up 2.0% year on year to ¥5,029 million and ordinary income was up 2.5% year on year to ¥5,506 million. Meanwhile, net income was down 4.0% year on year to ¥3,086 million as result of an impairment loss on the former head office building of ¥298 million that was recorded and a dismantlement cost of ¥428 million that was recorded as an extraordinary loss.

The net sales by segment for the quarter under review are as follows.

Sales in the Energy and Industrial Plants Division increased 16.5% year on year to ¥21,398 million. This was due to the strong performance of petroleum refining and petrochemicals-related work.

Sales in the Industrial Products Division increased 3.6% year on year to ¥19,395 million. This was due to the fact that demands have grown for sealing material products, inorganic insulation material products and fluoropolymer products, triggered by the recent gentle recovery in the economy.

Sales in the Advanced Products Division decreased 6.1% year on year to ¥6,474 million. This was due to a decline in demand caused by a delay in the timing of investments by some semiconductor manufacturers.

Sales in the Autoparts Division increased 6.1% year on year to ¥15,308 million. This was due to solid overseas demand, particularly in North America and Europe, and an increase in exports and overseas sales, despite the impact of the consumption tax rate hike on domestic demand.

Sales in the Building Materials Division increased 7.2% year on year to ¥11,922 million. This was due to the contribution to sales made by the completion of construction projects such as fire-proofing covering materials.

### (2) Explanation of financial position

#### 1) Assets, liabilities, and net assets

Total assets at the end of the second quarter under review were ¥145,792 million, up ¥4,480 million year on year. This was a result of year-on-year decreases in accounts receivable from completed construction contracts of ¥1,826 million being outweighed by year-on-year increases in cash and deposits of ¥3,166 million, investment securities of ¥1,909 million, and costs on uncompleted construction contracts of ¥1,164 million.

Total liabilities at the end of the second quarter under review were ¥74,763 million, up ¥1,408 million year on year. This was mainly the result of year-on-year decreases in accounts payable-other of ¥717 million being outweighed by year-on-year increases in short-term loans payable of ¥2,103 million.

Net assets at the end of the second quarter under review were ¥71,028 million, up ¥3,072 million year on year. This was a result of year-on-year increases in retained earnings of

¥2,045 million and valuation difference on available-for-sale securities of ¥725 million.

## 2) Cash flows

Cash and cash equivalents at the end of the quarter under review (hereinafter, “cash”) increased by ¥3,068 million to ¥14,403 million year on year. Cash flows and factors affecting cash flows are as follows:

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was ¥5,099 million (compared to receipts of ¥2,300 million in the same period of the previous fiscal year).

This reflects factors such as a decrease in cash due to a ¥2,197 million increase in inventories and ¥1,904 million in incomes taxes paid being outweighed by the factors of an increase in cash of ¥4,881 million in income before income taxes and ¥2,230 million in depreciation and amortization.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities was ¥2,151 million (compared to expenditures of ¥5,074 million in the same period of the previous fiscal year).

This was due to outflows of cash that included expenditures of ¥2,140 million for purchase of property, plant and equipment.

(Net cash provided by (used in) financing activities)

Net cash provided by financing activities was ¥112 million (compared to expenditures of ¥2,116 million in the same period of the previous fiscal year).

This reflects such factors as a decrease in cash due to an expenditure of ¥957 million in dividends paid and an expenditure of ¥5,450 million for the redemption of bonds being outweighed by proceeds from issuance of bonds of ¥5,000 million and a net increase in short-term loans payable of ¥1,818 million.

## (3) Explanation of information relating to future prospects including consolidated results forecasts

The results for this quarterly consolidated cumulative period were largely in line with expectations. As a result, at the present time there is no revision to the results forecasts for the full term that were published on May 12, 2014.

Note that the earnings forecasts are based on information that was currently available at the time this report was announced and are judgments of the Group. Actual results may differ significantly from the forecasts due to a variety of factors.

## 2. Summary information (Notes)

### Changes in accounting policies, changes in accounting estimates, and restatements (Changes in accounting policies)

Effective from the first quarter of the consolidated fiscal year under review, the Company has adopted the provisions set forth in Paragraph 35 of the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan [ASBJ] Statement No. 26, issued on May 17, 2012; hereinafter, “Accounting Standard for Retirement Benefits”) and in Paragraph 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012; hereinafter, “Guidance on Retirement Benefits”). Accordingly, the methods for calculating retirement benefit obligations and service costs have been revised. The method for attributing expected retirement benefits to periods has been changed from the straight-line basis to the benefit formula basis, and the method for determining the discount rate has been changed from a method using the discount rate based on the approximate number of years in the average remaining service period of employees to a method using the single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of expected retirement benefits in every period.

According to the transitional treatment provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of the first quarter of the fiscal period under review.

As a result, net defined benefit assets at the beginning of the first quarter decreased ¥98 million, and net defined benefit liabilities increased ¥32 million, while retained earnings decreased ¥84 million.

The impact of these changes on operating income, ordinary income and net income before income taxes in the cumulative second quarter under review was immaterial.

### 3. Quarterly consolidated financial statements

#### (1) Quarterly consolidated balance sheets

	(Millions of yen)	
	Fiscal year ended March 31, 2014	Second Quarter of Fiscal Year Ending March 31, 2015 (September 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	11,453	14,620
Notes and accounts receivable-trade	34,377	35,121
Accounts receivable from completed construction contracts	14,342	12,516
Merchandise and finished goods	7,786	8,356
Work in process	1,137	1,310
Raw materials and supplies	5,278	5,456
Costs on uncompleted construction contracts	3,474	4,639
Deferred tax assets	1,627	1,891
Other	2,955	3,020
Allowance for doubtful accounts	(17)	(15)
Total current assets	82,414	86,916
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,594	41,646
Accumulated depreciation and impairment loss	(26,525)	(27,274)
Buildings and structures, net	15,068	14,371
Machinery, equipment and vehicles	63,937	63,941
Accumulated depreciation and impairment loss	(53,186)	(54,069)
Machinery, equipment and vehicles, net	10,751	9,871
Land	13,449	13,514
Lease assets	329	264
Accumulated depreciation	(147)	(111)
Lease assets, net	182	153
Construction in progress	311	242
Other	7,140	7,031
Accumulated depreciation and impairment loss	(6,577)	(6,509)
Other, net	563	521
Total property, plant and equipment	40,326	38,675
Intangible assets		
Software	402	2,026
Software in progress	1,840	—
Other	1,075	1,016
Total intangible assets	3,318	3,042
Investments and other assets		
Investment securities	9,981	11,891
Net defined benefit asset	763	1,328
Deferred tax assets	617	534
Other	4,027	3,474
Allowance for doubtful accounts	(136)	(71)
Total investments and other assets	15,252	17,156
Total noncurrent assets	58,897	58,875
Total assets	141,311	145,792



(Millions of yen)

	Fiscal year ended March 31, 2014	Second Quarter of Fiscal Year Ending March 31, 2015 (September 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,219	24,104
Current portion of bonds	5,900	900
Short-term loans payable	9,798	11,902
Accounts payable-other	5,328	4,610
Income taxes payable	1,896	1,844
Advances received on uncompleted construction contracts	274	649
Provision for bonuses	2,034	2,259
Asset retirement obligations	175	409
Other	2,002	2,288
Total current liabilities	51,631	48,969
Noncurrent liabilities		
Bonds payable	3,450	8,000
Bonds with subscription rights to shares	10,000	9,555
Long-term loans payable	4,175	3,625
Deferred tax liabilities	215	627
Net defined benefit liability	2,849	2,973
Asset retirement obligations	311	152
Other	723	860
Total noncurrent liabilities	21,724	25,794
Total liabilities	73,355	74,763
Net assets		
Shareholders' equity		
Capital stock	9,283	9,283
Capital surplus	9,932	10,119
Retained earnings	47,812	49,858
Treasury stock	(1,792)	(1,542)
Total shareholders' equity	65,236	67,718
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	3,024	3,750
Foreign currency translation adjustment	60	(244)
Remeasurements of defined benefit plans	(1,044)	(886)
Total other cumulative comprehensive income	2,040	2,618
Minority interests	679	690
Total net assets	67,956	71,028
Total liabilities and net assets	141,311	145,792

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
Quarterly consolidated statements of income  
Second quarter of consolidated fiscal year

(Millions of yen)

	Second Quarter of Fiscal Year Ended March 31, 2014 (April 1, 2013 to September 30, 2013)	Second Quarter of Fiscal Year Ending March 31, 2015 (April 1, 2014 to September 30, 2014)
Net sales		
Net sales of merchandise and finished goods	50,806	53,319
Net sales of completed construction contracts	18,723	21,179
Total net sales	69,529	74,499
Cost of sales		
Cost of merchandise and finished goods sold	37,566	39,897
Cost of sales of completed construction contracts	16,624	18,630
Total cost of sales	54,191	58,528
Gross profit	15,338	15,971
Selling, general and administrative expenses		
Selling expenses	3,415	3,467
General and administrative expenses	6,994	7,474
Total selling, general and administrative expenses	10,410	10,942
Operating income	4,928	5,029
Non-operating income		
Interest income	11	137
Dividends income	166	337
Foreign exchange gains	276	20
Rent income	133	147
Equity in earnings of affiliates	17	—
Other	139	95
Total non-operating income	744	738
Non-operating expenses		
Interest expenses	151	112
Equity in losses of affiliates	—	18
Other	148	129
Total non-operating expenses	300	260
Ordinary income	5,372	5,506
Extraordinary income		
Gain on sales of noncurrent assets	6	6
Gain on sale of investment securities	—	50
Gain on reversal of subscription rights to shares	7	—
Subsidy income	—	379
Gains on liquidation of subsidiaries	—	41
Total extraordinary income	13	477
Extraordinary loss		
Impairment loss	—	298
Loss on sales and retirement of noncurrent assets	67	46
Loss on reduction of noncurrent assets	—	329
Head office transfer cost	204	—
Dismantlement cost	—	428
Total extraordinary losses	272	1,102
Income before income taxes	5,113	4,881

(Millions of yen)

	Second Quarter of Fiscal Year Ended March 31, 2014 (April 1, 2013 to September 30, 2013)	Second Quarter of Fiscal Year Ending March 31, 2015 (April 1, 2014 to September 30, 2014)
Income taxes-current	1,494	1,963
Income taxes-deferred	348	(194)
Total income taxes	1,843	1,769
Income before minority interest	3,269	3,112
Minority interests in income	54	25
Net income	3,215	3,086

Quarterly consolidated statements of comprehensive income  
Second quarter of consolidated fiscal year

	(Millions of yen)	
	Second Quarter of Fiscal Year Ended March 31, 2014 (April 1, 2013 to September 30, 2013)	Second Quarter of Fiscal Year Ending March 31, 2015 (April 1, 2014 to September 30, 2014)
Income before minority interests	3,269	3,112
Other comprehensive income		
Valuation difference on available-for-sale securities	709	721
Foreign currency translation adjustment	1,268	(308)
Remeasurements of defined benefit plans	—	157
Total other comprehensive income	1,977	571
Comprehensive income	5,247	3,683
(Breakdown)		
Comprehensive income attributable to owners of the parent company	5,135	3,664
Comprehensive income attributable to minority interests	111	18

## (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Second Quarter of Fiscal Year Ended March 31, 2014 (April 1, 2013 to September 30, 2013)	Second Quarter of Fiscal Year Ending March 31, 2015 (April 1, 2014 to September 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	5,113	4,881
Depreciation and amortization	1,685	2,230
Impairment loss	—	298
Increase (decrease) in allowance for doubtful accounts	(29)	(66)
Increase (decrease) in provision for retirement benefits	(1)	—
Increase (decrease) in net defined benefit liability	—	120
Increase (decrease) in provision for bonuses	287	225
Interest and dividends income received	(177)	(474)
Interest expenses	151	112
Foreign exchange losses (gains)	(49)	(52)
Decrease (increase) in notes and accounts receivable-trade	279	971
Decrease (increase) in inventories	(721)	(2,197)
Increase (decrease) in notes and accounts payable-trade	(822)	278
Increase (decrease) in accounts payable-other	(615)	(52)
Increase (decrease) in accrued expenses	95	253
Increase (decrease) in advances received on uncompleted construction contracts	225	374
Loss on reduction of noncurrent assets	—	329
Dismantlement cost	—	428
Subsidy income	—	(379)
Loss (gain) on liquidation of subsidiaries	—	(41)
Decrease (increase) in prepaid pension costs	(257)	—
Decrease (increase) in net defined benefit asset	—	(565)
Other	(301)	(302)
Subtotal	4,862	6,372
Interest and dividends income received	177	354
Interest expenses paid	(154)	(112)
Proceeds from subsidy income	—	379
Income taxes paid	(2,630)	(1,904)
Income taxes refund	44	9
Net cash provided by (used in) operating activities	2,300	5,099
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(93)	(101)
Purchase of investments in subsidiaries	(86)	(166)
Proceeds from liquidation of subsidiaries	—	61
Proceeds from redemption of securities	—	100
Purchase of property, plant and equipment	(3,315)	(2,140)
Proceeds from sales of property, plant and equipment	24	10
Purchase of intangible assets	(962)	(59)
Proceeds from sales of investment securities	—	73
Payments of loans receivable	(671)	(129)
Collection of loans receivable	28	193
Other	2	5

(Millions of yen)

	Second Quarter of Fiscal Year Ended March 31, 2014 (April 1, 2013 to September 30, 2013)	Second Quarter of Fiscal Year Ending March 31, 2015 (April 1, 2014 to September 30, 2014)
Net cash provided by (used in) investing activities	(5,074)	(2,151)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	57	1,818
Proceeds from long-term loans payable	1,100	—
Repayment of long-term loans payable	(2,000)	(250)
Proceeds from issuance of bonds	—	5,000
Redemption of bonds	(450)	(5,450)
Cash dividends paid	(837)	(957)
Cash dividends paid to minority shareholders	(7)	(7)
Other	20	(41)
Net cash provided by (used in) financing activities	(2,116)	112
Effect of exchange rate change on cash and cash equivalents	163	7
Net increase (decrease) in cash and cash equivalents	(4,727)	3,068
Cash and cash equivalents at beginning of period	19,344	11,335
Increase in cash and cash equivalents from newly consolidated subsidiary	134	—
Cash and cash equivalents at end of period	14,751	14,403

- (4) Notes regarding quarterly consolidated financial results statements  
 (Notes regarding going concern assumption)  
 Not applicable

(Notes regarding significant changes in shareholders' equity (if any))  
 Not applicable

(Segment information)

I. Second quarter of fiscal year ended March 31, 2014 (April 1, 2013 to September 30, 2013)

1. Information on net sales and income (loss) by reporting segments

(Millions of yen)

	Reporting segments						Adjustments	Amount stated in quarterly consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	18,361	18,724	6,891	14,430	11,121	69,529	—	69,529
Intersegment sales or transfers	—	2,834	—	—	—	2,834	(2,834)	—
Total	18,361	21,558	6,891	14,430	11,121	72,364	(2,834)	69,529
Segment profit or loss	1,105	1,804	650	1,433	(66)	4,928	—	4,928

2. Information relating to impairment loss of noncurrent assets and goodwill by reporting segments:  
 Not applicable

II. Second quarter of fiscal year ending March 31, 2015 (April 1, 2014 to September 30, 2014)

1. Information on net sales and income (loss) by reporting segments

(Millions of yen)

	Reporting segments						Adjustments	Amount stated in quarterly consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	21,398	19,395	6,474	15,308	11,922	74,499	—	74,499
Intersegment sales or transfers	—	2,991	—	—	—	2,991	(2,991)	—
Total	21,398	22,387	6,474	15,308	11,922	77,490	(2,991)	74,499
Segment profit or loss	1,211	2,395	550	1,520	(648)	5,029	—	5,029

2. Information relating to impairment loss of noncurrent assets and goodwill by reporting segments:

(Significant impairment loss on noncurrent assets)

Because the decision was made to tear down the former head office building during the first half of the fiscal year under review, an impairment loss was recorded on corporate

assets not included in a reporting segment. Note that the impairment loss posted during the first half of the fiscal year under review was ¥298 million.



#### 4. Supplementary materials

Financial results briefing supplementary materials for the second quarter of the fiscal year ending March 31, 2015

November 10, 2014

NICHIAS Corporation

##### (1) Key consolidated figures

(Millions of yen)

	Half year			Full year					
	Fiscal year 2014	Fiscal year 2015		Fiscal year 2011	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	
	Second quarter (cumulative)	Second quarter (cumulative)	Year-on-year change					Forecast	Year-on-year change
Net sales	69,529	74,499	7.1%	144,138	144,258	137,008	147,118	155,000	5.4%
Operating income	4,928	5,029	2.0%	11,314	11,140	9,414	10,216	12,000	17.5%
Operating income margin (%)	7.1%	6.8%		7.8%	7.7%	6.9%	6.9%	7.7%	
Ordinary income	5,372	5,506	2.5%	10,681	11,151	9,752	11,057	12,000	8.5%
Ordinary income margin (%)	7.7%	7.4%		7.4%	7.7%	7.1%	7.5%	7.7%	
Net income	3,215	3,086	(4.0%)	7,234	6,914	5,936	6,317	7,500	18.7%
Net income margin (%)	4.6%	4.1%		5.0%	4.8%	4.3%	4.3%	4.8%	
Net income per share (yen)	26.93	25.83	(4.1%)	60.84	58.14	49.81	52.89	62.79	18.7%
Total assets	137,755	145,792	5.8%	123,474	125,601	135,401	141,311	—	—
Net assets	66,819	71,028	6.3%	49,994	55,241	62,299	67,956	—	—
Shareholders' equity	66,139	70,337	6.3%	48,899	54,296	61,291	67,276	—	—
Equity ratio (%)	48.0%	48.2%		39.6%	43.2%	45.3%	47.6%	—	—
Interest-bearing debt	35,039	34,665	(1.1%)	32,872	31,574	36,289	33,825	—	—
Interest-bearing debt ratio (%)	25.4%	23.8%		26.6%	25.1%	26.8%	23.9%	—	—
Capital expenditures	4,820	1,173	(75.7%)	4,465	4,355	6,537	8,299	4,000	(51.8%)
Depreciation and amortization	1,672	2,230	33.4%	4,236	3,796	3,260	3,802	4,600	21.0%
Research and development expenses	2,702	2,666	(1.4%)	5,246	5,335	5,189	5,545	5,500	(0.8%)

##### (2) Quarterly consolidated financial results

(Millions of yen)

	Fiscal year 2014				Fiscal year 2015		
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Year-on-year change
Net sales	32,558	36,971	34,705	42,883	34,800	39,698	7.4%
Operating income	2,392	2,535	2,631	2,656	2,518	2,510	(1.0%)
Operating income margin (%)	7.3%	6.9%	7.6%	6.2%	7.2%	6.3%	
Ordinary income	2,827	2,544	3,014	2,671	2,776	2,729	7.3%
Ordinary income margin (%)	8.7%	6.9%	8.7%	6.2%	8.0%	6.9%	
Net income	1,767	1,447	1,634	1,467	1,805	1,281	(11.5%)
Net income margin (%)	5.4%	3.9%	4.7%	3.4%	5.2%	3.2%	

\*The statements contained in this material, which refer to current plans and projections, other than historical facts, represent forward-looking statements made at the discretion of top management based on information currently available. Therefore, please note that the actual results may considerably differ from those projected due to various factors.