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## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 2015) [Japanese GAAP]

February 8, 2016

Company Name: **NICHIAS Corporation**  
 Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)  
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 Scheduled date of filing of quarterly consolidated financial statements: February 10, 2016  
 Supplementary materials for financial results: Available  
 Organization of financial results briefing: None  
 Scheduled date of commencement of dividend payment: -

(Fractional amounts of less than ¥1 million are omitted.)

### 1. Consolidated financial results for the third quarter of the fiscal year ending March 31, 2016 (April 1 to December 31, 2015)

(1) Operating results (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third Quarter of Fiscal Year Ending March 31, 2016	122,755	7.2	9,912	24.2	10,298	13.7	6,604	23.9
Third Quarter of Fiscal Year Ended March 31, 2015	114,469	9.8	7,978	5.5	9,058	8.0	5,332	9.9

Note: Comprehensive income

Third Quarter of Fiscal Year Ending March 31, 2016..... ¥5,840 million / (20.6)%

Third Quarter of Fiscal Year Ended March 31, 2015 ..... ¥7,355 million / 5.4%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (diluted)
	Yen	Yen
Third Quarter of Fiscal Year Ending March 31, 2016	51.89	48.07
Third Quarter of Fiscal Year Ended March 31, 2015	44.53	38.76

(2) Financial status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2015	158,998	89,353	55.7
As of March 31, 2015	156,234	78,893	50.0

(Reference) Shareholders' Equity

As of December 31, 2015 ..... ¥88,577 million

As of March 31, 2015 ..... ¥78,132 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, 2015	—	8.00	—	9.00	17.00
Fiscal year ending March 31, 2016	—	9.00	—		
Fiscal year ending March 31, 2016 (Forecast)				9.00	18.00

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

**3. Forecast of consolidated financial results for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	170,000	7.0	13,600	18.4	13,800	6.9	8,500	12.8	70.43

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

\* Notes

(1) Changes in significant subsidiaries during the consolidated quarter under review

(Change in the scope of consolidation for a significant subsidiary): None

(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)

As of December 31, 2015	132,333,526 shares	As of March 31, 2015	125,057,344 shares
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2) Number of shares of treasury stock at the end of the period

As of December 31, 2015	83,155 shares	As of March 31, 2015	4,364,774 shares
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3) Average number of shares outstanding during the period (quarterly cumulative)

Fiscal year ending March 31, 2016 3Q	127,286,657 shares	Fiscal year ended March 31, 2015 3Q	119,743,106 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. At the time of disclosure of this report, review procedures for quarterly consolidated financial statements were under way.

\* 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.

## Appendix table of contents

1. Qualitative information on the quarter under review .....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position .....	2
(3) Explanation of information relating to future prospects including consolidated results forecasts .....	3
2. Summary information (Notes) .....	4
Changes in accounting policies, changes in accounting estimates and restatements .....	4
3. Quarterly consolidated financial statements .....	5
(1) Quarterly consolidated balance sheets .....	5
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income .....	7
(3) Quarterly consolidated statements of cash flows .....	10
(4) Notes regarding quarterly consolidated financial statements .....	12
(Notes regarding going concern assumption) .....	12
(Notes regarding significant changes in shareholders' equity (if any)) .....	12
(Segment information) .....	13
4. Supplementary materials .....	14

## **1. Qualitative information on the quarter under review**

### **(1) Explanation of operating results**

During the first three quarters of the fiscal year under review (April 1, 2015 to December 31, 2015), the Japanese economy remained on a path of moderate recovery overall as a result of improvement in corporate earnings and a more favorable employment environment. Meanwhile, overseas conditions remain uncertain due to the disappointing performance of the global economy, attributable to the economic slowdown in China and anxiety over international developments.

Against this backdrop, net sales increased primarily in the Advanced Products Division and the Autoparts Division, with the former experiencing rebounding demand with respect to products for semiconductor production equipment, and the latter benefitting from solid overseas demand. As a result, net sales for the NICHIAS Group overall increased 7.2% year on year to ¥122,755 million.

In terms of profits, operating income increased 24.2% year on year to ¥9,912 million, ordinary income increased 13.7% year on year to ¥10,298 million, and profit attributable to owners of parent increased 23.9% year on year to ¥6,604 million.

Net sales by segment for the third quarter of the year ending March 31, 2016 are as follows.

Sales in the **Energy and Industrial Plants Division** increased 3.3% year on year to ¥35,550 million, due to an increase in construction work.

Sales in the **Industrial Products Division** increased 7.2% year on year to ¥30,060 million. This was due to the fact that demand has grown for sealing material products and fluoropolymer products, triggered by the recent gentle recovery in the economy.

Sales in the **Advanced Products Division** increased 13.4% year on year to ¥11,297 million. This was due to an increase in demand with respect to products for semiconductor and liquid crystal production equipment.

Sales in the **Autoparts Division** increased 13.5% year on year to ¥26,440 million. This was due to solid overseas demand particularly in North America and Europe, along with an increase in overseas sales.

Sales in the **Building Materials Division** increased 3.6% year on year to ¥19,406 million. This was due to solid demand for fire-proofing covering work.

### **(2) Explanation of financial position**

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

Total assets at the end of the third quarter of the year ending March 31, 2016 were ¥158,998 million, up ¥2,764 million compared with the end of the previous fiscal year. This was largely a result of decreases in notes and accounts receivable—trade of ¥683 million and accounts receivable from completed construction contracts of ¥613 million being outweighed by increases in costs on uncompleted construction contracts of ¥3,041 million and net defined benefit asset of ¥1,128 million.

Liabilities at the end of the third quarter of the year ending March 31, 2016 were ¥69,644 million, down ¥7,695 million compared with the end of the previous fiscal year. This was largely due to decreases in bonds with subscription rights to shares of ¥6,395 million and income taxes payable of ¥1,707 million.

Net assets at the end of the third quarter of the fiscal year ending March 31, 2016 were ¥89,353 million, up ¥10,459 million compared with the end of the previous fiscal year. This can be attributed to respective increases in capital stock of ¥2,007 million, capital surplus of ¥2,939 million, retained earnings of ¥4,572 million and an decrease in treasury stock of ¥1,424 million.

## 2) Cash flows

Cash and cash equivalents at the end of the third quarter of the year ending March 31, 2016 (hereinafter, “cash”) increased by ¥79 million to ¥14,539 million compared with the end of the previous fiscal year. Cash flows and factors affecting cash flows are as follows:

### (Cash flows from operating activities)

Net cash provided by operating activities was ¥6,802 million (compared to receipts of ¥6,123 million in the same period of the previous fiscal year).

This reflects factors such as a decrease in cash due to a ¥3,398 million increase in inventories and ¥4,400 million in income taxes paid being outweighed by the factors of an increase in cash of ¥10,259 million in income before income taxes, ¥3,412 million in depreciation and amortization, and a ¥1,728 million decrease in notes and accounts receivable–trade.

### (Cash flows from investing activities)

Net cash used in investing activities was ¥3,438 million (compared to expenditures of ¥2,857 million in the same period of the previous fiscal year).

This was due to outflows of cash that included expenditures of ¥3,140 million for purchases of property, plant and equipment.

### (Cash flows from financing activities)

Net cash used in financing activities was ¥3,536 million (compared to expenditures of ¥942 million in the same period of the previous fiscal year).

This was due to outflows of cash attributable to ¥2,089 million in cash dividends paid, ¥675 million yen in expenditures to repayment of long-term loans payable and a ¥525 million net decrease in short-term loans payable.

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

The results for the third quarter of the fiscal year ending March 31, 2016 were largely in line with expectations. Therefore, the forecasts released on May 11, 2015 for the entire fiscal year ending March 31, 2016 remain unchanged at this point in time.

Note that the results 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 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 ending March 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), and other accounting standards. Under these accounting changes, the Company now records gains or losses resulting from a change in the Company’s equity in subsidiaries subject to ongoing control as capital surplus, and records acquisition-related costs as expenses in the fiscal year in which they occurred. The Company also changed its method of accounting for business combinations that take place on or after the beginning of the first quarter of the current fiscal year to a method that reflects changes in the allocation of the acquisition costs arising from confirmation of the provisional accounting treatment on the quarterly consolidated financial statements that includes the acquisition date. In addition, changes have been made in the presentation of quarterly net income and other amounts, and changes have also been made in nomenclature from “minority interests” to “non-controlling interests.” The consolidated financial statements for the third quarter of the previous fiscal year and those for the entire previous fiscal year have been reclassified to reflect these changes in presentation.

The Company has adopted these accounting standards from the beginning of the first quarter of the fiscal year ending March 31, 2016 in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

These changes had no effect on the quarterly consolidated financial statements in the third quarter of this fiscal year.

### 3. Quarterly consolidated financial statements

#### (1) Quarterly consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2015	Third Quarter of Fiscal Year Ending March 31, 2016 (December 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	14,905	15,101
Notes and accounts receivable—trade	38,521	37,837
Accounts receivable from completed construction contracts	15,420	14,807
Merchandise and finished goods	9,772	9,369
Work in process	1,371	1,496
Raw materials and supplies	5,779	6,224
Costs on uncompleted construction contracts	3,634	6,675
Deferred tax assets	1,654	1,244
Other	2,674	2,602
Allowance for doubtful accounts	(14)	(14)
<b>Total current assets</b>	<b>93,719</b>	<b>95,344</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,282	42,289
Accumulated depreciation and impairment loss	(26,984)	(27,430)
Buildings and structures, net	14,298	14,859
Machinery, equipment and vehicles	65,325	64,348
Accumulated depreciation and impairment loss	(55,747)	(55,940)
Machinery, equipment and vehicles, net	9,577	8,407
Land	13,514	13,635
Lease assets	288	370
Accumulated depreciation	(143)	(196)
Lease assets, net	145	174
Construction in progress	758	812
Other	7,239	7,526
Accumulated depreciation and impairment loss	(6,645)	(6,938)
Other, net	593	588
<b>Total property, plant and equipment</b>	<b>38,889</b>	<b>38,477</b>
Intangible assets		
Software	1,896	1,646
Other	998	905
<b>Total intangible assets</b>	<b>2,894</b>	<b>2,551</b>
Investments and other assets		
Investment securities	13,386	14,120
Net defined benefit asset	3,355	4,483
Deferred tax assets	462	561
Other	3,598	3,507
Allowance for doubtful accounts	(71)	(48)
<b>Total investments and other assets</b>	<b>20,730</b>	<b>22,623</b>
<b>Total noncurrent assets</b>	<b>62,514</b>	<b>63,653</b>
<b>Total assets</b>	<b>156,234</b>	<b>158,998</b>



(Millions of yen)

	Fiscal year ended March 31, 2015	Third Quarter of Fiscal Year Ending March 31, 2016 (December 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	24,776	25,503
Current portion of bonds	450	—
Short-term loans payable	11,956	11,859
Accounts payable—other	4,754	4,717
Income taxes payable	2,449	741
Advances received on uncompleted construction contracts	867	1,628
Provision for bonuses	2,239	1,758
Other	3,014	2,581
Total current liabilities	50,507	48,790
Noncurrent liabilities		
Bonds payable	8,000	8,000
Bonds with subscription rights to shares	9,230	2,835
Long-term loans payable	3,500	2,700
Deferred tax liabilities	1,807	2,767
Net defined benefit liability	3,172	3,224
Other	1,123	1,327
Total noncurrent liabilities	26,832	20,854
Total liabilities	77,340	69,644
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,283	11,291
Capital surplus	10,249	13,189
Retained earnings	53,642	58,215
Treasury stock	(1,455)	(30)
Total shareholders' equity	71,720	82,664
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	4,768	5,613
Foreign currency translation adjustment	1,527	135
Remeasurements of defined benefit plans	115	163
Total other cumulative comprehensive income	6,411	5,912
Non-controlling interests	761	775
Total net assets	78,893	89,353
Total liabilities and net assets	156,234	158,998

## (2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income

Third quarter of consolidated fiscal year

(Millions of yen)

	Third Quarter of Fiscal Year Ended March 31, 2015 (April 1, 2014 to December 31, 2014)	Third Quarter of Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 2015)
Net sales		
Net sales of merchandise and finished goods	82,562	89,695
Net sales of completed construction contracts	31,906	33,060
Total net sales	114,469	122,755
Cost of sales		
Cost of merchandise and finished goods sold	61,834	66,532
Cost of sales of completed construction contracts	27,955	28,414
Total cost of sales	89,789	94,947
Gross profit	24,679	27,808
Selling, general and administrative expenses		
Selling expenses	5,338	5,684
General and administrative expenses	11,362	12,211
Total selling, general and administrative expenses	16,701	17,895
Operating income	7,978	9,912
Non-operating income		
Interest income	148	35
Dividends income	431	291
Foreign exchange gains	459	—
Rent income	240	211
Equity in earnings of affiliates	—	52
Other	147	177
Total non-operating income	1,428	767
Non-operating expenses		
Interest expenses	163	142
Foreign exchange losses	—	78
Equity in losses of affiliates	15	—
Other	169	160
Total non-operating expenses	348	381
Ordinary income	9,058	10,298
Extraordinary income		
Gain on sales of noncurrent assets	9	6
Gain on sales of investment securities	50	—
Subsidy income	379	—
Gains on liquidation of subsidiaries	41	35
Total extraordinary income	480	41
Extraordinary losses		
Impairment loss	298	—
Loss on sales and retirement of noncurrent assets	70	80
Loss on reduction of noncurrent assets	329	—
Dismantlement cost	428	—
Total extraordinary losses	1,126	80
Income before income taxes	8,412	10,259

(Millions of yen)

	Third Quarter of Fiscal Year Ended March 31, 2015 (April 1, 2014 to December 31, 2014)	Third Quarter of Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 2015)
Income taxes—current	2,706	2,610
Income taxes—deferred	336	977
Total income taxes	3,043	3,588
Profit	5,369	6,671
Profit attributable to non-controlling interests	37	66
Profit attributable to owners of parent	5,332	6,604

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

(Millions of yen)

	Third Quarter of Fiscal Year Ended March 31, 2015 (April 1, 2014 to December 31, 2014)	Third Quarter of Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 2015)
Profit	5,369	6,671
Other comprehensive income		
Valuation difference on available-for-sale securities	1,320	845
Foreign currency translation adjustment	428	(1,724)
Remeasurements of defined benefit plans	236	47
Total other comprehensive income	1,985	(830)
Comprehensive income	7,355	5,840
(Breakdown)		
Comprehensive income attributable to owners of the parent company	7,311	5,816
Comprehensive income attributable to non-controlling interests	43	23

### (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Third Quarter of Fiscal Year Ended March 31, 2015 (April 1, 2014 to December 31, 2014)	Third Quarter of Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 2015)
Cash flows from operating activities		
Income before income taxes	8,412	10,259
Depreciation and amortization	3,422	3,412
Impairment loss	298	—
Increase (decrease) in allowance for doubtful accounts	(70)	(20)
Increase (decrease) in net defined benefit liability	164	50
Increase (decrease) in provision for bonuses	(673)	(464)
Interest and dividends income received	(580)	(326)
Interest expenses	163	142
Foreign exchange losses (gains)	(147)	99
Decrease (increase) in notes and accounts receivable—trade	(1,422)	1,728
Decrease (increase) in inventories	(4,541)	(3,398)
Increase (decrease) in notes and accounts payable—trade	2,511	60
Increase (decrease) in accounts payable—other	261	(409)
Increase (decrease) in accrued expenses	182	(7)
Increase (decrease) in advances received on uncompleted construction contracts	1,074	773
Loss on reduction of noncurrent assets	329	—
Dismantlement cost	428	—
Subsidy income	(379)	—
Loss (gain) on liquidation of subsidiaries	(41)	(35)
Decrease (increase) in net defined benefit asset	(897)	(1,128)
Other	475	275
Subtotal	8,968	11,011
Interest and dividends income received	460	326
Interest expenses paid	(156)	(136)
Proceeds from subsidy income	379	—
Income taxes paid	(3,537)	(4,400)
Income taxes refund	9	0
Net cash provided by (used in) operating activities	6,123	6,802

(Millions of yen)

	Third Quarter of Fiscal Year Ended March 31, 2015 (April 1, 2014 to December 31, 2014)	Third Quarter of Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 2015)
Cash flows from investing activities		
Net decrease (increase) in time deposits	142	(153)
Purchase of investments in subsidiaries	(228)	(54)
Proceeds from liquidation of subsidiaries	61	38
Proceeds from redemption of securities	100	—
Purchase of property, plant and equipment	(2,751)	(3,140)
Proceeds from sales of property, plant and equipment	14	7
Purchase of intangible assets	(62)	(151)
Purchase of investment securities	(251)	(3)
Proceeds from sales of investment securities	73	1
Payments of loans receivable	(180)	(23)
Collection of loans receivable	294	62
Other	(70)	(21)
Net cash provided by (used in) investing activities	(2,857)	(3,438)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,782	(525)
Proceeds from long-term loans payable	—	300
Repayment of long-term loans payable	(375)	(675)
Proceeds from issuance of bonds	5,000	—
Redemption of bonds	(5,450)	(450)
Proceeds from share issuance to non-controlling shareholders	10	—
Cash dividends paid	(1,837)	(2,089)
Dividends paid to non-controlling interests	(7)	(9)
Other	(65)	(86)
Net cash provided by (used in) financing activities	(942)	(3,536)
Effect of exchange rate change on cash and cash equivalents	81	(133)
Net increase (decrease) in cash and cash equivalents	2,404	(306)
Cash and cash equivalents at beginning of period	11,335	14,460
Increase in cash and cash equivalents from newly consolidated subsidiary	67	385
Cash and cash equivalents at end of period	13,807	14,539

#### **(4) Notes regarding quarterly consolidated financial statements**

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant changes in shareholders' equity (if any))

As a result of the conversion of Japanese yen-denominated convertible bond-type bonds with subscription rights to shares maturing in 2017, in the first three quarters of the fiscal year ending March 31, 2016, capital stock and capital surplus increased ¥2,007 million and ¥2,939 million, respectively, and ¥1,448 million in treasury stock was sold. As a result, the balance of capital stock, capital surplus, and treasury stock was ¥11,291 million, ¥13,189 million, and ¥30 million, respectively, at the end of the first three quarters of the fiscal year.

(Segment information)

I. Third quarter of fiscal year ended March 31, 2015 (April 1, 2014 to December 31, 2014)

1. Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments						Adjust- ments	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	34,425	28,043	9,965	23,298	18,736	114,469	—	114,469
Intersegment sales or transfers	—	4,331	—	—	—	4,331	(4,331)	—
Total	34,425	32,374	9,965	23,298	18,736	118,800	(4,331)	114,469
Segment profit or loss	2,156	3,478	941	2,397	(996)	7,978	—	7,978

2. Information relating to impairment loss of noncurrent assets and goodwill by reporting segment:  
(Significant impairment loss on noncurrent assets)

Because the decision was made to tear down the former head office building during the first three quarters of the fiscal year ended March 31, 2015, an impairment loss was recorded on corporate assets not included in a reporting segment. Note that the impairment loss posted during the first three quarters of the fiscal year ended March 31, 2015 was ¥298 million.

II. Third quarter of fiscal year ending March 31, 2016 (April 1, 2015 to December 31, 2015)

1. Information on net sales and profit (loss) by reporting segment

(Millions of yen)

	Reporting segments						Adjust- ments	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	35,550	30,060	11,297	26,440	19,406	122,755	—	122,755
Intersegment sales or transfers	—	5,550	—	—	—	5,550	(5,550)	—
Total	35,550	35,610	11,297	26,440	19,406	128,305	(5,550)	122,755
Segment profit or loss	2,196	4,165	1,538	3,247	(1,235)	9,912	—	9,912

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

3. Matters Relating to Changes in Reporting Segments

As of April 1, 2015, a portion of NICHIAS Corporation has been transferred from the Industrial Products Division to the Energy and Industrial Plants Division. In accordance with this reorganization, the entities that had been part of the Industrial Products Division have been re-categorized as part of the Energy and Industrial Plants Division, effective from the first quarter of the year ending March 31, 2016.

Segment information presented for the third quarter of the previous fiscal year has been prepared on the basis of the classification subsequent to the change.



#### 4. Supplementary materials

##### Financial results briefing supplementary materials for the third quarter of the fiscal year ending March 31, 2016

February 8, 2016

NICHIAS Corporation

#### (1) Key consolidated figures

(Millions of yen)

	Third quarter (cumulative)			Full year					
	Fiscal year 2015 Third quarter (cumulative)	Fiscal year 2016		Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016	
		Third quarter (cumulative)	Year-on-year change					Forecast	Year-on-year change
Net sales	114,469	122,755	7.2%	144,258	137,008	147,118	158,939	170,000	7.0%
Operating income	7,978	9,912	24.2%	11,140	9,414	10,216	11,490	13,600	18.4%
Operating income margin (%)	7.0%	8.1%		7.7%	6.9%	6.9%	7.2%	8.0%	
Ordinary income	9,058	10,298	13.7%	11,151	9,752	11,057	12,913	13,800	6.9%
Ordinary income margin (%)	7.9%	8.4%		7.7%	7.1%	7.5%	8.1%	8.1%	
Profit attributable to owners of parent	5,332	6,604	23.9%	6,914	5,936	6,317	7,532	8,500	12.8%
Net income (loss) margin (%)	4.7%	5.4%		4.8%	4.3%	4.3%	4.7%	5.0%	
Net income (loss) per share (yen)	44.53	51.89	16.5%	58.14	49.81	52.89	62.84	70.43	12.1%
Total assets	145,792	158,998	4.8%	125,601	135,401	141,311	156,234	—	—
Net assets	71,028	89,353	20.4%	55,241	62,299	67,956	78,893	—	—
Shareholders' equity	70,337	88,577	20.5%	54,296	61,291	67,276	78,132	—	—
Equity ratio (%)	48.2%	55.7%		43.2%	45.3%	47.6%	50.0%	—	—
Interest-bearing debt	34,665	26,176	Δ 24.2%	31,574	36,289	33,825	33,830	—	—
Interest-bearing debt ratio (%)	23.8%	16.5%		25.1%	26.8%	23.9%	21.7%	—	—
Capital expenditures	1,173	3,167	80.9%	4,355	6,537	8,299	2,788	5,200	86.5%
Depreciation and amortization	2,230	3,412	Δ 0.3%	3,796	3,260	3,802	4,659	4,100	Δ 12.0%
Research and development expenses	2,666	4,062	Δ 1.1%	5,335	5,189	5,545	5,602	5,500	Δ 1.8%

#### (2) Quarterly consolidated financial results

(Millions of yen)

	Fiscal year 2015				Fiscal year 2016			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Year-on-year change
Net sales	34,800	39,698	39,969	44,470	38,648	42,672	41,435	3.7%
Operating income	2,518	2,510	2,949	3,512	3,140	3,567	3,204	8.7%
Operating income margin (%)	7.2%	6.3%	7.4%	7.9%	8.1%	8.4%	7.7%	
Ordinary income	2,776	2,729	3,551	3,854	3,416	3,701	3,180	Δ 10.4%
Ordinary income margin (%)	8.0%	6.9%	8.9%	8.7%	8.8%	8.7%	7.7%	
Profit attributable to owners of parent	1,805	1,281	2,245	2,200	2,071	2,429	2,103	Δ 6.3%
Net income (loss) margin (%)	5.2%	3.2%	5.6%	4.9%	5.4%	5.7%	5.1%	

\*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.